

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 31, 1939, at 11:30 a.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

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 30, 1939, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Chairmen and Deputy Chairmen of the Federal Reserve banks held on January 30, 1939, were approved unanimously, with the understanding that should any of the chairmen suggest changes in the record of their statements at the meeting the changes would be made upon approval by the Board.

Letter to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of January 18 addressed to Governor Szymczak with regard to the question of the appointment of Mr. R. B. West as vice president of the Federal Reserve Bank of San Francisco. The Board will be glad to discuss the appointment with you at the time you review the salary situation of your bank with the Board.

"You state in your letter that previous correspondence with the Board indicates that the examination function will

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"now come under the direction of Mr. Clerk, First Vice President, and by previous correspondence it is assumed that you have reference to your letter of December 2, 1938, regarding assignments and salaries of the officers of your bank. It is understood, however, that you are not submitting the matter of supervision of the examination department to the Board for consideration at this time.

"You will recall that in the Board's letter to you of August 29, 1936 in connection with the transfer of nonstatutory duties from the Federal Reserve Agent's department to the bank it was stated that the examination department would be under the supervision of a vice president to be designated by the bank after consultation with the Board. Approval of the Board before such designation is of course contemplated in the case of a successor, as well as in the case of an original appointment. Since no reply has been received to Mr. Paulger's telegram to you of December 23, 1938, it is assumed that the complete details of your plans have not yet been worked out for submission to the Board or for formal action by your directors, and it is suggested in this connection that the matter of selecting a successor to Mr. Sargent as the officer in charge of the bank examination department of your bank be held in abeyance until after your next visit to Washington. This suggestion is not to be taken as an indication that the Board would not look with favor upon the selection of Mr. Clerk for this function, but is made in order that an opportunity may be afforded for a full discussion of the matter between you and the Board and members of its staff.

"The Board is greatly interested in having the examination work at the Federal reserve banks carried on in a most efficient and highly creditable manner, and in passing upon the selection of an officer to supervise this function the Board would like to have, among other data, information as to: the amount of the officer's salary which will be allocated to the examination department; the proportionate amount of time which he can and will give to this important work; his interest in and qualifications for the particular task; and the other duties which he is to perform and the extent of their demands upon his time and energy."

Approved unanimously.

Memorandum dated January 28, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated January

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23, 1939, 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 Kansas City bank and its Denver branch to provide for the discontinuance of the position of "Assistant Supervisor" and the creation of the position of "General Clerk", in the Custodian - R.F.C. and P.W.A. Department at the head office, and for the creation of the new position of "Supervisor of Personnel and Expenditures" in the Personnel and Accounting Department, and a change in the description of work for the position of "General Clerk" in the Accounting Department, at the Denver branch. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Letter to Mr. Leedy, Secretary of the Federal Reserve Bank of Kansas City, reading as follows:

"Referring to your letter of January 20, 1939, the Board approves the reappointment of Messrs. R. L. Gray, Walter J. Berkowitz, D. Bruce Forrester, Ed. S. Miller, and L. F. Rooney, as members of the Industrial Advisory Committee for the Tenth Federal Reserve District, to serve for terms of one year each, beginning March 1, 1939."

Approved unanimously.

Letter to the Northwestern Trust Company, St. Louis, Missouri, reading as follows:



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"The Board has considered the application for permission to exercise fiduciary powers made by you on behalf of the 'Northwestern National Bank of St. Louis', St. Louis, Missouri, the national bank into which the Northwestern Trust Company is to be converted, and grants such national bank authority, effective if and when it is authorized by the Comptroller of the Currency to commence business, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Missouri, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board.

"After the conversion of the Northwestern Trust Company into the Northwestern National Bank of St. Louis becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of the national bank adopt a resolution ratifying your application for permission to exercise trust powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of St. Louis for transmittal to the Board for its records. When a copy of such resolution has been received by the Board, a formal certificate covering the national bank's authority to exercise trust powers will be forwarded."

Approved unanimously.

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

"The Board of Governors of the Federal Reserve System has considered the recommendation of the Executive Committee of your bank, contained in your letter of January 17, 1939, and, pursuant to the provisions of Section 19 of the Federal Reserve Act, grants permission to 'The South Shore National Bank of Chicago', Chicago, Illinois,

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"to maintain the same reserves against net demand deposits and time deposits as are required to be maintained by Reserve city banks, effective with the first semi-weekly reserve computation period beginning after the date of this letter.

"Please advise the member bank of the Board's action in this matter, calling its attention to the fact that such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System."

Approved unanimously.

Thereupon the meeting adjourned.

Charles M. Miller  
Secretary.

Approved:

W. S. C. C. C.  
Chairman.