

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, March 11, 1938, at 10:30 a. m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Thurston, Special Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Paulger, Chief of the Division of Examinations
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Smead, Chief of the Division of Bank Operations
Mr. Parry, Chief of the Division of Security Loans
Mr. Dreibelbis, Assistant General Counsel
Mr. Vest, Assistant General Counsel
Mr. Wingfield, Assistant General Counsel
Mr. Leonard, Assistant Chief of the Division of Examinations
Mr. Cagle, Assistant Chief of the Division of Examinations
Mr. Williams, Assistant Counsel

There were presented telegrams to Mr. Kimball, Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Messrs. Young, Stewart and Powell, Secretaries of the Federal Reserve Banks of Chicago, St. Louis and Minneapolis, respectively, Mr. McKinney, President of the Federal Reserve Bank of Dallas, and Mr. Sargent, Secretary of the Federal Reserve Bank of San

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Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on March 8, by the Federal Reserve Banks of New York, Richmond, Chicago, St. Louis, Minneapolis and Dallas on March 10, 1938, and by the Federal Reserve Bank of Atlanta today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Consideration was given to a memorandum addressed to the Board under date of March 9, 1938, by the Personnel Committee recommending that, subject to confirmation of his willingness to serve, Henry I. Harriman, Boston, Massachusetts, be appointed a Class C director of the Federal Reserve Bank of Boston for the unexpired portion of the term ending December 31, 1940. It was stated that the Committee's recommendation was concurred in by Messrs. Davis and McKee.

By unanimous vote, Mr. Harriman was appointed a Class C director of the Federal Reserve Bank of Boston in accordance with the recommendation of the Personnel Committee.

There was also presented a bill submitted under date of March 5, 1938, by Gustav Ketterer, interior decorator, in the amount of \$1,134, approved by the Chairman, covering materials furnished and work done by Mr. Ketterer in the Chairman's office.

Approved unanimously.

At this point Messrs. Thurston, Wyatt, Paulger, Goldenweiser,

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Smead, Parry, Dreibelbis, Vest, Wingfield, Leonard, Cagle and Williams left the meeting and consideration was then given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

Memorandum dated March 9, 1938, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated March 3 from Mr. Gilbert, First Vice President of the Federal Reserve Bank of Dallas, which requested approval by the Board of a change in the personnel classification plan of the bank to provide for an increase in the maximum salary for the position of "Assistant Examiner" in the Examination Department from \$2,400 to \$3,000 per annum. The memorandum stated that the proposed change had been reviewed and recommended that it be approved.

Approved unanimously.

Letter to the Bankers Trust Company, New York, New York, reading as follows:

"This refers to your application dated January 13, 1938, for permission of the Board of Governors of the Federal Reserve System, pursuant to the provisions of section 25 of the Federal Reserve Act, to invest an amount not exceeding \$525,000 in the stock of Bankers Company of New York, a Delaware corporation.

"The Board of Governors has received an agreement in form prescribed by the Board executed by Bankers Company of New York under date of March 3, 1938, and has also received a certified copy of a resolution adopted by the Banking Board of the State of New York on December 16, 1937, and amended on March 3, 1938, authorizing Bankers Trust Company to invest in shares of stock of Bankers Company of New

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"York in an amount not in excess of \$525,000.

"After consideration of the above-mentioned application and related documents, the Board of Governors hereby approves such application and grants to Bankers Trust Company, subject to all of the provisions of section 25 of the Federal Reserve Act, permission to invest an amount not exceeding \$525,000 in the stock of Bankers Company of New York.

"In accordance with the provisions of section 25 of the Federal Reserve Act, the investment by Bankers Trust Company in the stock of Bankers Company of New York may be held only so long as the terms and conditions of the agreement of March 3, 1938, are complied with by Bankers Company of New York and by the proposed British company. Furthermore, the permission of the Board of Governors is granted upon condition that the proposed investment in Bankers Company of New York be consummated within six months after the date of this letter. Please advise the Federal Reserve Bank of New York of the date on which the proposed investment is consummated."

Approved unanimously.

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

"Reference is made to your letter of March 3, in which you recommend that the Board of Governors grant to The Pennsylvania Company for Insurances on Lives and Granting of Annuities, Philadelphia, Pennsylvania, additional time in which to submit and publish reports (Form 220) as of December 31, 1937 of its two affiliates, Jefferson Coal Corporation and Lincoln Coal Corporation, both located at Hillsboro, Illinois.

"It is noted that certain data as of December 31, 1937 are not available with respect to the status of the affiliates because of the fact that they are in process of reorganization, and that the extension of time has been requested in order that the reports of the affiliates may accurately reflect their status on the call date in question. In these circumstances and in view of your recommendation, the Board of Governors extends until March 31, 1938, the time within which The Pennsylvania Company for

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"Insurances on Lives and Granting of Annuities, Philadelphia, Pennsylvania, shall file and publish the reports of its affiliates as of December 31, 1937."

Approved unanimously.

Thereupon the meeting adjourned.

Whester Howe
Secretary.

Approved:

W. S. ...
Chairman.