

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, January 27, 1939, at 4:00 p.m.

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

Consideration had been given by the Board to a revised draft of material for the Annual Report of the Board for the year 1938, copies of which had been furnished to the members of the Board and staff on January 20. As a result of suggestions as to changes a further draft had been submitted under date of January 26. This draft of the report, with changes which had been agreed upon by the members of the Board, was submitted by Mr. Davis for approval.

The report as revised was approved with the understanding that it would be printed and sent to the Speaker of the House of Representatives and the President of the Senate and released to the press as soon as possible and preferably not later than the end of this month.

It was also understood that in accordance with the procedure followed in connection with the Annual Report for the year 1937 the distribution of the report would

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include all members of the Senate and House of Representatives.

Consideration was then given to the program to be followed in connection with the meeting of the Chairmen of Federal reserve banks which will convene in Washington on Monday, January 30, 1939, and it was agreed that the original program should be followed which contemplated a separate meeting of the Chairmen in the morning with a luncheon at noon, to be attended by the Chairmen, the members of the Board, and the senior members of the staff, and a joint session of the Board and senior members of the staff with the Chairmen during the afternoon. It was agreed also that the Secretary should arrange for a dinner that evening to be attended by the Chairmen and the members of the Board, the cost of the dinner to be paid by the Board.

It was understood that the cost of the dinner would be charged to the miscellaneous item in the General Budget for 1939 and that such item would be increased by that amount.

The action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on January 26, 1939, were approved unanimously.

Telegrams to Mr. Kimball, Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. Dillard, Vice President of the Federal Reserve

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Bank of Chicago, Messrs. Stewart and Powell, Secretaries of the Federal Reserve Banks of St. Louis and Minneapolis, respectively, Mr. McKinney, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on January 24, and by the Federal Reserve Banks of New York, Richmond, Chicago, Minneapolis and Dallas on January 26, 1939, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated January 20, 1939, from Mr. Wyatt, General Counsel, recommending that, for the reason stated in the memorandum, Howard H. Hackley, Law Clerk, be promoted to the position of Assistant Counsel, with salary at the rate of \$3,600 per annum, effective as of February 1, 1939.

Approved unanimously.

Telegram to Mr. Kimball, Secretary of the Federal Reserve Bank of New York, reading as follows:

"Referring your January 26 letter, salaries fixed by your Board of Directors at meeting held on January 26 for officers of bank for period January 16 to January 31, 1939, which salaries are at the rates in effect for such officers on December 31, 1938, are approved by the Board."

Approved unanimously.

Letter to Mr. Giles H. Miller, Jr., Cashier, Culpeper National Bank, Culpeper, Virginia, reading as follows:

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"Your letters of October 17, 1938, and December 2, 1938, addressed to the Comptroller of the Currency, inquiring whether a loan to the wife of an executive officer of your bank would be in violation of section 22(g) of the Federal Reserve Act have recently been referred to us for reply.

"It is understood that the wife of a Vice President of your bank desires to obtain a loan from the bank the proceeds of which would be used by her husband. You state that she owns real estate in her own name and in addition has bonds and stocks in her own name all of which would justify a loan irrespective of the financial responsibility of her husband. It is assumed that her husband would not be liable, either directly or indirectly, on the obligation in connection with such loan.

"Without attempting to prescribe any rule of general applicability with respect to the question whether loans to the wife of an executive officer of a member bank are permissible under Section 22(g) of the Federal Reserve Act and the Board's Regulation O, in this particular case, in view of the fact that the wife of the executive officer has separate assets in her own name sufficient to justify the loan and upon the assumption that the officer will not be liable in any way in connection with the loan, the Board will offer no objection to the making of the proposed loan."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. S. [Signature]
Chairman.