

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, March 14, 1938, at 11:30 a. m.

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

Mr. Morrill, Secretary
Mr. Bethea, 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:

Telegram to Mr. Newton, President of the Federal Reserve Bank of Atlanta, reading as follows:

"Retel March 14. Board of Governors approves action taken by your board on March 12, 1938, in establishing rate of from 5% to 6% on direct loans or advances to industrial or commercial organizations under the provisions of Section 13b of Federal Reserve Act, effective tomorrow, March 16, 1938. It is noted that the rate to be applied in a particular case would be determined by executive committee of your bank having regard to amount of advance, maturity date, collateral offered, prevailing rates in different communities and other pertinent factors."

Approved unanimously.

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

"Reference is made to your letter of March 10, 1938, transmitting the request of 'The Citizens Bank of Madison', Madison, Ohio, for permission in accordance with the provisions of membership condition numbered 8, to purchase for the consideration of \$5,250 the banking house which it now occupies.

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"In accordance with your recommendation, the Board interposes no objection to such investment in the amount indicated, and it is requested that you advise the bank accordingly. It is suggested that you acquaint the bank with the Board's views, with which you are familiar, with respect to making adequate provision for depreciation in banking quarters owned."

Approved unanimously.

Letter to Mr. Post, Secretary of the Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letter of March 5, 1938, regarding the inquiry of the Philadelphia Stock Exchange as to the status under Regulation T of certain 3-1/2% trust receipts issued by the Seaboard Trust Company of Hoboken, New Jersey.

"It is understood that the receipts were issued by the Seaboard Trust Company as a result of the failure of the Steneck Trust Company of North Bergen; that the face value of each receipt is backed by a like amount of the Town of North Bergen, New Jersey, 4% bonds, although the receipts are not guaranteed as to principal or interest by the Town of North Bergen; and that the receipts are not registered on any national securities exchange.

"In these circumstances, the Board agrees with your view that these receipts are neither registered securities nor exempted securities within the meaning of Regulation T and that, therefore, they would have no loan value in connection with a loan under the regulation for the purpose of purchasing or carrying securities.

"As you mentioned, the securities could be given loan value by a bank in making a loan; and, of course, even a broker could lend on the receipts under section 4(f)(6) for any purpose other than purchasing or carrying or trading in securities, or could accept them under section 7(b) for his own protection without giving them loan value for the purposes of the regulation."

Approved unanimously.

There was submitted a recommendation, which had been approved

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by the Personnel Committee, that the Board authorize the purchase of table pads for use in the Board room, as listed in purchase order No. 2330, at a total cost of \$196.00.

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

Donald Hanson
Vice Chairman.