A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 8, 1938, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Pansom, Vice Chairman
Mr. Szymczak
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:

Memorandum dated March 1, 1938, from Mr. Paulger, Chief of the Division of Examinations, recommending that, for the reason stated in the memorandum, Mrs. Marguerite C. Maynard, Secretary to Mr. Paulger, be granted an additional leave of absence with pay on account of illness for a period of sixty days or such part thereof as may be necessary to complete her recovery and that any sick leave taken or granted during her illness beyond her accumulated sick leave of 17½ days be not charged against future accumulated sick leave. Mr. Davis had attached to the file a memorandum stating that, while there was justification for not counting sick leave as accumulated prior to 1936, the Board, in a particular case, might well consider sick leave not taken prior to that year. There was also attached to the file a statement showing that Mrs. Maynard had not used a substantial amount of leave.
that would have been allowed in the event of illness prior to 1936.

Mr. Paulger's recommendation that Mrs. Maynard be granted additional leave of absence on account of illness of sixty days or such part thereof as may be necessary to complete her recovery was approved unanimously with the understanding that any sick leave taken during her illness beyond the leave accumulated to March 1, 1938, shall not be charged against sick leave accumulated thereafter.

Memorandum dated March 4, 1938, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated February 17 from Mr. McLaren, Vice President of the Federal Reserve Bank of Atlanta, which requested approval by the Board of a change in the personnel classification plan of the Savannah Agency of the Atlanta Bank to provide for the creation of the new position of "General Clerk" in the Currency and Coin Department. The memorandum stated that the change had been reviewed and recommended that it be approved.

Approved unanimously.

Memorandum dated February 24, 1938, and supplement thereto, from Mr. Owens, President of the Reserve Board Club, recommending that the plan for furnishing a recreation room for the Board's employees as set forth in the memorandum and supplement be approved by the Board. The plan proposed that the recreation room be furnished through the use of odd pieces of furniture now belonging to the Board, the purchase of additional pieces by the Reserve Board Club, and the purchase by the Board of a Masonite movable screen which would be necessary
to provide proper acoustics in the auditorium at a cost of approximately
$50.00, and one large carpet at a cost of $486.80. The proposed plan
and the expenditure for the two items mentioned had been approved by the
Personnel Committee.

Approved unanimously.

Letter dated March 5, 1938, to Mr. Gough, Deputy Comptroller of
the Currency, reading as follows:

"This refers to your letter of February 17, 1938, rais-
ing a question under section 22(g) of the Federal Reserve
Act with regard to the obligation of the President of the
First National Bank of Cumberland, Maryland. A copy of
Mr. Shriver's letter of February 11, 1938, to Mr. Folger
in this connection was sent to the Board for its informa-
 tion.

"It appears that Mr. Henry Shriver, President and direc-
tor of the bank, is one of the endorsers on indebtedness of
the Queen City Brick & Tile Company, a bankrupt corporation,
to the bank and certain other creditors. The amount of the
indebtedness to the bank is $37,050, of which $36,050 has
been charged off. It is proposed that the obligations of
the corporation to its various creditors, including the
bank, be compromised and that in lieu of the obligations
of the corporation the creditors accept personal notes of
the endorsers for one-third of the total liability, such
notes to be secured by a deposit of real estate and stocks
with a trustee. Under the arrangement, the President of
the First National Bank would give his secured note to the
bank in lieu of his indirect liability to the bank as an
endorser. It is also understood that the proposed arrange-
ment will be entered into only in the event that it is
acceptable to the other creditors as well as to the First
National Bank.

"The facts presented indicate that the proposed arrange-
ment is one which would place the bank in a somewhat better
position with respect to this indebtedness, but the informa-
tion available to the Board is not sufficient to justify the
expression of a definite view as to whether the proposed ob-
ligation of Mr. Shriver could be considered to fall within
"one of the exceptions stated in section 3 of Regulation 0. However, you are advised that, if the office of the Comptroller of the Currency is satisfied that the proposed plan of settlement will be for the protection or benefit of the First National Bank, the Board of Governors will offer no objection to the plan in so far as it may be affected by section 22(g) of the Federal Reserve Act and Regulation 0."

Approved unanimously.

Thereupon the meeting adjourned.

Approved: 

Chairman.

Secretary.