

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 12, 1937, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczek

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. Taylor, Secretary pro tem of the Federal Reserve Bank of Cleveland, and Mr. Leach, President of the Federal Reserve Bank of Richmond, stating that the Board approves the establishment without change by the respective banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated November 10, 1937, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that effective at the expiration of her temporary appointment on November 19, 1937, and subject to her passing satisfactorily the usual physical examination, Miss G. Elizabeth Ford be given a permanent appointment as a clerk in the Division, with no change in her present salary at the rate of \$1,620 per annum.

Approved unanimously.

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Memorandum dated November 10, 1937, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that effective at the expiration of her temporary appointment on December 6, 1937, and subject to her passing satisfactorily the usual physical examination, Miss Muriel G. Webb be given a permanent appointment as a clerk in the Division, with no change in her present salary at the rate of \$1,440 per annum.

Approved unanimously.

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

"This refers to Mr. Prentiss' letter of September 18, 1936, inclosing a copy of a letter from the Hazleton National Bank, Hazleton, Pennsylvania, presenting the question whether a deposit of the Middle Coal Field Poor District may be classified by a member bank as a savings deposit under the definition in section 1(e) of Regulation Q.

"The Board of Governors has recently taken the position that a school district may be considered as an organization operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes within the meaning of section 1(e) of Regulation Q and that a deposit of such a district may be classified as a savings deposit if it complies with the other requirements of the definition. On the same basis, a poor district constituting a separate political subdivision the primary function of which is the care and relief of the poor may be considered as an organization operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and, therefore, a deposit of such a district may properly be classified by a member bank as a savings deposit provided the deposit complies with the other requirements of the definition."

Approved unanimously.

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

"This refers to Mr. Gough's letter of September 20, 1937, presenting the question whether deposits of the Conger Mutual Burial Association and the Conger Colored Mutual Benefit Association may be classified by member banks as savings deposits under the definition in section 1(e) of Regulation Q.

"It is understood from Mr. Gough's letter that these two associations are operated by local undertakers under the mutual burial insurance laws of Louisiana; that the funds on deposit represent 10 per cent of the assessments collected from members of the respective associations and constitute reserves for the purpose of paying claims brought about by unusual circumstances causing the death of a greater number of members than is ordinarily anticipated, such as an epidemic of sickness or a tornado; that the associations also carry regular checking accounts in which they deposit all of their dues except the 10 per cent deposited in savings accounts; that the associations are non-profitable and make no other investments; and that the interest derived from the savings deposits inures to the benefit of the reserve funds.

"The Board of Governors has recently taken the position that deposits of mutual or cooperative fire or life insurance associations may not be classified by member banks as savings deposits and it is our opinion that deposits of the above associations which are operated under the mutual burial insurance laws of Louisiana fall within the scope of this ruling. Accordingly, it is our view that deposits of these associations may not be classified by member banks as savings deposits."

Approved unanimously.

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

"This refers to your letter of September 25, 1936, regarding the question whether deposits of 'The Pension Fund Commission of the Police and Fire Departments of the Township of Union', New Jersey, may be classified by member

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"banks as savings deposits under the definition in section 1(e) of Regulation Q.

"As you were advised in a letter dated October 30, 1937 (S-41), the Board of Governors has recently taken the position that police or firemen's pension or relief associations (including a special fund held by a political subdivision to provide pensions for police or firemen) may be considered as organizations operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and, therefore, that deposits of such organizations may be classified by member banks as savings deposits if they otherwise comply with the requirements of the definition. It appears that 'The Pension Fund Commission of the Police and Fire Departments of the Township of Union' falls within the scope of the Board's ruling and, accordingly, deposits of the Commission may be classified by member banks as savings deposits if they comply in other respects with the definition."

Approved unanimously.

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

"Reference is made to Mr. Sonne's letter of October 16, 1936, regarding the question whether deposits of the Industrial Indemnity Exchange may be classified by member banks as savings deposits under the definition in section 1(e) of Regulation Q.

"In a letter dated November 10, 1936, you were advised that the Board of Governors agreed with the opinion of your counsel that deposits of the Industrial Indemnity Exchange may not be classified as savings deposits. You were also advised that the Board was reviewing a number of rulings with respect to the classification of deposits of certain organizations as savings deposits and it was suggested that, if you had not already taken steps to obtain a reclassification of the deposits in question, the matter be held in abeyance until further action of the Board.

"The Board has now completed its review of this subject and has issued a ruling thereon, a copy of which was sent to you under date of October 30, 1937. As you have no doubt observed, this ruling confirms the opinion expressed in the Board's letter of November 10, 1936."

Approved unanimously.

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

"This refers to your letter of August 11, 1936, and our later correspondence regarding the question whether a deposit of the King County Medical Society may be classified by a member bank as a savings deposit under the definition in section 1(e) of Regulation Q.

"As you were advised in a letter dated October 30, 1937 (S-41), the Board of Governors has recently taken the position that professional associations, such as bar, medical, and dentists' associations, may be considered as organizations operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and, therefore, that deposits of such organizations may be classified by member banks as savings deposits if they otherwise comply with the requirements of the definition. It appears that the King County Medical Society falls within the scope of the Board's ruling and, therefore, deposits of such organization may be classified as savings deposits if they comply in other respects with the definition."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.