

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, December 2, 1937, at 2:45 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
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 December 1, 1937, were approved unanimously.

Telegrams to Messrs. Young, Stewart and Powell, Secretaries of the Federal Reserve Banks of Chicago, St. Louis and Minneapolis, respectively, and to Mr. Stewart, Chairman of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the St. Louis bank on December 1, 1937, and by the Chicago, Minneapolis and San Francisco banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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

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"In accordance with the recommendation contained in your letter of November 24, the Board approves the appointments of Philip L. Dickinson, at present an assistant examiner, as an examiner, and of Lawrence E. Quackenbush as an assistant examiner for the Federal Reserve Bank of New York. Please advise as to the dates the appointments become effective."

Approved unanimously.

Letter to Mr. Drinnen, First Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"In accordance with the request contained in your letter of November 24, 1937, the Board approves the appointment of John C. Hummel as an assistant examiner for the Federal Reserve Bank of Philadelphia. In order that our records may be complete, please advise as to the date the appointment becomes effective."

Approved unanimously.

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

"This refers to your letter of November 24, 1937, and inclosures, presenting the question whether deposits in member banks made by the State Treasurer of Texas under an agreement contained in the form of application for designation as a State depository constitute 'time deposits, open account' as defined in section 1(d) of Regulation Q.

"It is understood that the only question arises from the absence of a requirement for written notice in the following provision of the application:

All amounts due the State, both principal and interest, shall be paid by the applicant at Austin, Texas, on and after 31 days notice by the State Treasurer.

"You state that you and your counsel feel that the words used in the contract 'after 31 days notice by the State Treasurer' may reasonably be construed to mean written notice in view of the fact that, as a matter of actual established procedure, all of his withdrawal notices are

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"in written form. It appears that this construction is supported by article 2525 of the Texas Depository Law, operative on and after August 1, 1937, which provides that 'the term "time deposits", as used herein, shall mean any deposit with reference to which there is in force a contract that neither the whole nor any part of such deposit may be withdrawn by check or otherwise prior to the expiration of the period of notice which must be given in writing in advance of withdrawals.'

"However, without undertaking to determine whether or not this is the correct construction of the form of application, no objection will be offered to treating deposits made thereunder as 'time deposits, open account', provided that the State Treasurer in each case actually gives the requisite notice of withdrawal in writing and with the understanding that the form of application will be revised at the time of the expiration of the new depository contracts on November 30, 1938, so as expressly to require written notice of withdrawal."

Approved unanimously.

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

"Under date of September 3 there was forwarded to you, as stated in the Board's letter R-71 of that date, a supply of blank forms for the use of State bank members and their affiliates in submitting reports as of the next call date. Inasmuch as the usual Fall call for reports has not been made, the blank forms now in the possession of State bank members should be used in submitting the reports usually called for at the end of the year. In addition, however, it is desired that the banks report the amounts of their agricultural loans and farm real estate owned by them as of the next call date. For this purpose please send three copies of Form 105-f, a supply of which has been sent to you under separate cover, to each State bank member at the time it is formally notified of the next call for condition reports, with the request that a report thereon be submitted in duplicate at the same time that the condition report on Form 105 is submitted. The information called for by Form 105-f is the same as was called for by the two memorandum items which appeared at the bottom of page 4 of Form 105 on the June 30, 1937 call for condition reports.

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"It is suggested that the figures reported on Form 105-f as of the next call date be compared with the corresponding figures reported against the two memorandum items at the bottom of page 4 of the reports rendered as of June 30, 1937, in order to make sure that the figures reported for the two call dates appear to be comparable. One copy of the report on Form 105-f should be sent to the Board and the other copy retained by your bank."

Approved unanimously, with the understanding that the letter would not be transmitted until the supply of Form 105-f was received from the printer.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. Scales
Chairman.