

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 24, 1937, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice 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 meeting of the Board of Governors of the Federal Reserve System held on November 23, 1937, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, and Mr. Helm, Vice President of the Federal Reserve Bank of Kansas City, stating that the Board approves the establishment without change by the banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated November 22, 1937, from Mr. Morrill recommending the appointment of Mr. Julian B. Hammond as an elevator operator, with salary at the rate of \$1,200 per annum, effective as of the

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date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"There is inclosed a copy of a letter dated November 13, 1937, from Mr. George T. Ellis, Assistant Trust Officer of The First National Exchange Bank of Roanoke, Roanoke, Virginia, inquiring whether his indebtedness to the Colonial-American National Bank, Roanoke, Virginia, which was incurred prior to the time he became an officer of The First National Exchange Bank of Roanoke, should be reported to the board of directors of his bank as provided in section 22(g) of the Federal Reserve Act and section 5 of the Board's Regulation O. It will be appreciated if you will reply to the letter from Mr. Ellis.

"For your assistance in connection with such reply, it may be stated that it is the view of the Board that, inasmuch as section 22(g) provides that if any executive officer of a member bank 'be or become indebted' to any other bank he shall make a written report to the board of directors of his member bank, a report of the indebtedness is required in this case, notwithstanding the fact that such indebtedness was incurred prior to the time Mr. Ellis became an executive officer of a member bank. This view is based upon the assumption that Mr. Ellis as Assistant Trust Officer participates in the management of his bank so as to be an executive officer within the meaning of that term as defined in Regulation O.

"A copy of our letter to Mr. Ellis is also inclosed."

Approved unanimously.

Letter to Mr. Clark, Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of November 13, 1937, with inclosures, in reply to the Board's letter of October 25 regarding the possible violations of section

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"5136 U.S.R.S. by the Trust Company of Georgia, Atlanta, Georgia, through purchase of corporate stocks for its insurance reserve account.

"It has been noted that the account has been invested in the following securities which do not appear as assets of the bank inasmuch as the reserve account is handled as a trust account administered by the trust department of the bank:

Bonds	\$19,683.75
Stocks:	
Purchased prior to June 16, 1933	24,184.40
Purchased subsequent to June 16, 1933	<u>19,305.25</u>
	<u>\$63,173.40</u>

"You report that there was no intentional violation of the provisions of section 5136 as the bank's management in good faith believed that it might invest funds not regarded as a bank asset in securities other than those permitted by such section, but that since the question has been raised, the management has advised that it will arrange to dispose of the stocks purchased since June 16, 1933. The bank has requested, however, that it be permitted to hold for at least six months the 50 shares of U. S. Steel Preferred Stock carried in the account, since the management does not feel that a fair price can be obtained for the stock at this time.

"In view of the circumstances and the relatively small amount involved, the Board, in accordance with your recommendation, will interpose no objection to the manner, as outlined in your letter, in which the bank proposes to dispose of the corporate stocks purchased since June 16, 1933."

Approved unanimously.

Memorandum dated November 15, 1937, from Mr. Vest, Assistant General Counsel, recommending that there be published in the December issue of the Federal Reserve Bulletin a statement in the form attached to the memorandum with respect to the following subject:

Publication of Revised Edition of Board's Digest of Rulings.

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrell  
Secretary.

Approved:

W. Steeles  
Chairman.