

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, January 16, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
 Mr. Ransom, Vice Chairman  
 Mr. McKee  
 Mr. Davis  
 Mr. Draper

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 13, 1939, were approved unanimously.

Letter dated January 14, 1939, to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The salaries fixed by your Board of Directors for the officers of the bank for the year 1939, as submitted in your letter of January 6, 1939, are approved by the Board in those instances where proposed salary payments are at the rates in effect on December 31, 1938, as follows:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
J. S. Sinclair	President	\$25,000
C. A. McIlhenny	Vice President and Cashier	13,200
W. J. Davis	Vice President	12,000
E. C. Hill	Vice President	10,000
W. G. McCreedy	Assistant Vice President	9,000
L. E. Donaldson	Assistant Vice President	6,000

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
J. M. Toy	Assistant Cashier	\$ 8,000
A. E. Post	Secretary	3,500
R. M. Moore	General Auditor	5,000
MacCoy, Brittain, Evans and Lewis	Counsel (Retainer)	2,500

"With respect to the proposed salaries of Messrs. Drinnen, Sienkiewicz and Morris, and pending further consideration thereof, the Board will approve the payment of salaries to these officers at the rates in effect on December 31, 1938, if fixed by the Board of Directors at such rates, which are as follows:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
F. J. Drinnen	First Vice President	\$15,000
C. A. Sienkiewicz	Assistant Vice President	6,500
G. K. Morris	Assistant Cashier	6,500

"It is noted that you expect to review with the Board of Governors the change you have in mind in connection with the position of General Auditor.

"It is also noted that Mr. Howard A. Loeb has been re-appointed as a member of the Federal Advisory Council representing the Third Federal Reserve District for the year ending December 31, 1939.

"The Board notes that you would appreciate a meeting with it before January 20 for the purpose of reviewing the salary situation as mentioned in the Board's letter of December 28, 1938. While it does not now appear that a meeting can be arranged before January 20, I have been directed to advise you that such a meeting will be arranged as early as circumstances will permit."

Approved unanimously.

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

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"Referring to your letter of January 5, 1939, the Board approves the payment of a salary to Mr. T. Bruce Robb, Manager of the Research and Statistical Department and Alternate Assistant Federal Reserve Agent, at the rate of \$5,400 per annum, effective January 1, 1939."

Approved unanimously.

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

"Referring to your letter of January 7, 1939, the Board approves the reappointment of Messrs. Max Epstein, R. R. Monroe, G. Barrett Moxley, George W. Young, and Walter Harnischfeger as members of the Industrial Advisory Committee for the Seventh Federal Reserve District to serve for terms of one year each, beginning March 1, 1939."

Approved unanimously.

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

"Retel January 13, you are correct in your assumption that completion of membership of Liberty State Bank should be deferred until you are advised of Board's approval of application of Republic National Bank for voting permit or are advised that, in Board's opinion, Republic National Bank will not be a holding company affiliate. Ruling on latter point will be furnished you as soon as possible. If Board rules that Republic National Bank will be a holding company affiliate, it is felt that information used in considering granting of general voting permit should include report of examination of Republic National Bank recently made, which it is understood should be available here within about two weeks."

Approved unanimously.

Letter to Mr. Gidney, Vice President of the Federal Reserve

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Bank of New York, reading as follows:

"The continued violation of the provisions of Section 9 of the Federal Reserve Act and Section 5201 U.S. R.S., involved in the holding of shares of their own stock by The Continental Bank & Trust Company of New York, New York, New York, and the Commercial Trust Company of New Jersey, Jersey City, New Jersey, has been the subject of criticism and correspondence for some time.

"While in each case the carrying value of the shares held has been reduced to \$1.00, the technical violation has not been remedied and in each case the management has not been willing, or has found it impracticable, to effect correction of the violation through sale, distribution or cancelation. It is suggested, therefore, that consideration might be given to a plan for placing the shares in trust for the benefit of stockholders.

