

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 17, 1938, at 10:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice 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 11, 1938, were approved
unanimously.

The minutes of the meetings of the Board of Governors of
the Federal Reserve System held on May 13 and 14, 1938, were ap-
proved and the actions recorded therein were ratified unanimously.

Letter to Mr. Rounds, Vice President of the Federal
Reserve Bank of New York, reading as follows:

"In accordance with the request contained in
your letter of May 12, the Board approves the des-
ignation of Frederick L. Frey as an assistant ex-
aminer, such designation being in order that he may
lend clerical assistance to your regular examiners.
Approval is given with the understanding of course
that the employee will not be transferred permanently
to examination work unless approved by the Board."

Approved unanimously.

5/17/38

-2-

Letter dated May 16, 1938, to Mr. Parker, First Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of May 3, 1938, and to the previous correspondence with Mr. Clark in connection with certain corporate stocks which were purchased by the Trust Company of Georgia, Atlanta, Georgia, for its insurance reserve account in apparent violation of Section 5136. In its letter of November 24, 1937, to Mr. Clark, the Board stated that in accordance with his recommendation it would interpose no objection to the manner, as outlined in Mr. Clark's letter of November 13, 1937, in which the bank proposed to dispose of stocks purchased for the account subsequent to June 16, 1933. On December 6, 1937, Mr. Clark advised that all of such stocks had been sold except 50 shares of U. S. Steel Corporation 7% Preferred which the management felt could not be sold at a fair price at that time.

"You advise that the management of the Trust Company of Georgia has recently written you that it has not been able to dispose of the stock in question at what its officers consider a fair price and would like to be permitted to hold the stock for at least another six months.

"In view of the circumstances, and in accordance with your recommendation, the Board will take no action at this time in connection with the matter but trusts that the stock in question will be disposed of within a reasonable time in order that the investments for the insurance account may be brought into conformity with the provisions of section 5136."

Approved unanimously.

Letter to Honorable Robert F. Wagner, Chairman of the Senate Committee on Banking and Currency, prepared for the signature of Chairman Eccles, and reading as follows:

5/17/38

-3-

"Reference is made to your letter of May 13, 1938, requesting an opinion upon the merits of proposed legislation contained in Senate Bill 4022 'To amend the Federal Reserve Act in regard to charitable contributions, and for other purposes.'

"The underlying theory of the Bill would seem to be to permit local banking institutions to take part in the support of and donations to local organizations of a charitable nature conducive to the welfare of that locality. It is further the theory of the Bill to grant such permission only if other similar institutions in the particular localities are permitted by the State and local laws to make such contributions.

"It is deemed advisable to point out that the twelve regional reserve banks are not of such a local character or nature as would seem to be within the contemplation of the Bill. These banks are from their very nature not of a local character and not confined to State boundaries; but cover very large districts which in some cases extend through several States, the laws of which may be divergent upon the subject of bank contributions.

"It is further pointed out that the Federal reserve banks operate under Federal law, that they perform various functions on behalf of the Federal Government, and that their operations, including their expenditures, are under the supervision of the Board of Governors at Washington. It has long been the position of the Board that, in view of the peculiar relationship of the Federal reserve banks to the Government, it should not authorize donations of Federal reserve bank funds for purposes, no matter how worthy, which are not directly related to the conduct of the affairs of the banks. Therefore, it is requested that the language in the Bill making it applicable to Federal reserve banks be omitted."

Approved unanimously.

Letter to Colonel Richard Wetherill, Organized Reserves,
Washington, D. C., reading as follows:

5/17/38

-4-

"The Board of Governors of the Federal Reserve System has been advised by John T. Boysen, employed by the Board as an Assistant Federal Reserve Examiner, that he has applied for an examination for appointment as Second Lieutenant in the Quartermaster Corps Reserve and that it is a requirement of the War Department that he give assurances that he will be excused from his official duties with the Board of Governors of the Federal Reserve System at such time and for such period of time each year as he is required under the regulations of the War Department to serve actively in the reserve corps.

"The Board of Governors of the Federal Reserve System will not object to Mr. Boysen accepting appointment in the Officers Reserve Corps and will grant him leave of absence at such time and for such period of time each year as he is required to serve in said reserve corps."

Approved unanimously.

Thereupon the meeting adjourned.

Chesebrough Morrie
Secretary.

Approved:

W. C. C. C.

Chairman.