

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, February 15, 1939, at 12:15 p.m.

PRESENT: Mr. Eccles, 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 hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 13, 1939, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council held on February 14, 1939, were approved unanimously.

Memorandum dated February 9, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, reading as follows:

"On December 2, 1938, the Board authorized the temporary assignment of Mr. Emile M. Despres of the New York Federal Reserve Bank to the Board's Division of Research and Statistics to assist with the work for the Fiscal and Monetary Board for a period not to exceed three months. Mr. Despres reported for work on December 5 and since that time the New York Bank has been billing the Board monthly for his services and other expenses. There was the agreement to reimburse the Bank for salary payments at the rate of \$4,250, his annual rate of salary at that time; the Bank's usual contributions to the retirement system for Mr. Despres; a subsistence allowance of \$6 per calendar day; and transportation costs between New York and Washington in accordance with the Board's travel regulations. On January 1, 1939, Mr. Despres' salary was increased to \$4,500 per annum. It is recommended that the Board reimburse the Bank at this higher level for Mr. Despres'

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"services since that time and during the remainder of the period he is here, and that the increased contributions to the retirement system also be included. It is also recommended that the amount of expenditures in connection with Mr. Despres' services at the Division in 1939 be added to the miscellaneous expenditures item of the Division's budget for this year, inasmuch as the work was not contemplated when the budget for 1939 was prepared."

The recommendations were approved unanimously.

Letter to Mr. Keesee, Secretary of the Federal Reserve Bank of Richmond, reading as follows:

"Referring to your letter of February 10, 1939, the Board approves the reappointment of Messrs. J. G. Holtzclaw, Walker D. Stuart, Overton D. Dennis, George E. Probest, Jr., and William L. Manning as members of the Industrial Advisory Committee for the Fifth Federal Reserve District to serve for terms of one year each beginning March 1, 1939."

Approved unanimously.

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

"Referring to your letter of February 9, 1939, the Board approves the reappointment of Messrs. Wm. K. Norris, Jacob VanDyke, Maurice Weil, Henry S. Gray, and M. E. Finch as members of the Industrial Advisory Committee for the Eighth Federal Reserve District to serve for terms of one year each beginning March 1, 1939."

Approved unanimously.

Letter to Mr. Evans, Secretary of the Federal Reserve Bank of Dallas, reading as follows:

"Referring to your letter of February 10, 1939, the Board approves the reappointment of Messrs. Clarence Ousley, Lewis R. Ferguson, W. B. Marsh, T. M. Cullum, and C. R. Moore as members of the Industrial Advisory Committee for the Eleventh Federal Reserve District to serve for terms of one year each beginning March 1, 1939."

Approved unanimously.

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Memorandum dated February 10, 1939, from the Division of Examinations reviewing the report of examination made as of November 30, 1938, of the head office of The Chase Bank, New York, New York, a corporation organized in 1930 under section 25(a) of the Federal Reserve Act, by an examiner for the Board. The memorandum stated that the examination developed no matters which it was felt necessary to bring to the attention of The Chase Bank, and submitted for approval the following letter to Mr. Winthrop W. Aldrich, Chairman of the Board of Directors of The Chase Bank:

"There is inclosed a copy of the report of examination of the Head Office of The Chase Bank, New York, New York, made as of November 30, 1938, by an examiner for the Board of Governors. The figures for the foreign branches shown in the consolidated statement of condition were supplied by the Head Office.

"It will be appreciated if you will acknowledge receipt of the report."

Approved unanimously.

Letter dated February 14, 1939, to Honorable Robert F. Wagner, Chairman, Banking and Currency Committee, United States Senate, reading as follows:

"There is transmitted herewith a recommendation of the Federal Advisory Council in regard to Senate Bill 477 relating to corporate trusteeships.

"The Council has submitted the enclosed recommendation to the Board with a request that it be transmitted to the Senate Committee on Banking and Currency for the purpose of having it placed in the record of the hearings before its Subcommittee which is considering the bill."

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Approved unanimously, together with a letter to Chairman Douglas of the Securities and Exchange Commission in the following form:

"There is inclosed, for your information, a copy of a recommendation of the Federal Advisory Council in regard to Senate Bill 477 relating to corporate trusteeships, together with a copy of the Board's letter of this date transmitting such recommendation to the Chairman of the Senate Banking and Currency Committee.

"It will be noted that the Board took this action pursuant to the Council's request that its recommendation be submitted to the Senate Committee on Banking and Currency for the purpose of having it placed in the record of the hearings before its Subcommittee which is considering the bill."

