

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 5, 1937, at 2:30 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. McKee

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:

Telegrams to Mr. Kimball, Secretary of the Federal Reserve Bank of New York, Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, Messrs. Clark and Young, Secretaries of the Federal Reserve Banks of Atlanta and Chicago, respectively, and Mr. McKinney, President of the Federal Reserve Bank of Dallas, stating that the Board approves the establishment without change by the New York bank on November 4, 1937, and by the Philadelphia, Atlanta, Chicago and Dallas banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated November 4, 1937, from Mr. Morrill recommending the appointment of Mr. John B. Snapp as a page in the Office of the Secretary, with salary at the rate of \$1,080 per annum, effective as of the date upon which he enters upon the performance of his duties

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after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated November 3, 1937, from Mr. Noell, Assistant Secretary, submitting the resignation of Mr. William S. Fleming, III, as a page in the Office of the Secretary, effective at the close of business on November 2, 1937, and recommending that the resignation be accepted.

Approved unanimously.

Letter to Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your two letters of October 26, 1937, with regard to the participation by the Bank of America National Trust & Savings Association in the forthcoming election of a Class A director for your bank.

"It was indicated in the Board's letter of August 19, 1937, that the distribution of a majority of the shares of the stock of the Bank of America National Trust & Savings Association to the shareholders of Transamerica Corporation did not in itself terminate the affiliate relationship between the bank and Bankamerica Company. Under the provisions of section 2(b)(2) of the Banking Act of 1933, Bankamerica Company continued to be an 'affiliate' of the bank after such distribution of stock because Bankamerica Company was controlled, directly or indirectly, by shareholders of the bank who owned or controlled a majority of the shares of such bank. On the same basis, Transamerica Corporation was obviously an 'affiliate' of Bank of America National Trust & Savings Association after such distribution of stock.

"However, it was not the intention of the Board's letter of August 19, 1937, to suggest that Transamerica Corporation was a 'holding company affiliate' of Bank of America National Trust & Savings Association after the distribution of a majority of the shares of the stock of the bank and the Board has no information indicating that Transamerica Corporation is now a 'holding company affiliate' of

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"Bank of America National Trust & Savings Association, as that term is defined in section 2(c) of the Banking Act of 1933. Unless there is some evidence of such a relationship of which the Board has not been advised, therefore, there is no reason why Bank of America National Trust & Savings Association may not participate in the forthcoming election of a Class A director independently of any banks controlled by Transamerica Corporation.

"It is noted that you state that the Transamerica Corporation maintains that it is not a holding company affiliate of the National Bank of Washington, Tacoma, Washington. The Board does not have sufficient information with reference to this question to express an opinion thereon. If you feel that there is reason to believe that Transamerica Corporation may be a holding company affiliate of the National Bank of Washington, Tacoma, Washington, it is suggested that consideration be given to this matter by the Chairman of your board and by counsel in the light of such information as may be at hand or can be obtained, in order to reach a conclusion thereon for the purposes of this election. Of course, if there is such a holding company affiliate relationship, it is not permissible under the law for both the National Bank of Washington, Tacoma, Washington, and the First National Bank of Portland, Oregon, to participate in the election, but such participation must be confined to one of them, to be designated for the purpose by the holding company affiliate.

"Inasmuch as you advise that the other banks mentioned in your letters are not in Group 1 but in Group 2, and as it is understood that the forthcoming election is one in which a Class A director will be chosen by banks in Group 1 and a Class B director will be chosen by the banks in Group 3, it appears to be unnecessary to consider for present purposes the relationships between Transamerica Corporation and the other banks mentioned."

Approved unanimously.

Letter to Mr. Rounds, Vice President of the Federal Reserve Bank of New York, reading as follows:

"The Board approves the change in the personnel classification plan of the Federal Reserve Bank of New York requested in your letter of October 15, 1937, as indicated by the Form A page inclosed therewith.

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"In view of the circumstances set forth in your letter the Board approves the continuation of payment of salaries in excess of the maximum salaries provided in the personnel classification plan to the following employees in the amounts and for the periods indicated:

Head Office

<u>Name</u>	<u>Position</u>	<u>Annual Salary</u>	<u>Form 'A' Maximum Salary</u>
Period of six months from October 21, 1937:			
Charles Slater	Junior Clerk B	\$2,600	\$1,720
Remainder of employment with bank:			
Robert R. Apgar	Interviewer	4,800	4,000
As long as employee's services continue satisfactory:			
Nikola Banitch	Junior Clerk A	2,000	1,920
As long as employees perform satisfactorily their present duties:			
Harry Bonin	Teletype operator	2,000	1,920
William T. Duffy	" "	2,000	1,920
Paul Reitmeyer	" "	2,000	1,920
Joseph F. Schug	" "	2,000	1,920
Harvey L. Tyndall	" "	2,000	1,920

Buffalo Branch

<u>Name</u>	<u>Position</u>	<u>Annual Salary</u>	<u>Form 'A' Maximum Salary</u>
Remainder of employment with bank:			
Albert H. Ansley	Teletype operator	\$2,600	\$1,720"

Approved unanimously.

