

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 21, 1938, at 4:30 p.m.

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

Mr. Morrill, Secretary
Mr. Thurston, Special Assistant to the
Chairman
Mr. Wyatt, General Counsel
Mr. Dreibelbis, Assistant General Counsel

Mr. Ransom referred to a night letter dated September 20, 1938, addressed to Chairman Eccles which was received this morning from L. M. Giannini, President of The Bank of America National Trust and Savings Association, San Francisco, California, and which had been brought promptly to the attention of the other members of the Board. Mr. Ransom stated that Mr. Davis had expressed the feeling that the Board should consider whether a reply should be sent and, if so, what the nature of the answer should be. The telegram, which was read by Mr. Ransom, follows:

"Since sending you a copy of our letter dated September fifteenth addressed to Acting Comptroller of the Currency we have received partial response to our letter of May sixth to the Acting Comptroller. Each of our directors received from Comptroller's Office by letter dated September sixteenth the date on which presumably our letter of September fifteenth was received by Comptroller's Office a copy of the telegram read to our Board September thirteenth by examiner. The course of procedure being followed by Comptroller's Office is highly detrimental to the welfare of this institution and the tone and contents of the reply to our letter of May sixteenth reviving as it does in part issues long since disposed

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"of are such that we desire to place the entire matter in the hands of your Board for prompt and proper adjudication. Therefore pursuant to authorization of our Board of Directors we respectfully request that you set an early date for a hearing before the Board of Governors of the Federal Reserve System on the issues raised as requested in the last paragraph of our letter of September fifteenth to Acting Comptroller. I am prepared to attend such hearing and to leave here at a moment's notice."

Mr. Ransom stated that he had sent a copy of the telegram by air mail to Chairman Eccles this afternoon so that it would reach him in San Francisco tomorrow and had written a letter to the Chairman with respect thereto.

During a discussion of the question raised by Mr. Davis, Mr. McKee stated that he understood that Mr. Vest, Assistant General Counsel, had received a telephone call from Charles W. Collins regarding the matter and suggested that Mr. Vest be called into the meeting to inform the Board of the nature of the conversation.

Mr. Vest joined the meeting and stated that Mr. Collins, who is an attorney with offices in this city and who at various times in the past has appeared as counsel for the Bank of America, had called him on the telephone about fifteen minutes earlier in the afternoon and had stated that he understood a telegram had been received by the Board from President Giannini with regard to some action of the Comptroller of the Currency in which President Giannini requested the Board to take certain action. Mr. Vest said he had told Mr. Collins he knew nothing of such a telegram, that Mr. Collins had said he would appreciate it if Mr. Vest

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would look the telegram up since he thought it was a matter he could handle with the Comptroller of the Currency, and that he would suggest that the Board "hold up on it for a few days" until he could handle the matter with the Comptroller of the Currency. Mr. Vest said he told Mr. Collins that he would see whether such a telegram had been received and call him back.

A further discussion ensued, at the conclusion of which it was agreed by unanimous vote that the following reply to Mr. Giannini's telegram should be sent today:

"Your telegram of September 20 addressed to Chairman Eccles was received in his absence and has been brought to the attention of the Board of Governors. Charles W. Collins as your attorney today asked that Board defer action upon your telegram. Board has requested me to advise you that no proceeding calling for a hearing of the kind referred to by you has been instituted before the Board and consequently under the provisions of law governing such proceedings the Board is not in position to set a date for a hearing."

In connection with the discussion of the foregoing reply it was understood that Mr. Vest would call Mr. Collins on the telephone and tell him that he understood that a telegram had been received by the Board from Mr. Giannini which had been brought to the attention of the Board, that he understood that the Board had replied to the telegram and that, therefore, he assumed that Mr. Collins would receive any further advice on the matter from his clients.

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Thereupon the meeting adjourned.

Chesley Morris
Secretary.

Approved:

Frank J. Moran
Vice Chairman.