

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 27, 1938, at 11:00 a.m.

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

Mr. Bethea, Assistant Secretary  
Mr. Carpenter, 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. Dreibelbis, Assistant General Counsel  
Mr. Leonard, Assistant Chief of the Division  
of Examinations  
Mr. Piser, Senior Economist in the Division  
of Research and Statistics

It was stated that inquiries were being received from time to time with respect to the possibility of Regulation L, Interlocking Bank Directorates Under the Clayton Act, being amended to permit a director, officer or employee of a member bank who was lawfully serving as such and also as a director, officer or employee of one or more other banks on August 20, 1935, to continue to serve such member bank and not more than one of the other banks after February 1, 1939, the date fixed in Section 8 of the Clayton Act upon which the exemption of such relationships now contained in the Act will expire. It was understood that in the event the Board is requested to grant hearings to interested bankers on this matter Mr. McKee would determine the dates for such hearings at a time agreeable to the other members of the Board.

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Reference was made to the action taken by the Board on September 13, 1937, in extending to October 1, 1938, the time within which the Bank of the Manhattan Company, New York, New York, may dispose of its holdings of stock of the County Trust Company, White Plains, New York, as required by the condition of membership applicable to the Bank of the Manhattan Company. It was stated that the latter bank had requested a further extension to October 1, 1939, the granting of which request was recommended by the Federal Reserve Bank of New York. There was a review of the information available to the Board with respect to the efforts made by the Bank of the Manhattan Company to dispose of the stock and a discussion of the desirability of extending the time for six months from October 1, 1938, or amending the condition of membership to provide that within six months from the date of notice by the Board of Governors requiring such action such bank shall dispose of its stockholdings in the County Trust Company of White Plains.

At the conclusion of the discussion, Mr. McKee moved that the Board grant a further extension to October 1, 1939, of the time within which the Bank of the Manhattan Company, New York, New York, might dispose of its holdings of stock of the County Trust Company, White Plains, New York, and that the Bank of the Manhattan Company be advised accordingly through the Federal Reserve Bank of New York.

Carried unanimously.

At this point Messrs. Thurston, Wyatt, Paulger, Dreibelbis, Leonard and Piser left the meeting.

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The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 23, 1938, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 26, 1938, were approved and the actions recorded therein were ratified unanimously.

Bond, in the amount of \$50,000, executed under date of September 22, 1938, by Mr. John Johnson as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Minneapolis.

Approved unanimously.

Telegram to Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Retel September 26 regarding right of California Bank of Los Angeles and California Trust Company of Los Angeles to vote in election of class A director. In view of section 2(c) of Banking Act of 1933 and determination by Board in its letter of August 11, 1938, under provisions of that section, that California Bank of Los Angeles is not a holding company affiliate for any purposes other than those of section 23A of Federal Reserve Act, it is opinion of Board that both member banks may vote in election of class A director of Federal Reserve bank."

Approved unanimously.

Letter to Mr. McKinney, President of the Federal Reserve Bank of Dallas, reading as follows:

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"This refers to your letter of September 9, in which you advise that your bank and your Houston branch have received several letters from Mr. John M. Daiger, Financial Adviser of the Federal Housing Administration, in which he has asked you to obtain, through such credit and banking sources as are available to you, confidential reports on certain named individuals.

"With respect to the last paragraph of your letter, it is the opinion of the Board that when requests are received from Governmental agencies for such information, the Federal Reserve banks should comply with them, so far as practicable. In furnishing credit information with respect to individuals or companies, however, it is assumed that you would advise the agencies that you are furnishing the information for their confidential use and that while you believe the information to be correct you cannot guarantee its accuracy."

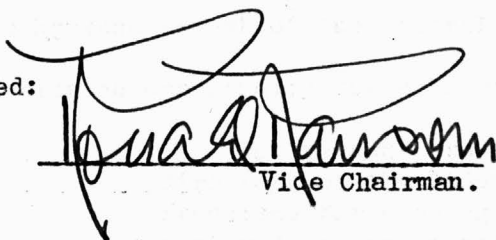
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:

  
Vice Chairman.