"It is realized that the adoption of such a plan may involve some practical difficulties but the violations should be corrected in some manner without further delay. Please advise us of your views as to the situation and as to any action taken or contemplated to dispose of the stock either through sale, distribution, transfer under trust agreement, or cancelation. If plans for the trusteeing of the stock for the benefit of the stockholders of the respective banks are adopted, it is suggested that your counsel have an opportunity to review the drafts of the declarations of trust or trust agreements before they are submitted for adoption in order to determine that after the completion of the plan the bank will no longer be a holder of the stock within the meaning of Section 9 of the Federal Reserve Act and Section 5201 U.S.R.S."

Approved unanimously.

Letter dated January 14, 1939, to Mr. Young, President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of January 10 in regard to a commitment granted by your bank to the Second National Bank of Boston in connection with a note of the Walker & Pratt Manufacturing Company for \$150,000. It

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"is noted that the Walker & Pratt Manufacturing Company is in process of reorganization and that a small loss is anticipated on the borrower's note which is still held by the financing institution, also that it is planned to compromise the Federal Reserve bank's liability on the commitment without prior acquisition by it of the note of the Walker & Pratt Manufacturing Company.

"In reply to your inquiry, you are advised that the proposed compromise of the obligation of the Federal Reserve bank without prior acquisition of the note of the Walker & Pratt Manufacturing Company would not be contrary in any way to the intent of Regulation S."

Approved unanimously.

Letter to Mr. W. S. Hertrais, Assistant Cashier, Indian Head National Bank, Nashua, New Hampshire, reading as follows:

"Reference is made to your letter of January 6 requesting a copy of the report of the Federal Reserve Committee on Branch, Group and Chain Banking entitled 'Branch Banking in the United States'.

"The report to which you refer has not been published and copies, therefore, are not available for distribution. However, the President of the Federal Reserve Bank of Boston has a copy of the report, and we are asking him to let you use the report at that bank at any time you are in Boston.

"Detailed figures of bank suspensions during 1921-1936 appear in the September and December 1937 issues of the Federal Reserve Bulletin, copies of which are inclosed. These compilations, however, do not give separate statistics of branch bank suspensions, nor have we published such data. We are not aware of any publication which shows such data other than the reports of the Committee on Branch, Group, and Chain Banking. Figures of banks and branches in the United States shown in the inclosed October 1938 issue of the Federal Reserve Bulletin beginning on page 876 may be of interest to you."

Approved unanimously, together with a letter to Mr. Young, President of the Federal Reserve Bank of Boston, reading as follows:

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"There is inclosed a copy of a letter dated January 6 from Mr. W. S. Hertrais, Assistant Cashier of the Indian Head National Bank, Nashua, New Hampshire, requesting a copy of the report of the Federal Reserve System Committee on Branch, Group and Chain Banking entitled 'Branch Banking in the United States', together with a copy of a letter sent to Mr. Hertrais in response to his request.

"As you know, the reports of the Committee on Branch, Group and Chain Banking have not been published by the Board and are not available for distribution. A copy of each of the ten volumes of the report, however, is on file at the Library of Congress, Washington, where it is available for the use of anyone interested in the data. It is understood that the volumes at the Library are those which were furnished to Senator Glass in 1933 in response to his request. Data contained in the reports have been quoted, for example, in a book entitled 'Closed and Distressed Banks' by Upham and Lamke and in one entitled 'The Banking Situation' by Willis and Chapman. In each case the source of the material quoted was clearly indicated.

"In the circumstances, there appears to be no reason why the material contained in the reports should not be made available to those particularly interested in the subject. Accordingly, it is suggested that, if Mr. Hertrais so desires, you let him use at the offices of your bank any volume of the reports in which he may be interested."

Thereupon the meeting adjourned.

  
Assistant Secretary.

Approved:

  
Chairman.