A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 21, 1938, at 11:00 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Thurston, Special Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Paulger, Chief of the Division of Examinations
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Dreibelbis, Assistant General Counsel
Mr. Wingfield, Assistant General Counsel
Mr. Leonard, Assistant Chief of the Division of Examinations
Mr. Cagle, Assistant Chief of the Division of Examinations

Mr. McKee stated that the staff had been working for some time on a form of call report for holding company affiliates which hold general voting permits and that he felt that such holding company affiliates should be required to submit such reports, beginning with a call as of the close of June 30, 1938, particularly in view of the provisions of the Banking Act of 1933 which require the possession of certain assets after June 16, 1938. He said that, in view of the short time remaining in which the Board could act on the proposal, he wished to bring the matter to the attention of the other members of the Board at this time.
Mr. McKee thereupon moved that the Board approve in principle the proposal to request all holding company affiliates which hold general voting permits to submit call reports as of the close of June 30, 1938, with the understanding that a circular letter to all Federal reserve banks, together with the required forms, would be prepared and circulated to the members of the Board for approval by initials.

Carried unanimously.

At this point Messrs. Thurston, Wyatt, Paulger, Goldenweiser, Dreibelbis, Wingfield, Leonard and Cagle left the meeting and consideration was then 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 June 20, 1938, were approved unanimously.

Letter to Mr. Goldenweiser, Director of the Division of Research and Statistics, reading as follows:

"You are hereby authorized and directed to proceed to London, England, Paris, France, and such other points abroad as you may deem necessary, within a period of not to exceed three months from the date hereof, on the official business of the Board of Governors of the Federal Reserve System, upon completion of which, unless otherwise directed, you will return to Washington, D. C.

"While absent from Washington upon the discharge of the above described duty your actual necessary transportation expenses, plus a per diem in lieu of subsistence of $10.00 covering the entire period of your absence, and other actual expenses incidental to the official purposes of your travel, will be paid from funds under the control of the Board. Reimbursement for expenses incurred will be allowed without regard to the provisions of the Board's travel regulations, upon the submission of a voucher or
"vouchers in such form and accompanied by such supporting papers as may meet with the approval of the Secretary of the Board."

Approved unanimously.

Letter to Mr. Morse, Senior Economist in the Division of Research and Statistics, reading as follows:

"You are hereby authorized and directed to proceed to London, England, Paris, France, and such other points abroad as you may deem necessary, within a period of not to exceed three months from the date hereof, on the official business of the Board of Governors of the Federal Reserve System, upon completion of which, unless otherwise directed, you will return to Washington, D. C.

"While absent from Washington upon the discharge of the above described duty your actual necessary transportation expenses, plus a per diem in lieu of subsistence of $8.00 covering the entire period of your absence, will be paid from funds under the control of the Board. Reimbursement for expenses incurred will be allowed without regard to the provisions of the Board's travel regulations, upon the submission of a voucher or vouchers in such form and accompanied by such supporting papers as may meet with the approval of the Secretary of the Board."

Approved unanimously.

In approving the foregoing travel authorizations for Messrs. Goldenweiser and Morse, the Board authorized the Fiscal Agent to make cash advances to them against proper vouchers in the amounts of $1250 and $800 respectively, to be used for their expenses of official travel pursuant thereto, with the understanding that Messrs. Goldenweiser and Morse would execute applications for such advances in which consent would be given as security for the advances to the deduction from any amounts standing to their credit in the Retirement System of the Federal Reserve Banks of any sums due and refundable in the event of their failure to properly account for the sums advanced to them by the Fiscal Agent.
Telegram to Mr. Nardin, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Relet June 15, Board approves appointment of John A. Links as Federal Reserve Agent's Representative at Little Rock Branch effective June 22 at his present salary, with understanding that Mr. Links will be placed upon Agent's payroll and be solely responsible to Agent, or during vacancy in office of Agent to Assistant Federal Reserve Agent, and to Board of Governors for proper performance of duties. When not engaged in performance of duties as Federal Reserve Agent's Representative, he may, with approval of Agent (or Assistant Agent) and President, perform such work for bank as will not be inconsistent with duties as Federal Reserve Agent's Representative. Mr. Links should execute usual oath of office and surety bond in amount of $50,000 and should not enter upon performance of duties as Federal Reserve Agent's Representative until bond has been examined by your counsel to determine whether its execution complies fully with rules printed on reverse side of form of bond 182, following which bond should be forwarded to Board promptly for approval. It is understood that effective July 1 Mr. L. A. Moore will resign as Federal Reserve Agent's Representative at the Louisville Branch. Please forward resignation to Board promptly after receipt thereof, so that appropriate letter may be written to bonding company involved releasing it from liability on bond executed by Mr. Moore as Federal Reserve Agent's Representative."

