

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 1, 1938, at 10:00 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

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 February 26, 1938, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Presidents of Federal reserve banks held on February 28, 1938, were approved unanimously.

Memorandum dated February 25, 1938, from Mr. Noell, Assistant Secretary, recommending that, for the reason stated in the memorandum, Mrs. Margaret A. Rice, Publications Clerk in the Office of the Secretary, be granted an additional leave of absence with pay on account of illness for a period of not to exceed thirty days from February 26, 1938.

Approved unanimously.

Telegram dated February 28, 1938, to Mr. Howard Phillips,

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Executive Vice President, Dr. P. Phillips Co., Inc., Orlando, Florida,

reading as follows:

"Board of Governors has appointed you director of Jacksonville branch of Federal Reserve Bank of Atlanta for unexpired portion of three-year term ending December 31, 1939. Your letter of February 26, 1938, to Mr. Davis will be considered as formal acceptance of the appointment."

Approved unanimously.

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

"A note attached to the December 31, 1937 condition report of the Bank of Boyceville, Boyceville, Wisconsin, indicates that the amount, \$5,000, reported as reserves for contingencies against item 31(g) represents Class B debentures which the State banking department requires to be shown as a reserve. The photostat copy of Class B debentures of the subject bank submitted with your letter of March 1, 1935 provides in part that at the option of the bank they 'shall be carried upon the statements of the bank as liabilities or be shown in a footnote to such statements'.

"As you know, capital notes and debentures sold other than to the Reconstruction Finance Corporation are intended to be shown against item 31(a)(2) of Form FR 105, and the amount extended as the aggregate net book value of capital notes and debentures and capital stock should represent the sum of all such debentures and the par value of the common stock (unless the bank has a deficit in surplus and undivided profits). If the bank wishes to omit the \$5,000 of Class B debentures from the figure extended as the net book value of capital stock and capital notes and debentures, this can be done if the caption 'Surplus' is changed to read 'Surplus before providing for \$5,000 of Class B debentures'. Class B debentures should not be reported as 'Reserves for contingencies' on Form FR 105. It is requested that the bank be advised to this effect for its guidance in submitting future reports of condition on Form

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"FR 105 and in publishing statements in accordance with Form FR 105e."

Approved unanimously.

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

"Reference is made to your letter of February 16, 1938, and inclosure, relating to the proposed purchase by your bank of the property adjoining the rear of the Houston Branch building, consisting of a lot 100 ft. x 25 ft. and two-story building thereon.

"The Board of Governors has given consideration to the action taken by the board of directors of the Houston Branch and the subsequent action of the board of directors of the Head Office, and will interpose no objection to the acquisition of the property adjoining the rear of the Houston Branch building at a total cost not to exceed \$30,000.

"It will be appreciated if you will advise the Board if and when the property is acquired by your bank and the price paid therefor."

Approved unanimously.

Letter dated February 28, 1938, to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"This refers to the report of examination of 'The Peoples Bank', Bishopville, South Carolina, made as of January 6, 1938, in which the examiner, on page 'C' of the confidential section, makes the following statement:

'* * * There are no signs on the outside to indicate the Peoples Bank operates within and except for the structure of the building and a carved sign on the front marble work (Bishopville National Bank) no one would suspect a bank existed at its location.'

"In this connection, section 5243 of the Revised Statutes (Title 12, U.S.C., Sec. 583) prohibits a bank from using the word 'national' as a part of its name or title, subject to certain exceptions which do not appear to be

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"applicable to this case, and a penalty of \$50 per day is provided.

"In the circumstances, it will be appreciated if you will bring this matter to the attention of the Peoples Bank and suggest the desirability of eliminating the word 'national' from the sign on the building and from other signs, if any, where the word 'national' may appear."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.