

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, March 24, 1938, at 11:30 a. m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

Telegrams to Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Messrs. Young and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. McKinney, President of the Federal Reserve Bank of Dallas, and Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on March 22, by the Federal Reserve Bank of Dallas on March 23, by the Federal Reserve Banks of Richmond, Chicago, St. Louis and Minneapolis on March 24, and by the Federal Reserve Bank of Atlanta on March 25, 1938, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated March 22, 1938, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated March 19 from

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Mr. Martin, President of the Federal Reserve Bank of St. Louis, which requested approval of changes in the personnel classification plan of the Memphis branch of the St. Louis bank to provide for the transfer of the positions of "Transfer Clerk", "F.R. Bank Bookkeeper", and "Member Bank Bookkeeper" from the Transit Department to the Accounting Department, and for minor alterations in the description of work for the positions of Head of the Accounting Department and Head of the Transit Department. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Memorandum dated March 22, 1938, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated March 16 from Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, which requested approval by the Board of a change in the personnel classification plan of the Oklahoma City Branch of the Kansas City bank to provide for the addition of the duties of a notary public to the description of work for the position of Supervisor of the Custody Department. The memorandum stated that the Board previously had deferred action on a similar request and on December 22, 1937, had suggested to the Kansas City bank that consideration be given, with the aid of counsel, to the question whether the arrangement regarding the payment of notaries at the Kansas City bank and its branches was consistent with the law in the light of the court decisions on the

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subject; that Mr. Worthington had advised in his letter of March 16 that the matter had been reviewed with the interested officers and discussed with counsel for the Kansas City bank and that it was the opinion of all concerned that the only change necessary at any office of the Kansas City bank was one which would result in having a definite understanding as to the amount of rent to be paid by the notaries for periods of six months in advance; and that such an arrangement would be followed in the future. The memorandum also stated that the proposed change had been reviewed and recommended that it be approved.

Approved unanimously.

Letter dated March 1, 1938, from the "Central Hanover Bank and Trust Company", New York, New York, requesting approval by the Board of its application to establish and maintain a branch in the City of London, England, at No. 27 Regent Street, S.W. 1 (with an entrance on Jermyn Street), and letter dated March 7, 1938, from Mr. Gidney, Vice President of the Federal Reserve Bank of New York, recommending that the application be approved on condition that the branch be established on or before July 1, 1938, provided (1) that the Superintendent of Banks of the State of New York gives his approval to the establishment of the proposed branch and (2) that counsel to the Federal Reserve Bank of New York is satisfied as to the legal aspects thereof. A subsequent letter dated March 22 from Mr. Gidney enclosed a certified photostatic copy of a certificate dated March 17 executed by the Deputy

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Superintendent of Banks of the State of New York authorizing the Central Hanover Bank and Trust Company to open an additional branch in the City of London, England, on or after March 18, 1938, and an opinion of counsel to the Federal Reserve Bank of New York that the establishment of the additional branch would be in conformity with the laws of the State of New York.

The following order was adopted by
unanimous vote:

"WHEREAS, 'Central Hanover Bank and Trust Company', New York, New York, has made application to the Board of Governors of the Federal Reserve System, pursuant to the provisions of Sections 9 and 25 of the Federal Reserve Act, for permission to establish an additional branch in the City of London, England, at No. 27 Regent Street, S. W. 1 (with an entrance on Jermyn Street); and

"WHEREAS, it appears, upon consideration of said application and information submitted in connection therewith, that it may properly be approved;

"NOW, THEREFORE, IT IS ORDERED that the said application to establish an additional branch in the City of London, England, at No. 27 Regent Street, S. W. 1 (with an entrance on Jermyn Street), be and the same is hereby approved, such branch to be operated and maintained subject to the provisions of Sections 9 and 25 of the Federal Reserve Act; upon condition, however, that unless such branch is actually established and opened for business on or before July 1, 1938, the approval hereby granted shall automatically terminate."

In connection with the above matter,
the following letter to Mr. Gidney, Vice
President of the Federal Reserve Bank of
New York, was also approved unanimously:

"The Board of Governors has today approved the application of 'Central Hanover Bank and Trust Company', New York, New York, for permission to establish an additional branch in the City of London, England, to be located at No. 27 Regent Street, S. W. 1 (with an entrance on Jermyn Street).

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"There is inclosed herewith a certified copy of an order of the Board of Governors approving such application, which you are requested to transmit to Central Hanover Bank and Trust Company.

