

11/3/38 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 9, 1938, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 8, 1938, were approved unani-mously.

Letter to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"Your letter of October 28, 1938, requesting the Board's approval of the action of the board of directors of the Federal Reserve Bank of Chicago in employing Dean C. A. Phillips, of the University of Iowa, as an economic adviser for the year 1939 at a salary of \$3,000, with allowance for necessary traveling expenses, has been received, it being understood that the employment is on a part time basis and that he will continue his service at the University of Iowa.

"The Board of Governors approves this arrangement with the definite understanding that it is for not more than one year and that before the end of 1939 if the bank wishes to consider his retention for a further period the question will be reviewed without prejudice or embarrassment to the bank, the Board or Dean Phillips. The Board

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"wishes to have the regular procedure in matters requiring its approval to be such as to enable it to pass on them before commitments are made."

Approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, reading as follows:

"As you know, the Board's Division of Examinations has been making surveys of the bank examination departments of all the Federal Reserve Banks. These surveys have now been completed and in connection with the report on St. Louis attention has been called to the fact that the Board has received no advice as to the plans of the Federal Reserve Bank to provide the necessary supervision of its examination department following the retirement of Mr. Wood at the close of the current year, in accordance with your letter of November 17, 1937, and the Board's reply of November 29, 1937.

"The Board's information as to the bank examination department at St. Louis indicates particularly that there is need for better supervision and direction. Therefore, it is essential that Mr. Wood's successor be selected with special care on the basis of his training and experience and that he should have adequate preparation. For these reasons and in view of the special responsibility of the Board for the examination work of the Federal Reserve System, the Board feels that it should send one of its examiners to your bank to advise and assist in the development of the examination department until Mr. Wood's successor becomes fully prepared to carry on the work in accordance with the System's policies under the general supervision of the Board's Division of Examinations at Washington.

"In the circumstances, the Board has requested Chairman Eccles to discuss the matter with you for the purpose of working out the details of this arrangement and of ascertaining definitely the plans of your directors as to Mr. Wood's successor. It will be appreciated if you will advise the Board by letter for its record as to the action taken."

Approved unanimously.

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Telegram to Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"Relet November 7, 1938, regarding Farmers State Bank, Wallace, Nebraska. Except for copy of form of capital debentures bank sold to Reconstruction Finance Corporation, documents inclosed with your letter satisfy request contained in Board's letter of October 29, 1938. It is assumed that you will forward copy of such form in due course, but there seems to be no reason for deferring completion of bank's membership pending our receipt of such copy."

Approved unanimously.

Thereupon the meeting adjourned.

Orvester Mowbray
Secretary.

Approved:

W. S. ...
Chairman.