A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 22, 1937, at 11:00 a.m.

PRESENT: Mr. Eccles, 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 December 21, 1937, were approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Boston, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McKinney, President of the Federal Reserve Bank of Dallas, and Mr. Stewart, Chairman of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the San Francisco bank on December 21, 1937, and by the Boston, Richmond and Dallas banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Park, Assistant Cashier of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board approves the discontinuance of the position of Return Item Clerk and Notary in the personnel classification plan of the Oklahoma City Branch requested in your letter of December 3, 1937.

"In regard to the revised page 14 of the personnel classification plan of the Oklahoma City Branch, it is noted..."
"that an additional paragraph has been added under the description of work reading as follows:

'Acts as Notary, presenting and protesting all unpaid items subject to protest, retaining all fees received therefor except that an amount agreeable to Notary and to bank is paid monthly as rental for space occupied.'

"In this connection, on page 5 of the examination report of your bank dated May 8, 1936, the examiner states:

'Notarial work at the Head Office is performed by an individual who is considered as an employee but whose duties are confined entirely to notarial work. This individual retains all fees collected and is charged a rental for desk space in an amount sufficient to cover fees collected in excess of her fixed annual income of approximately $2,800 from this work.

'Notarial work at the branches is handled by regular employees who are commissioned as notaries. Fees collected in excess of their guaranteed income as notaries are paid monthly to the branches as rent for desk space, and the salaries are not reduced when the fees collected do not equal the guaranteed income.'

"While not entirely clear, the present arrangement regarding the payment of notaries appears to be different from the plan which was put into effect at your Head Office and Branches in 1924 pursuant to the Board's letters dated March 6 and August 22, 1924, and a letter from the Federal Reserve Agent dated August 2, 1924. It was stated in the letter dated August 2, 1924, that the notary would pay a stipulated monthly rental for office space, whereas under the present arrangement an amount agreeable to the notary and to the bank is paid for office space, and it is understood that this amount, which apparently varies from time to time, is sufficient to absorb the excess of fees collected over a fixed annual income established for the notary. In the circumstances it is suggested that your bank give consideration, with the assistance of its counsel, to the question whether the present arrangement at the Head Office and Branches is consistent with the law in the light of the court decisions on the subject, with a view to making any changes in the arrangement that may be deemed to be necessary to conform to the law.

"Pending further advice from your bank the Board is deferring action on the revised page 14 of the personnel classification plan submitted with your letter."

Approved unanimously."
Letter to Mr. Paulger, Chief of the Division of Examinations,

reading as follows:

"Paragraph number 7 of section 5240 of the United States Revised Statutes (section 21 of the Federal Reserve Act), as amended, provides that the Board of Governors of the Federal Reserve System, at least once each year, shall order an examination of each Federal reserve bank.

"In accordance with this provision of the law, the Board orders that at least one examination of each of the twelve Federal reserve banks be made during the year 1938, and the Board authorizes and directs you to institute and conduct such examinations at such time or times as may seem advisable in your judgment."

Approved unanimously.

Memorandum dated December 15, 1937, from Mr. Morrill submitting for approval by the Board a draft of entry for the policy record required by section 10 of the Federal Reserve Act to be kept by the Board, covering action taken by the Board on October 27, 1937, with respect to the reduction in margin requirements on loans by brokers and banks under Regulations T and U and the establishment of margin requirements on short sales.

Approved unanimously.

Memorandum dated December 14, 1937, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending, for the reason stated in the memorandum, that $250 be added to the miscellaneous classification of the non-personal budget of the Division for 1937 to provide funds for charges to be made for photostating and
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planographing work through the end of the current year.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chairman.

Secretary.