

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 28, 1938, at 3:00 p.m.

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

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Thurston, Special Assistant to the
Chairman
Mr. Goldenweiser, Director of the
Division of Research and Statistics
Mr. Smead, Chief of the Division of
Bank Operations
Mr. Piser, Senior Economist in the Divi-
sion of Research and Statistics

Reference was made to telegrams and letters received from D. W. Twohy, Chairman of The Old National Bank & Union Trust Company, Spokane, Washington, Joel E. Ferris, Executive Vice President of the Spokane and Eastern Branch of Seattle-First National Bank, Spokane, Washington, Charles H. Leavy, Member of Congress, Spokane, Washington, and from business concerns in the Spokane territory protesting against the closing of the Spokane Branch of the Federal Reserve Bank of San Francisco and requesting an opportunity for a hearing.

The reasons presented by the board of directors of the Federal Reserve Bank of San Francisco for closing the Branch were again reviewed, at the conclusion of which the following telegram to Mr. Twohy was approved un-animously, with the understanding that similar telegrams would be sent to Messrs. Ferris and Leavy and other similar persons who might wire

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the Board and that the business concerns in the Spokane territory would be advised by telegraph that their wires were being brought to the attention of the Board for consideration in connection with the closing of the Branch:

"Referring your September 27 wires to Chairman Eccles and Governors McKee and Szymczak, after careful consideration Directors of San Francisco Federal Reserve Bank concluded that expense of maintaining Spokane Branch, the operations of which consist almost exclusively in handling checks payable in Spokane and furnishing currency and coin to member banks in the city of Spokane only, is not justified by character and volume of operations performed, and after reviewing matter Board of Governors approved request of Federal Reserve Bank Directors to discontinue Branch effective at end of September. Since receiving your wire Board has reviewed question of continuing Branch with Federal Reserve Bank of San Francisco and has concluded that in the circumstances it would not be justified in asking Directors of Federal Reserve Bank to defer closing of Branch beyond September 30. Board is not unmindful of importance of section of country in which Spokane Branch is located, but concurs in opinion of Directors of Federal Reserve Bank that volume and character of services rendered by Spokane Branch are not such as to warrant expense entailed in maintaining Branch, particularly since over night mail service is available between Spokane and the branches at both Seattle and Portland."

Prior to this meeting there had been some discussion of the nature of the press statement to be issued by the Board, in the event of war in Europe, with respect to the steps to be taken by the Federal Reserve System to ease the shock in this country, and at this meeting further consideration was given to the policies of the Federal Reserve System which would be involved in such actions. At the conclusion of the discussion it was understood that Mr. Goldenweiser would prepare for

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consideration by the Board a draft of letter to the Federal reserve banks and a draft of a press statement regarding the matter.

At this point Messrs. Thurston, Goldenweiser, Smead, and Piser left the meeting.

The action stated with respect to each of the matters herein-after 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 27, 1938, were approved unanimously.

Memorandum dated September 26, 1938, from Mr. Bethea, Assistant Secretary, recommending, for the reasons stated in the memorandum, that (1) George R. Kay, guard, be transferred to the duplicating section of the Secretary's Office as junior operator, office devices, with no change in his present salary at the rate of \$1,500 per annum; (2) the title of Seburn E. Baker, supply and duplicating clerk, be changed to photographer and his salary increased to \$1,800 per annum; (3) the title of Allison M. Crump be changed from photostat operator to junior operator, office devices, and his salary increased to \$1,680 per annum; and (4) the title of Walter L. Peregory be changed from supply clerk to junior operator, office devices, and his salary increased to \$1,620 per annum, all to be effective as of October 1, 1938.

The recommendations were approved unanimously.

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Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of September 21 stating that it is desired to enter into a reciprocal arrangement with the Federal Reserve Bank of Cleveland whereby fit notes of the Federal Reserve Bank of Cleveland may be shipped by the Louisville Branch direct to member banks in the Cincinnati Branch territory, and fit notes of the St. Louis bank may be shipped by the Cincinnati Branch direct to member banks in the Louisville territory.

"It is noted that it is desired to have payment by one Federal Reserve bank to the other made by deduction from credits in the transit clearing, rather than through the Federal Reserve note clearing, apparently in order that requests for shipments may be made later in the day than is possible under the plan now in effect between the Federal Reserve Banks of St. Louis and Chicago.

"It is not believed desirable to have settlement for the amount of such shipments made other than through the Federal Reserve note settlement and, therefore, it is suggested that the proposed plan be modified accordingly. In this connection it would seem that the plan might provide for payment through the Federal Reserve note settlement to be made on the following business day when requests for shipment are received too late for payment to be made in the current day's settlement."

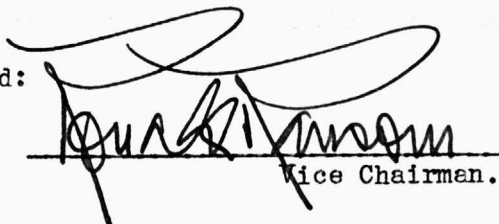
Approved unanimously, together with a similar letter to Mr. Taylor, Vice President of the Federal Reserve Bank of Cleveland.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.