

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, October 25, 1938, at 10:15 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
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. Smead, Chief of the Division of Bank Operations
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Dreibelbis, Assistant General Counsel
Mr. Owens, Assistant Counsel

Reference was made to the letters addressed by the Board on September 3, 1938, to President Fleming of the Federal Reserve Bank of Cleveland, and on September 27, 1938, to President McKinney of the Federal Reserve Bank of Dallas, with respect to requests received by the banks from John M. Daiger, Financial Adviser of the Federal Housing Administration, for confidential credit information with respect to certain individuals who had applied to the Federal Housing Administration for mortgage insurance on large scale housing projects. Mr. Szymczak suggested that the Board should consider the questions raised in the letters received from Presidents Fleming and McKinney as well as other aspects of the matter which had been discussed, including the

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possibility of the misuse by unauthorized persons of the information furnished by the Federal reserve banks. The ensuing discussion disclosed that it was the consensus of the members of the Board that the Federal reserve banks were in a position to render assistance in this connection and that they should do so with the understanding that the information was being furnished for the strictly confidential use of the Federal Housing Administration and without responsibility on the part of the Federal reserve banks for its accuracy. Chairman Eccles suggested the desirability of obtaining from the Federal Housing Administrator a statement as to the character and scope of the service desired from the Federal reserve banks, following which the Board would be in a position to determine the extent to which the Federal reserve banks would be able to comply. The suggestion was also made that the arrangement finally made should provide for the requests of the Federal Housing Administration being sent to the head offices of the respective Federal reserve banks in all cases rather than to branches of the banks when the information desired involved individuals in branch territories.

Mr. McKee stated that Mr. Paulger, Chief of the Board's Division of Examinations, had been advised by representatives of the Federal Housing Administration that it had been decided to establish a division of examinations in the Administration to make necessary investigations and examinations in connection with applications of non-banking

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borrowers for mortgage insurance and that the Federal Housing Administration would appreciate it if Mr. Paulger would make available two or three of the senior examiners from the Board's Division of Examinations for a short period to assist in the organization of such a division.

It was agreed that there would be no objection to Mr. Paulger complying with the request for advice in setting up such a division, it being understood that it would not be advisable for the Board's examiners to engage in actual examination or investigation work for the Administration.

There followed a discussion of the informal inquiry made by Vice President Burgess of the Federal Reserve Bank of New York during the past summer whether the Board would have any objection to the Board or the Federal reserve banks making a contribution to assist in defraying the expenses of the meeting of the International Statistical Association in Washington in October 1939. Mr. Burgess had stated that the meeting would be held upon the invitation of the State Department, that it had been the practice in the past for the nation in which the conference was held to defray certain costs in connection with the conference, that no funds were appropriated by Congress for this purpose, and that it was proposed to raise approximately \$50,000, substantial contributions already having been pledged by private concerns and individuals. Mr. Goldenweiser stated that the Association consists of official statisticians from some forty or more countries and that,

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while a bill was presented at the last session of Congress to appropriate \$50,000 to defray the expenses of the meeting, the State Department did not recommend the passage of the bill and it was not adopted. Mr. Goldenweiser added that he did not feel that the meeting was of such a character as would justify the Board or the Federal reserve banks in making a contribution and that such action might establish an undesirable precedent in other similar cases.

At the conclusion of the discussion it was understood that, should any of the Federal reserve banks make inquiry with respect to such a contribution, the Secretary would advise them of the Board's opinion that funds of the Federal reserve banks should not be expended for this purpose.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on October 24, 1938, were approved unanimously.

Thereupon the meeting adjourned.

Roberto Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.