

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, June 1, 1938, at 11:30 a. m.

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

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 hereinafter 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 31, 1938, were approved unanimously.

Letter to the "National Bank of Burlington", Burlington, Iowa, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Iowa, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation

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"of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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

"This refers to your letter of May 18, 1938, and inclosure, inquiring whether the making of a loan from the Paul M. Warburg Fund to an executive officer of the Bank of the Manhattan Company in an amount not in excess of \$2500 would be prohibited by section 22(g) of the Federal Reserve Act and the Board's Regulation O. Your letter refers to the Board's ruling of March 20, 1936 (X-9528), with regard to the lending of trust funds to executive officers of member banks.

"It is understood that the Paul M. Warburg Fund is held in the trust department of the Bank of the Manhattan Company; that it was created in 1929 as an emergency fund for the benefit of officers and employees of the bank; and that such fund is administered and paid out as the Chairman of the board, the President, and the Chief of Personnel, in their absolute discretion, shall determine.

"Section 22(g) and Regulation O do not prohibit an executive officer from becoming indebted to his bank in an amount not in excess of \$2500, provided a majority of the entire board of directors give prior approval to such indebtedness. In the circumstances, it is the Board's view that a loan to an executive officer of the Bank of the Manhattan Company from the Paul M. Warburg Fund is not prohibited by section 22(g) or Regulation O, provided that as a result of any such loan the officer does not become indebted to the bank in an amount in excess of \$2500 and that a majority of the entire board of directors give prior approval to such loan. It is understood that no question is raised at this time as to loans from the Paul M. Warburg Fund to an executive officer of the Bank of the Manhattan Company in an amount exceeding \$2500."

Approved unanimously.

Memorandum dated May 27, 1938, from Mr. Morrill to the Personnel

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Committee, recommending that authority be granted to incur the expense necessary (approximately \$10,464) for the purchase and installation of multilith equipment in room G-212, the present mimeograph room, and for the removal to room G-217 of the mimeograph equipment. The recommendation had been approved by the Personnel Committee.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.