

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 3, 1938, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Davis  
Mr. Draper

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 herein-  
after 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 May 2, 1938, were approved  
unanimously.

Memorandum dated April 30, 1938, from Mr. Thomas, Assist-  
Director of the Division of Research and Statistics, submitting  
the resignation of Mrs. Ella Henry as a draftsman in the Division,  
to be effective at the expiration of such annual leave as may be  
due to Mrs. Henry at the close of business on May 28, 1938, the  
date on which she expects to leave the Board's employ.

The resignation was accepted.

Memorandum dated April 29, 1938, from Mr. Smead, Chief  
of the Division of Bank Operations, submitting a letter dated  
April 26 from Mr. Powell, First Vice President of the Federal  
Reserve Bank of Minneapolis, which requested approval by the

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Board of changes in the personnel classification plan of the Minneapolis bank to provide for the creation of the new position of "Inspector", and for a change in the description of work and an increase in the maximum salary for the position of "Proof Clerk", in the R.F.C. and P.W.A. Department. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

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

"Reference is made to your letter of April 29.

"The Board interposes no objection to the further extension to October 31, 1938, of the leave of absence granted Mr. Carol L. Pitman in order that he might assist the Federal Deposit Insurance Corporation."

Approved unanimously.

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

"In accordance with the request contained in your letter of April 22, 1938, the Board of Governors approves the attendance fees and other allowances fixed by your Board on April 14, 1938 for the members of your branch boards of directors, exclusive of managing director, namely, a fee of \$10.00 for attending a meeting of board of directors, a fee of \$5.00 for attending a meeting of any committee of the board of directors, and an allowance to cover the transportation and subsistence expenses incident to the attendance at such board or committee meetings."

Approved unanimously.

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

"Reference is made to your letter of April 28, in which you recommend that publication be not required at this time of reports as of December 31, 1937, of three affiliates of The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pennsylvania.

"It appears that on March 11 the Board of Governors extended until March 31, 1938 the time in which the subject member bank was to file and publish reports of two of such affiliates, namely, Jefferson Coal Corporation and Lincoln Coal Corporation, both located at Hillsboro, Illinois; that additional information which has since become available indicates that on December 31, 1937 the bank had a third affiliate, Jefferson Liquidating Corporation, Danville, Illinois, a report for which was required under existing law and regulations; that you are satisfied that the member bank has been acting in good faith in the matter of obtaining and filing reports of its affiliates, the delay being due to the difficulty of obtaining adequate information with respect to the status of the affiliates because they have been in process of reorganization; and that the required reports of the three affiliates as of December 31, 1937 have now been submitted by the member bank, though not published. It is understood from your letter, as supplemented by telephone conversation with your Department of Bank Examination, that the required three reports of affiliates as of the March 7, 1938 call have been completed and will be submitted to your bank in the next few days, also that such reports will be published by the member bank during the week beginning May 2, 1938.

"In the circumstances, no useful purpose would be served by the publication at this time of the December 31, 1937 reports of the affiliates of the subject member bank. Accordingly, the Board approves your recommendation that The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pennsylvania, be not required to publish reports as of December 31, 1937 of Jefferson Coal Corporation and



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"Lincoln Coal Corporation, both of Hillsboro, Illinois, and Jefferson Liquidating Corporation, Danville, Illinois."

Approved unanimously.

Letter to Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letters of February 28, 1938, and April 19, 1938, and their inclosures, submitting further information with respect to the sale of the stock of Bankamerica Company to Western States Corporation. It is understood that this transaction was reported by Transamerica Corporation with the view of showing compliance with section 20 of the Banking Act of 1933 by member banks in the Transamerica group and the advice concerning it has been considered solely in that light.

"As you know, Transamerica Corporation, pursuant to the provisions of section 5144 of the Revised Statutes, agreed in its application for a voting permit that it would divest itself of any interest in, and cease participating in the management or direction of, any securities company within five years after the date of such application. Since the five-year period will not end until November 29, 1938, and it is not understood that Transamerica Corporation has requested a ruling concerning the matter, the Board has given no consideration to the question as to what action may be necessary in order for Transamerica Corporation to comply with this agreement. Please advise Transamerica Corporation accordingly."

Approved unanimously.

Letter to Mr. Martin, President of the Federal Reserve Bank of St. Louis, reading as follows:

"In your letter of March 19, in reply to the Board's letter of March 12, with respect to indicating on the Federal Reserve System map the territory assigned to each of your branches, you state that you experimented in the case of the Louisville Branch with assigning territory by counties and

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"that it proved unsatisfactory, also that you do not believe it would be feasible to make any changes in respect to the assignment of banking points other than nonpar ones.

"It is realized that at the present time it would be impracticable to draw territorial lines which would represent precisely the territorial assignments to the branches in your district, particularly in Arkansas. Assuming assignments are to remain as they are at present, however, and available information indicates that once banks have chosen to deal with a particular office of your bank very few are transferred to another office, it is felt that approximate territorial boundaries by county lines could be indicated on the Federal Reserve District map and that it would be helpful to do so. Accordingly, we have indicated on the attached maps of Arkansas and Indiana branch territorial lines which have been drawn in accordance with the list of counties given in your above mentioned letter.

"It will be appreciated if you will advise whether you see any objection to showing the branch zones in your district as indicated on the attached maps, with the understanding that if this is done the words 'Approximate in the St. Louis district' will appear in parentheses following the present note on the Federal Reserve District map reading '— boundaries of Federal Reserve branch territories'."

Approved unanimously.

Letter to Mr. Ralph F. Fuchs, New York, New York, reading as follows:

"We have given considerable thought to your request for permission to examine files of the Board of Governors showing the procedure followed in formulating and issuing certain regulations. There would be such difficulty in complying with your request by reason of the fact that material which must be treated as confidential either as to source or as to content, or both, is mingled with other materials in our files, that it does not appear to be practicable to make files available for a study of the kind that you have in mind

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"by a person not officially a part of this organization. On the other hand, it may be possible to provide you with an adequate description of our procedure in the case of certain regulations if you will indicate two or three in which you are particularly interested.

"In this connection, I believe that Mr. Vest furnished you with some material including a talk that Mr. Wyatt made and there is inclosed also a copy of a talk that Mr. Wingfield, Assistant General Counsel, made recently on this general subject.

"You might in addition to indicating certain particular regulations also, if possible, outline the type of study that you would like to have and mention any aspects of the procedure which you desire especially covered for our guidance in preparing a review along the lines that you wish to have made.

"If the foregoing suggestions will serve your purpose, we will be glad to hear from you further."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. Steeles  
Chairman.