A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, January 13, 1938, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
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 January 12, 1938, were approved unanimously.

Telegrams to Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Messrs. Young and Powell, Secretaries of the Federal Reserve Banks of Chicago and Minneapolis, respectively, and Mr. McKinney, President of the Federal Reserve Bank of Dallas, 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.

Letter to Mr. Young, Vice President of the Federal Reserve Bank of Chicago, reading as follows:
"This refers to your letter of December 27, 1937, and inclosures, in answer to Mr. Paulger's letter of December 15, 1937, regarding the report of examination of the 'Ann Arbor Savings and Commercial Bank', Ann Arbor, Michigan, as of September 13, 1937.

"It is noted from the letter of April 9, 1937, from the Chief National Bank Examiner of the Seventh Federal Reserve District that the office of the Comptroller of the Currency has taken the position that the dormitory bonds or certificates of indebtedness in question are obligations of 'The Regents of the University of Michigan' a body corporate and, therefore, if otherwise eligible, may be purchased by a national bank up to 10 per cent of its capital and surplus under the provisions of section 5136 of the Revised Statutes.

"In view of this ruling of the Comptroller of the Currency, we feel that there can be no escape from the conclusion that all of these dormitory bonds must be considered as obligations of the University of Michigan and, therefore, the total of all such bonds held by a member bank may not lawfully exceed 10 per cent of its capital and surplus.

"It will be appreciated if you will advise us of the action taken by the Ann Arbor Savings and Commercial Bank in order to bring its holdings of these dormitory bonds into conformity with the requirements of the law."

Approved unanimously.

Letter to Mr. Wood, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of January 6, 1938, transmitting a copy of a letter dated January 4, from Mr. F. R. von Windegger, president of The Plaza Bank of St. Louis, St. Louis, Missouri, regarding a suggested method of handling the proceeds of the claim against the Union Trust Company of Cleveland if the proposed reorganization of that bank is effected, and of closing out the special reserve set up in compliance with condition of membership numbered 17.

"The Board will interpose no objection to the proposals as outlined in the bank's letter. According to the bank's letter, however, only $9,792 of the $13,909 necessary to write down to $1 the creditors' notes to be received under
"the proposed reorganization plan is to be charged against the special reserve. It is assumed that the remaining $4,117 necessary to reduce the carrying value of the creditors' notes to $1 as proposed by the bank will be properly charged off."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

[Signature]

Chairman.

[Signature]

Secretary.