

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 19, 1938, at 12:00 noon.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Dreibelbis, Assistant General Counsel
Mr. Vest, Assistant General Counsel

Mr. Morrill referred to the letters addressed by the Board to Professor Ralph F. Fuchs under date of April 19 and May 3, 1938, with respect to his request that he be permitted to examine the files of the Board relating to the procedure followed in formulating and issuing certain of the Board's regulations, and to further correspondence and discussions with Professor Fuchs on the same subject which terminated in his letter of June 16, 1938, requesting that a study be made by the Board, along the lines outlined in the letter, of certain provisions of Regulation F, Trust Powers of National Banks, and certain rulings issued by the Board thereunder. Mr. Morrill stated that the legal division had estimated that it would take a member of that division approximately six weeks to assemble the information requested by Professor Fuchs and that, since the study was not one which the Board would regard as necessary for its own information, the question for the Board was whether, in view of the time and expense involved

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and the precedent that would be set, the Board wished to grant the request.

After discussion, Mr. Morrill was requested to advise Professor Fuchs that, as stated in the Board's letter of May 3 it will not be possible, because of the confidential nature of the files, to make them available to him, and that, because of the Board's small staff and the precedent that would be set, the Board does not feel it is in a position to undertake the study requested in Professor Fuchs' letter of June 16.

At this point Messrs. Wyatt, Dreibelbis and Vest 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 July 14, 1938, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 15, 1938, were approved and the actions recorded therein were ratified unanimously.

Memorandum addressed to Mr. Ransom by Mr. Wyatt under date of July 15, 1938, referring to the action taken by the Board on August 4, 1936, and September 22, 1937, when Mr. Wyatt was authorized to attend the annual meetings in those years of the American Bar Association as an observer and for the purpose of discussing informally and unofficially the report of the Committee on Administrative Law

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of the association. The memorandum stated that the committee had not requested the association to take any further action on the proposals considered at the 1937 meeting but had attached to its report to be submitted at the forthcoming annual meeting in Cleveland a draft of a proposed bill which the committee states has been approved by the Board of Governors of the association, and which purports to carry out the recommendations approved last year with the modifications agreed upon, but which exempts the bank supervisory agencies only from the provisions for court reviews of their decisions and not from the provisions requiring interdepartmental reviews of administrative decisions nor from the provisions requiring the issuance of regulations with the President's approval implementing every provision of law administered by such agencies. The memorandum stated further that the general counsel of the Office of the Comptroller of the Currency planned to attend the meeting again this year, but that the general counsel of the Federal Deposit Insurance Corporation would not be present. Mr. Ransom had attached a recommendation to Mr. Wyatt's memorandum that Mr. Wyatt be requested to attend the forthcoming annual meeting of the Association.

The recommendation was approved
unanimously.

Telegram to Mr. Peyton, President of the Federal Reserve Bank
of Minneapolis, reading as follows:

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"Board will interpose no objection to payment by Bankshares Corporation, Minneapolis, Minnesota, of contemplated dividend of \$14,039.03 on or about August 1, 1938, with understanding that provision will be made for any impairment of the corporation's capital before further dividends are declared."

Approved unanimously.

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

"This refers to your letter of June 15, 1938, inclosing a letter from Mr. Charles J. Curley, Assistant Trust Officer, First Trust Company of St. Paul, St. Paul, Minnesota, presenting a question which arises in connection with a common trust fund operated by his institution and which involves an interpretation of the following provisions of section 17(c)(5) of the Board's Regulation F:

'No fund of any trust shall be invested in a participation in a Common Trust Fund if such investment would result in such trust having an interest in the Common Trust Fund in excess of 10 per cent of the value of the assets of the Common Trust Fund, as determined by the trust investment committee, or the sum of \$25,000, whichever is less at the time of investment.'

"The Board is of the opinion that in the situation outlined by Mr. Curley, where the present value of the units of participation in a common trust fund which are held by a trust is \$25,000 or more, the regulation does not permit the investment of additional funds of the trust in the common trust fund, although the amount of funds of the trust previously invested therein is less than \$25,000."

Approved unanimously.

Letter to Mr. R. D. W. Connor, Archivist of The National Archives, reading as follows:

"There is attached hereto a list, prepared in triplicate in accordance with instructions issued by the National Archives, of records of the Board of Governors of

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"the Federal Reserve System that are not needed in the transaction of the current business of the Board and which have no permanent value or historical interest.

"It will be appreciated if you will have your examiners review the material as promptly as possible in order that it may be included in the next list submitted by you to the Congress of records to be disposed of.

"Most of the material referred to in the attached list is of a confidential nature and should be destroyed rather than sold. Accordingly, it is felt that authority should be obtained for the incineration by the Board of all of the papers in the same manner as useless papers of the Board were destroyed in June of last year."

Approved unanimously.

Thereupon the meeting adjourned.

Chesee Morrie
Secretary.

Approved:

W. S. Coates
Chairman.