Approved unanimously.

Letter to Mr. Hodgson, Assistant Counsel for the Federal Reserve Bank of Minneapolis, reading as follows:

"We wish to thank you for your letter of June 6, 1938, with which you inclosed copies of your memorandum and letters from Mr. Earhart and Mr. Kimball written in response to our letter of May 21 regarding the proposed Federal Reserve Loose-Leaf Service. We greatly appreciate the courtesy of the members of the Committee in giving this matter such prompt and careful consideration. Since the receipt of your letter we have been considering the points raised in the inclosures with your letter and wish to comment upon one or two of them."
"We recognize the impossibility of determining at this time the amount which it will cost to maintain the Loose-Leaf Service, either under the plan proposed originally by the Interim Committee or under the plan which was suggested in our letter of May 21. It is to be noted, however, that under the plan suggested in our letter, there would be no necessity for compiling and printing the yearly index to Volume II or for compiling and printing revisions at stated intervals of the material in Volume I and that Volume II of the Service would be eliminated. The so-called Board communications to be included in the Service would be sent out in printed or multilithed loose-leaf form for insertion in the Service as soon as possible after their issuance. It is believed, therefore, that some features of the plan which we have proposed would involve a considerable saving of both time and expense over the plan suggested in the Committee's report, and while it is recognized that this saving may be offset by the necessity for more frequent changes in individual sheets in the Service, it appears probable that the cost of maintenance of the plan outlined in our recent letter will not greatly exceed, if at all, the cost of maintenance of the other plan. In fact, there is a possibility that there may be a saving in the net cost of maintenance. However, as stated, it is difficult to make any accurate prediction at this time.

"With respect to the inclusion of instructions of the Board in the body of the Loose-Leaf Service, a plan has been suggested which, it is hoped, may meet the views of all parties concerned. Manuals and other similar forms of instructions will not be included in the Service, and it is proposed that letters containing instructions regarding the appointment of examiners, authority to grant dismissal wages, compensation of attorneys, adjustment of salaries, surety bonds and similar matters, if such instructions are of a permanent and not merely of a temporary character, will be included in a single division or section at the end of the volume. Other letters containing instructions of a permanent character will be worked into their proper places in the volume according to subject matter along with rulings and interpretations on the same subject. Under this plan it will be a simple matter for those banks which regard instructions of the kind enumerated as confidential to eliminate or withhold
"such instructions from certain copies of the Loose-Leaf Service. It is hoped that this modified plan will meet the objections which have been raised to the inclusion of the instructions in the Service. All instructions will, of course, be indexed in the general index at the end of the Service.

"We are now going ahead with the work on the basis of the plan as outlined in our letter of May 21 with the modifications regarding instructions above stated. It is possible that you or Mr. Earhart or Mr. Kimball may have some suggestion as to the kind of instructions, other than those specifically enumerated above, which it might be advisable to include in the group to be placed at the end of the Service, and we will be glad to have the benefit of any suggestions you may wish to offer."

Approved unanimously.

Thereupon the meeting adjourned.