Memorandum dated February 10, 1939, from Mr. Morrill recommending that, for the reasons stated in the memorandum, the Board approve the closing of the two accounts which it now maintains with the Federal Reserve Bank of Richmond known as "Board of Governors of the Federal Reserve System - Special Fund" and "Board of Governors of the Federal Reserve System - Fiscal Agent" and the opening of a new account to be known as "Board of Governors of the Federal Reserve System - General Fund". The memorandum also submitted a proposed letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, setting forth the action to be taken and the reasons therefor, and stated that while the existing procedure is prescribed by the Board's by-laws, it was contemplated that a change in the by-laws in this respect would be deferred until a general revision was made, but

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that the procedure proposed in the memorandum would be put into effect on March 1, 1939, with the approval of the Board.

Approved unanimously, the letter to Mr. Leach reading as follows:

"You are authorized and requested to open an account on your books to be known as 'Board of Governors of the Federal Reserve System - General Fund', effective March 1, 1939, and to transfer to that account funds of the Board on deposit with your bank as of the close of February 28, 1939, in accounts known as 'Board of Governors of the Federal Reserve System - Special Fund' and 'Board of Governors of the Federal Reserve System - Fiscal Agent', thus closing the two latter accounts. This transaction will in effect consolidate the two existing accounts, and, beginning March 1, 1939, until further notice and in the absence of other specific instructions, all funds deposited with your bank for credit to the Board's account should be credited to the 'General Fund' account, and all checks issued by the Board should be charged to such account. In this connection, you are hereby authorized to honor checks drawn against the 'General Fund' account when signed by the Fiscal Agent or Deputy Fiscal Agent and countersigned by the Secretary of the Board or an Assistant Secretary, the official signatures of these individuals having previously been furnished to you.

"As you know, the existing procedure requires that all deposits be credited to the 'Special Fund' account and that a member of the Board or the Secretary of the Board must authorize transfers of funds from the 'Special Fund' account to the 'Fiscal Agent' account before funds can be disbursed in payment of the Board's expenses. The procedure is cumbersome and entails additional clerical work in the Board's offices as well as at your bank. Inasmuch as all checks issued by the Board's Fiscal Agent must be countersigned by either the Secretary or an Assistant Secretary, it is believed that the additional routine involved in transferring funds from one account to the other is not warranted and that by its discontinuance the Board will not relinquish any necessary safeguard.

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"Moreover, the report recently received from the Auditor of the Federal Reserve Bank of Chicago in connection with his audit of the accounts and records of the Board's Fiscal Agent for the period June 1 to December 31, 1938, inclusive, has suggested that consideration be given to maintaining only one bank account. For these reasons and in order to simplify and minimize the work incident to a proper accounting for funds of the Board on its records, the Board decided that one account would be adequate for all present purposes."

Letter to the Presidents of all Federal reserve banks, reading as follows:

"A representative of the National Emergency Council has suggested that we prepare a second radio script dealing with the Federal Reserve System to be presented, as before, in cooperation with that agency. Before committing ourselves to carry the matter any further we should like to collect a rather complete picture of your experiences with and reaction to the first experiment. The following questions will suggest the sort of information that might be helpful to us:

"What broadcasts have you made? Where? When? Who represented your bank? Who represented the National Emergency Council? Were the arrangements satisfactory? Was the script too long? Too short? Did you find it advisable to revise the script? If so, would you send us a copy showing your revisions?

"Have you had any inquiries that were obviously prompted by the broadcast? If so, what in general was the nature of the inquiries?

"In view of the fact that several other government agencies have already participated in two or more broadcasts, would you suggest that we try at least a second, presumably dealing more specifically with the Reserve banks and their functions? If you favor another broadcast, would you prefer again to give it in cooperation with the National Emergency Council? If not, what else would you suggest?

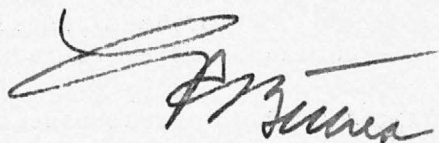
"Any other suggestions you care to make will be most helpful to us."

Approved unanimously.

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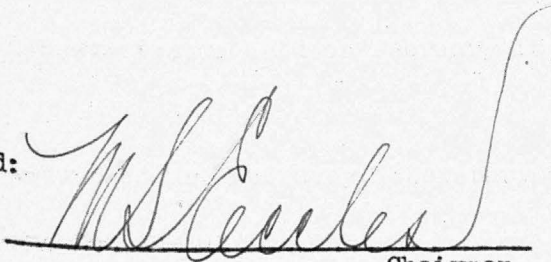
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Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.