Memorandum dated November 3, 1937, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated October 27 from Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond, requesting approval by the Board of changes in the personnel classification plan of the bank to provide for the creation of the new positions of "Manager" and "Division Chief" in the Discount and Credit Department; for the discontinuance of the positions of "Manager" and

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"Credit Investigator" in the Credit Department, the positions of "Manager" of the Discount Department, Suspended Banks Department, and Planning Department, and "Truck Driver" in the General Service Department; and for certain revisions of a minor character in the description of work, title of position, and name of departments of eight other positions. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Letter to the Presidents of all Federal reserve banks, reading as follows:

"A review of the discount schedules received from the various Federal Reserve banks since October 1, when revised Regulation 'A' became effective, indicates that it is desirable to clarify certain points as to the Board's requirements with respect to the reporting of excess or marginal collateral.

"No special report need be submitted in any case where the additional collateral is voluntarily pledged by the borrower and is not required by the Federal Reserve bank.

"Schedules reporting discounts and advances secured by direct obligations of the United States, or obligations fully guaranteed by the United States, on which collateral in excess of the amount advanced is required by the Federal Reserve bank should show the face value of the collateral pledged and contain a complete statement of the reasons for the requirement.

"Schedules reporting discounts and advances other than those secured by United States Government obligations on which marginal or excess collateral with a face value of more than 25 percent of the discount or advance is required by the Federal Reserve bank should show both the face value and the reasonable value, as determined by the Federal Reserve bank, of the marginal or excess collateral, and, if the reasonable value as determined by the Federal Reserve bank is more than 25 percent of the discount or advance,

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"the schedules should contain a complete statement of the reasons for the requirement."

Approved unanimously.

In connection with the above matter approval was also given to a procedure outlined in a memorandum dated October 14, 1937, from Mr. Smead, Chief of the Division of Bank Operations, for bringing to the attention of the Board cases in which the reasons of the Federal reserve banks for requiring additional collateral on discounts and advances to member banks are reported as required by Sections 3(d) and 3(e) of Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks.

Letter to Honorable J. F. T. O'Connor, Comptroller of the Currency, reading as follows:

"Under date of March 1, 1937, we sent you a draft of a suggested revised form of member bank condition report, stating that the tentative draft of the form had not been formally approved by the Board of Governors. In your reply dated April 8 you suggested that the memorandum of suggested changes, together with a copy of the suggested revised form, be submitted to the members of the Board for their initials or approval, and that upon receipt of advice that that had been done definite action would be taken. Following receipt of your letter you were advised on April 17 that the proposed revised form had been submitted to and approved by the Board. The Board's approval was given, of course, with the understanding that the changes would be agreeable to your office. You were also advised that the Board had revised, effective May 12, 1937, the loan classification in the form used by member banks in 101 leading cities in submitting weekly reports of their principal assets and liabilities to the Board.

"In order to bring about uniformity in the classification of loans, the Board hopes that the forms of the weekly report and the call report may be reconciled at an early date. The Board also feels that certain changes in the form of call report heretofore considered should receive

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"early consideration. To this end, if it is agreeable to you, the Board will be glad to have members of its staff confer with representatives of your office with the object of reviewing the call report forms as a whole and of making such changes therein as seem appropriate. As the Board's letter stated, it is considered important that the form used by National banks and State bank members in submitting condition reports be the same, in order that uniform information for all member banks may be obtained and in the interest of uniformity in reporting services. It will be appreciated if you will advise whether a conference on this subject can be arranged and, if so, when it will be convenient to hold such a conference."

Approved unanimously.

Memorandum dated November 3, 1937, from Mr. Noell, Assistant Secretary, recommending, for the reasons stated in the memorandum, that the sum of \$7,500 be added to the item of printing in the General Budget for 1937.

Approved unanimously.

Thereupon the meeting adjourned.

Chesler Morrie
Secretary.

Approved:

W. S. C. C. C.
Chairman.