"Your attention is called to the fact that the approval granted by the Board of Governors for the establishment of this additional branch will automatically terminate unless the branch is established and opened for business on or before July 1, 1938. It will be observed in this connection that although the Central Hanover Bank and Trust Company stated it contemplated opening the branch on or before June 1, 1938, the Board has fixed July 1, 1938, as the date on or before which the branch is to be established and opened for business, in accordance with your recommendation and in view of the time which has elapsed since the application was submitted. Please advise the Board of the date upon which the branch is opened for business.

"It will be appreciated if you will advise the Superintendent of Banks of the State of New York of the Board's action in the premises."

Letter to Mr. S. A. Raboy, New York, New York, reading as fol-

lows:

"This refers to your letter of March 12, 1938, asking to be advised whether The National City Bank of New York derives its authority to engage in foreign banking from section 25 or section 25(a) of the Federal Reserve Act, or from both such sections.

"Section 25(a) of the Federal Reserve Act provides for the organization of corporations to engage in international or foreign banking. At present there is in existence only one such corporation, none of the stock of which is held by The National City Bank of New York.

"The National City Bank of New York has, however, applied for and been granted permission, under the provisions of paragraph 'First' of section 25 of the Federal Reserve Act, to establish foreign branches. As of December 31, 1937, The National City Bank of New York was operating one or more branches pursuant to such permission in each of the following countries: Argentina, Belgium, Brazil, Chile, China, Colombia, Cuba, Dominican Republic, England, India, Italy, Japan, Mexico, Panama, Peru, Philippine Islands, Puerto Rico, Straits Settlements, Uruguay, and Venezuela.

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"In addition, The National City Bank of New York has been granted permission, under the provisions of paragraph 'Second' of section 25 of the Federal Reserve Act to invest in the stock of a corporation which is engaged in international or foreign banking in England and Spain and which controls a subsidiary corporation engaged in international or foreign banking in France.

"You also ask whether the applications filed by The National City Bank of New York under the provisions of section 25 of the Federal Reserve Act are public records of which you can secure copies. Applications made by national banks under section 25 are filed pursuant to the statute as a basis for consideration by the Board of Governors of the Federal Reserve System of the question whether, in the exercise of the duty placed upon it by law, the Board should permit such banks to exercise the powers applied for; and, having been submitted for this purpose, it is our opinion that the information contained in such applications should be regarded as confidential. In view of these considerations, it is believed that we would not be justified in complying with your request for copies of the applications of The National City Bank of New York. We regret that we are unable to comply with your request in this matter and trust that you will understand the reasons which make it necessary to take this position."

Approved unanimously.

Letter to the Presidents of all Federal reserve banks, reading as follows:

"As you know, at the recent Conference of Presidents the suggestion was made that it would facilitate the use of letters addressed by the Board of Governors to the Federal Reserve banks, which contain rulings with respect to or interpretations of specific sections of law or the Board's regulations, if in each case the relevant provisions of the law or regulation referred to were incorporated in the body of the letter or added as an attachment thereto. The Board will be pleased to comply with this suggestion and a procedure has been adopted which contemplates that in any case in which the applicable provisions of law or a regulation are not incorporated in the body of the letter they will accompany the letter as an attachment.

"If, after you have had an opportunity to observe letters prepared in accordance with this procedure, you have

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"any comments or suggestions to make with respect thereto, the Board will be glad to receive them."

Approved unanimously.

Letter to the Presidents of all Federal reserve banks, reading as follows:

"Inclosed for your information are copies of two letters dated March 24, 1938, from Mr. Paulger, Chief of the Board's Division of Examinations, regarding the amortization of premiums on bonds under the provisions of regulations of the Comptroller of the Currency governing the purchase of investment securities.

"It will be appreciated if you will have this letter as well as letter S-53, which relates to a different phase of the same subject, brought to the attention of your examiners."

Approved unanimously.

Letter to the Comptroller of the Currency, reading as follows:

"It is respectfully requested that you place a special order with the Bureau of Engraving and Printing, supplementing the order requested June 19, 1937, for the printing of Federal reserve notes of the 1934 Series in the amounts and denominations stated for the Federal Reserve Bank of Boston:

Denomination	Number of sheets	Amount
\$ 500	800	\$4,800,000
1000	450	5,400,000
5000	100	6,000,000"

Approved unanimously.

Memorandum dated March 24, 1938, from Mr. Parry, Chief of the Division of Security Loans, recommending that, for the reason stated in the memorandum, the sum of \$75.00 be added to the Division's budget to cover printing for the remainder of the year.

Approved unanimously.

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Thereupon the meeting adjourned.

Charles Morrie
Secretary.

Approved:

Donald Johnson
Vice Chairman.