

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, October 20, 1938, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

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

Telegrams to Messrs. Young, Stewart and Sargent, Secretaries of the Federal Reserve Banks of Chicago, St. Louis and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on October 18, 1938, and by the Federal Reserve Banks of Chicago and San Francisco today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of October 18, the Board approves the appointment of H. Wendell Chittim as an assistant examiner for the Federal Reserve Bank of Boston. Please advise us of the effective date."

Approved unanimously.

Memorandum dated October 18, 1938, from Mr. Smead, Chief of

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the Division of Bank Operations, submitting a letter dated October 14 from Mr. Preston, First Vice President of the Federal Reserve Bank of Chicago, which requested approval by the Board of a change in the personnel classification plan of the bank to provide for a change in the description of work and an increase in the maximum salary for the position of "Chief of Service Departments" in the Building Office Department. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Letter dated October 19, 1938, to "The First National Bank of Charlotte", Charlotte, Michigan, reading as follows:

"This refers to the resolution adopted on June 7, 1938, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board understands that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary. The Board, therefore, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is inclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court

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"trusts, and (3) shall not exercise any of the powers conferred by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System."

Approved unanimously.

Telegram dated October 19, 1938, to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"In response to your wire of October 18, you are advised that the Board approves the employment of Mayer, Meyer, Austrian & Platt as special counsel to represent the Federal Reserve Bank of Chicago in case of Scoville v. Board of Education subject to the conditions stated in Board's letter of April 15, 1936, X-9548."

Approved unanimously.

Letter to Mr. Paul H. Fieberg, Chicago, Illinois, reading as follows:

"Reference is made to your letter of September 17, 1938, addressed to the President of the United States, wherein you ask that you be paid \$7,642.93 due to an undercharge on printing done by you for the Federal Reserve Bank of Chicago, based on the contents of a report made by Haskins & Sells, certified public accountants, dated May 31, 1921.

"The Board of Governors of the Federal Reserve System, to whom your letter was referred, has received a report from the Federal Reserve Bank of Chicago relating to the circumstances under which the examination of your company's books was made by Haskins & Sells and the apparent mutually satisfactory manner in which the matter was settled at that time between you and the Reserve bank.

"From information received from the Federal Reserve Bank of Chicago apparently the question of the undercharge referred to by Haskins & Sells was gone into quite thoroughly by your company and the management of the bank at the time the report was made. In this connection it is understood that in a letter dated June 13, 1921, the Paul H. Fieberg

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"Company stated that the report of Haskins & Sells was not to be construed in any way as an intention on the part of your company for a claim for under-payment.

"The records of the Reserve bank further disclose that the Paul H. Fieberg Company continued to do certain classes of printing for the Reserve bank under the original verbal agreement until May 9, 1923, at which time you were notified that the arrangement would be terminated on October 10, 1923. We are informed that in a letter dated May 11, 1923, addressed to the Reserve bank you accepted cancellation of the agreement, but that after termination of the original agreement in October, 1923, your company continued for some time to do some printing for the Reserve bank.

"In the circumstances it does not appear that any appropriate action can be taken in the matter by the Board of Governors."

Approved unanimously.

Memorandum dated October 19, 1938, from Mr. Wyatt, General Counsel, recommending that, for the reason stated in the memorandum, the sum of \$55 be added to the budget for Counsel's Office to cover repairs to furniture and equipment during the remainder of the current year.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.