

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, January 11, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. Davis  
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 January 10, 1939, were approved unanimously.

Memorandum dated January 5, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reason stated in the memorandum, Richard C. Breithut be appointed on a temporary basis for a period of eight months as a junior economist in the Division of Research and Statistics, with salary at the rate of \$250.00 per month, effective as of the date upon which he enters upon the performance of his duties.

Approved unanimously.

Memorandum dated January 7, 1939, from Mr. Morrill recommending, for the reason stated in the memorandum, that (1) Benjamin R.

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Reading, elevator operator, be promoted to the position of guard, with salary at the rate of \$1,500 per annum, effective as of January 16, 1939, and (2) that Jerry Patrick McKinnon be appointed as an elevator operator in the Board's building, with salary at the rate of \$1,200 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated January 7, 1939, from Mr. Morrill recommending, for the reasons stated in the memorandum, that (1) F. L. Watkins, mail clerk, be promoted to the position of chief mail clerk, with salary at the rate of \$1,660 per annum, and (2) that Claiborne C. Johnson, porter, be promoted to the position of mail clerk, with salary at the rate of \$1,260 per annum, both effective as of January 16, 1939.

Approved unanimously.

Memorandum dated January 6, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated December 28, 1938, from Mr. Rounds, Vice President of the Federal Reserve Bank of New York, which requested approval by the Board of changes in the personnel classification plans of the New York bank and its Buffalo branch to provide at the head office for the creation of the new positions of "Stock Clearing Clerk" in the Receiving Section of the Safekeeping Department, "Senior Clerk" in the Records Section of the

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Safekeeping Department, and "Foreign Exchange Investigator" in the Exchange Section of the Foreign Department; for the creation of the new section, "Purchase and Sale Section" in the Securities Department and the new position of "Supervisor" in that section; for an increase to \$60.00 per week in the maximum salary for the position of "Foreman Elevator Mechanic" in the Building Operating Department; and for the discontinuance of the positions of "Supervisor" in the Second District Section of the Collection Department, and "Foreign Exchange Investigator" in the Reports Section of the Foreign Department; and at the Buffalo branch for the creation of the new position of "Chief" of the Cash Division, and for the placing of the notation "part time basis" under the maximum salaries for the positions of "Forewoman" and "Charwoman" in the Office Service Division. The memorandum stated that approval had also been requested of nine additional changes involving only the name of a department or section, the description of work, or the page number, and that all of the proposed changes had been reviewed and that it was recommended that they be approved.

Approved unanimously.

Memorandum dated January 10, 1939, from Mr. Van Fossen, Assistant Chief of the Division of Bank Operations, submitting a letter dated January 7 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 Detroit branch of



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the Chicago bank to provide for an increase to \$3,000 in the maximum salary for the position of "Federal Reserve Agent's Representative" at the branch. The memorandum stated that the proposed change had been reviewed and recommended that it be approved.

Approved unanimously.

Memorandum dated January 9, 1939, from Mr. Van Fossen, Assistant Chief of the Division of Bank Operations, submitting a letter dated January 5 from Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, which requested approval by the Board of changes in the personnel classification plans of the head office and Omaha branch to provide for the creation of the new position of "Assistant Supervisor of Mail" in the General Service Department, and for increases in the maximum salaries for the position of "Assistant Supervisor - Clearing House and Transit" in the Check Collection Department at the head office and the position of "Supervisor" in the Custody - R.F.C. and P.W.A. Department at the Omaha branch. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

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

"Board approves appointment, effective January 16, 1939, of John F. Austin, Jr., as an examiner for your

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"bank and his use for trust examinations. Approval is with the understanding that his obligations to member banks will be removed from those banks prior to effective date of appointment. Board approves also appointment of E. A. Chancellor as an assistant examiner. Please advise us of the dates the appointments become effective."

Approved unanimously.

Telegram to Mr. Dillistin, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

"Relet January 7. Board extends to February 28, 1939, the time within which 'The Patchogue Citizens Bank & Trust Company', Patchogue, New York, may accomplish its membership in the System, subject to the same condition, however, prescribed in the telegram of December 5, 1938, in connection with the previous extension. Please advise the bank accordingly."

Approved unanimously.

Letter to Mr. Sam H. Hoefler, c/o The Bankers' Association of Lafayette-Ray Counties, Higginsville, Missouri, prepared in accordance with the action taken at the meeting of the Board on January 6, 1939, and reading as follows:

"Since receiving your letter of July 30, 1938, regarding the Board's decision not to transfer 13 counties in western Missouri from the Eighth to the Tenth Federal Reserve District, the Board has given considerable further study to the proposed transfer.

"In addition to the hearing held by Mr. Szymczak at the Federal Reserve Bank of Kansas City, the Board has had its representatives review the matter with officials of the Federal Reserve Banks of Kansas City and St. Louis and has had one of its examiners interview officials of all member banks located in the 13 counties. The problem of readjustment of lines between the various Federal Reserve districts is one which presents questions of general

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"policy for the System as a whole and the Board recognizes that the location of these lines has an important bearing upon the convenience with which the banking business is carried on as well as a reasonable consideration of the size of the banking resources of a given district and the ability of the Federal Reserve bank to serve such district.

"After carefully studying all of the available information and having in mind the broader aspects of the question of System policy, the Board has reached the conclusion that it should defer action at this time on the proposed transfer and has asked me to advise you accordingly."

Approved unanimously.

Letter to Mr. McRae, Chief Examiner for the Federal Reserve Bank of Boston, reading as follows:

"Receipt is acknowledged of your letter of January 4, 1939, in connection with the applicability of the Clayton Act to the services of Mr. Ralph E. Kenyon as president of The Pawtucket Safe Deposit & Trust Company and as a member of the Board of Managers of the Pawtucket Branch of the Industrial Trust Company, Providence, Rhode Island.

"The question presented is whether The Pawtucket Safe Deposit & Trust Company is a 'bank, banking association, savings bank, or trust company' within the meaning of the statute. The information submitted is to the effect that it was incorporated in 1890 for the sole purpose of conducting a safe deposit business, but in 1899 the Rhode Island legislature amended its charter so as to give it general banking powers similar to those now conferred upon ordinary trust companies incorporated under the general laws of the State. It appears further that its activities are confined almost entirely to doing a safe deposit business, and that its trust business consists of eight items only, one of these consisting of funds held for a charitable association with which Mr. Kenyon is connected, and the other seven having originated through transactions in an affiliated institution.

"In view of the fact that The Pawtucket Safe Deposit & Trust Company possesses general banking powers similar to those conferred upon ordinary trust companies



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"incorporated under the general laws of Rhode Island and does, even though to a limited extent, exercise certain trust powers, the Board knows of no reason to differ with the conclusion of your General Counsel that it is a 'bank, banking association, savings bank, or trust company' within the meaning of the Clayton Act.

"You do not discuss the question whether Mr. Kenyon's relationships might come within the exception applicable to an institution 'not engaged in a class or classes of business' in which the member bank is engaged, and it would seem, on the basis of the information submitted, that this exception is not applicable. However, in view of the limited extent of the company's trust business and the fact that its total liabilities are only \$25,000, consisting entirely of its capital stock, it seems possible that a relatively small change in its business would bring it to the point where it was not 'engaged in a class of business' in which the member bank was engaged."

Approved unanimously.

Thereupon the meeting adjourned.

Orestes Morrie  
Secretary.

Approved:

W. S. Keeler  
Chairman.