

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, October 28, 1937, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Davis

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on October 26 and 27, 1937, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, and Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, stating that the Board approves the establishment without change by the Boston bank on October 27, 1937, and by the St. Louis bank today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated October 28, 1937, from Mr. Morrill submitting the recommendation of Mr. Spurney, Building Manager, in which Mr. Morrill concurred, that the salary of Mr. Joseph T. Glotfelty, Jr., ap-

10/28/37

-2-

prentice engineer, be increased from \$1,080 to \$1,200 per annum, effective November 1, 1937.

Approved unanimously.

Letter to the board of directors of "The Rio Grande County Bank", Del Norte, Colorado, stating that, subject to the conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City:

- "4. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

Approved unanimously, together with a letter to Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Rio Grande County Bank', Del Norte, Colorado, for membership in the Federal Reserve System, subject to the conditions prescribed in the inclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also inclosed, one of which is for your files and the other of which you are requested to forward to the State Bank Commissioner of the State of Colorado for his information.

"The Board has noted your comments with respect to the question of the applicability of the statutory limitations to the liability of the Western Acceptance Corporation, Pueblo, Colorado, which is reported to be in excess of such limitations. It appears that you have advised the bank that, in the absence of a definite ruling by the Bank Com-

10/28/37

-3-

"missioner of Colorado, it will be necessary to consider the liability of the corporation as an excess loan. In view of the circumstances and the further fact that the paper indorsed by the corporation is regarded as a heavy concentration of credit, it is suggested that you advise the bank that an orderly reduction in the liability of the corporation will be expected."

Telegram to Mr. Sargent, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Re your telegrams October 28, October 26 and letter October 25 re Regulation T. If stock of new company is not given loan value for the purposes of the regulation, it may be accepted and retained in margin account pursuant to section 5 of the regulation even if it is unregistered and nonexempted. When and if new stock becomes registered it will have usual loan value of a registered security. Securities and Exchange Commission rule AN23 makes rule AN1 applicable to new stock if it is exempted under rule AN23. Therefore, during any period while AN23 applies, if the new stock is listed on a national securities exchange it would have the same loan value as if it were registered. If there is question as to when and if new stock becomes registered or exempted, suggest consult local office Securities and Exchange Commission."

Approved unanimously.

Letter to Mr. E. N. Dekker, Assistant Vice President, The National City Bank of Cleveland, Cleveland, Ohio, reading as follows:

"Reference is made to your letter of October 19 inclosing a questionnaire in regard to the operations of the twelve Federal Reserve banks under Section 13b of the Federal Reserve Act, and requesting that the desired information for each Federal Reserve District be furnished by the Board if available.

"The Board has not had compiled data in regard to operations under Section 13b in the detail called for by your questionnaire. There is inclosed, however, a mimeographed statement showing information by Federal Reserve districts as to applications for industrial advances and commitments received by each Federal Reserve bank to September 29, 1937,

10/28/37

-4-

"the amount of such applications approved by the Federal Reserve banks, and the amount of industrial advances and commitments outstanding, together with certain other information regarding applications for industrial advances and commitments."

Approved unanimously, together with a letter to Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"Referring to your letter of October 21, since Mr. Dekker asks for certain information which cannot be compiled from information at the Board's offices, it is suggested that you transmit such of the desired information as is available direct to Mr. Dekker and furnish the Board with a copy of your reply.

"With respect to questions A7 and B4, it might be well to tell Mr. Dekker that since most of the loans made by the Federal Reserve banks are for long periods and many of them are payable in installments, it is not possible to give him detailed figures with respect to the repayment record at this time. A general statement as to repayment records, however, might be given if you think it advisable."

In connection with the above matter, the following letter to the Presidents of all Federal reserve banks, except Kansas City, was also approved unanimously:

"For your information there are inclosed copies of our replies to letters received from the Federal Reserve Bank of Kansas City and Mr. E. N. Dekker, Assistant Vice President of the National City Bank of Cleveland, Ohio, with respect to a questionnaire on industrial loans which Mr. Dekker has asked the Federal Reserve banks to fill out. It is understood that Mr. Dekker has written to all Federal Reserve banks, and it will be appreciated if you will furnish the Board with a copy of your reply to him."

Letter to Mr. Lyman J. Briggs, Chairman, Federal Fire Council, reading as follows:

"Reference is made to your letter of August 16 to the Chairman of the Board of Governors in regard to the Federal Fire Council. In accordance with the suggestion con-

10/28/37

-5-

"tained in that letter, Mr. F. E. Spurney, Building Manager, has been designated to represent this organization."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. E. ...  
Chairman.