

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 26, 1937, at 11:00 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
Mr. Thurston, Special Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director of the
Division of Research and Statistics
Mr. Dreibelbis, Assistant General Counsel
Mr. Gardner, Senior Economist in the
Division of Research and Statistics
Mr. Piser, Senior Economist in the
Division of Research and Statistics

Reference was made to a letter dated November 19, 1937, from the Secretary of the Federal Advisory Council requesting advice as to the topics which the Board desired the Council to discuss at its forthcoming meeting on December 13 and 14, 1937.

Messrs. Szymczak and Davis were requested to consider the matter and make recommendations to the Board as to topics which the Council might discuss. It was understood that the members of the Board would advise Messrs. Szymczak and Davis within forty-eight hours what, if any, topics they wished to suggest for discussion by the Council.

During recent weeks the members of the Board had discussed informally on several occasions the question what, if any, action might

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be taken by the Federal Reserve System to assist in counteracting the present business recession, and at this meeting the various aspects of the matter were again reviewed.

At 1:00 p.m. the meeting recessed and reconvened at 3:30 p.m. with the same attendance as at the morning session, except that Messrs. Bethea and Piser were not present, and there was a further discussion of the question reviewed during the morning.

In accordance with the understanding at the meeting of the Board on November 23, 1937, there had been sent to the members of the Board prior to this meeting a copy of the galley proof of an article entitled "Bank Suspensions, 1921-1936", and the manuscript was presented at this meeting for determination of the question whether the article should be published in the Federal Reserve Bulletin.

After discussion, the publication of the article in the December issue of the Federal Reserve Bulletin was approved unanimously.

At this point Messrs. Thurston, Wyatt, Goldenweiser, Dreibelbis, and Gardner left the meeting and consideration was then 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 24, 1937, were approved unanimously.

Letter to Mr. Curtiss, Chairman of the Federal Reserve Bank

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of Boston, reading as follows:

"The Board of Governors of the Federal Reserve System decided some time ago that surveys should be made of the Bank Examination and Auditing Departments at all of the Federal Reserve Banks. There is attached a copy of a report of the survey of the Auditing Department of the Federal Reserve Bank of Boston recently conducted by the Board's Examiners Jones and Cagle. An additional copy of the report is inclosed for President Young.

"While the survey indicates that the auditing function at the Federal Reserve Bank of Boston in general is being performed in substantial conformity with the standards recommended by the Conference of Auditors of the Federal Reserve Banks held in Washington in November 1936, the conclusions set forth by the examiners indicate a number of matters which merit consideration.

"It will be appreciated if you and any of your directors whom you may designate and President Young will review this report of survey and give the Board the benefit of your reactions to the matters referred to above and any other statements concerning which you would like to express your views.

"The footnote of the letter transmitting the recommendations of the Conference of Auditors to Mr. George L. Harrison, Chairman of the Conference of Presidents of the Federal Reserve Banks, called attention to the confidential nature of the material contained in that report and other information relative to the auditing activities at the Federal Reserve Banks. As the inclosed report refers frequently to the Auditors' recommendations and also contains other information of a confidential nature concerning the activities of the Auditing Department of your bank, it will be appreciated if the report itself is not made available to the bank's employees and the officers directly in charge of the operating departments. Of course, the Board sees no objection to the report, or parts thereof, being submitted to, or discussed with, your directors and such of the bank's officers as you and President Young deem advisable."

Approved unanimously.

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

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"In response to your letter of November 8, there is inclosed a photostat copy of each of the following tables on branch and group banking:

Branch Banking (20 pages)

Table 1 - Number of Banks and Branches or Additional Offices, by States, December 31, 1936.

Table 1a - Number of Banks Operating Branches and Number and Location of Branches, by Classes and States, December 31, 1936.

Table 2 - Loans and Investments and Deposits of all Banks and of Banks Operating Branches or Additional Offices, by States, December 31, 1936.

Table 2a - Loans and Investments and Deposits of Banks Operating Branches, by Classes and States, December 31, 1936.

Group Banking (11 pages)

Table 1 - Number of Group Banks by Classes, Number of Group Banks Operating Branches, Number of Branches by Location, Number of States and Cities in Which Operating, December 31, 1936.

Table 2 - Loans and Investments and Deposits of Group Banks by Class of Banks, December 31, 1936.

"The statistics on group banking included in the inclosed tables are based on such information as has come to the attention of the respective Federal Reserve banks, the principal sources being affiliate reports and examination reports of member banks. For obvious reasons, therefore, the data may not be complete as to nonmember banks. The Federal Reserve banks were instructed, in compiling the data, to include (1) banks controlled by a 'holding company affiliate' as defined in section 2(c) of the Banking Act of 1933, as amended, or by an organization which would be a 'holding company affiliate' if Reconstruction Finance Corporation capital investment were disregarded; and (2) any other banks which, though not controlled by a holding company affiliate as defined in the Banking Act of 1933, as amended, are regarded generally as being controlled, directly or indirectly, by the same or associated corporate interests. The compilations cover only such groups as comprise three or more banks.

"The latest survey of chain banking completed at the Board's offices is the one as of December 31, 1931, referred to in your letter. It is expected that statistical data on

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"chain banking as of December 31, 1936, corresponding to the data on group banking transmitted herewith, will be compiled in the near future.

"The data furnished you herewith have not been published by the Board, nor is publication thereof contemplated in the near future. Accordingly, the information is furnished to you for the confidential use of your office."

Approved unanimously.

Memorandum dated November 26, 1937, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated November 19 from Mr. Frank H. Neely, Acting Chairman of the executive committee of the Federal Reserve Bank of Atlanta, which requested approval by the Board of an expenditure of approximately \$275,000 for air conditioning, renovating and modernizing the Federal reserve bank building at Atlanta. The memorandum recommended that the Board interpose no objection to the proposed expenditure by the Federal reserve bank.

Approved unanimously.

Thereupon the meeting adjourned.

Orestes Morrie
Secretary.

Approved:

McEwen
Chairman.