

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 3, 1939, at 11:30 a. 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 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 May 2, 1939, were approved unanimously.

Memorandum dated May 2, 1939, from Mr. Carpenter, Assistant Secretary, referring to the action taken by the Board on April 27, 1939, in appointing Miss Ruth McCrary on a permanent basis as a file clerk in the Secretary's Office, and recommending that, in view of her decision to resign June 15, 1939 and to return to California, Miss McCrary be retained on the payroll until the close of business on June 15 without physical examination and that she be not required to become a member of the Retirement System for the six weeks period.

Approved unanimously.

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

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"This refers to your letter of April 11, 1939, enclosing the annual report of Transamerica Corporation, San Francisco, California, for the fiscal year ended December 31, 1938, and a copy of a letter from Transamerica Corporation dated April 5, regarding the submission of the current report and future condition reports. It is noted that the corporation stated in its letter that the figures in the report are taken from the audited report of Ernst & Ernst and indicated the importance, from its point of view, of submitting audited figures; also that the reports to the Board in future years must await completion of the corporation's annual report certified by independent certified public accountants and, consequently, cannot possibly be in form to submit to the Board before April 10 of each year.

"As stated in the Board's letter to Mr. Clerk dated January 17, 1939, the annual reports are requested for the information of the Board in connection with general voting permits held by holding company affiliates, and the Board desires to have the requested information as current as practicable. The letter stated also that inasmuch as the Board had not requested that audited statements be submitted it did not appear necessary for Transamerica Corporation to await the completion of its audit before filing its report to the Board. Accordingly, it will be appreciated if you will ascertain from Transamerica Corporation the specific reasons as to why it considers it necessary to withhold the filing of its reports to the Board until after the completion of the annual audit by independent public accountants. The Board would like to have also your comments and opinion in this matter."

Approved unanimously.

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

"The Committee of Counsel, designated by the Chairman of the Conference of Presidents, recommended to the Standing Committee on Collections on January 11, 1939, that the Board of Governors issue a regulation covering the

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"collection of noncash items. This recommendation was approved by the Standing Committee on Collections and subsequently, on March 6, 1939, was approved by the Conference of Presidents.

"Pursuant to the recommendation, a preliminary draft of a regulation covering the collection of noncash items was prepared by the Board's Counsel and submitted to Counsel for all the Federal Reserve banks and to the Standing Committee on Collections early in April. This preliminary draft was considered by the Committee of Counsel at its meeting in Washington April 20-22, and the Committee submitted the following recommendation on this subject to the Standing Committee on Collections:

'The Committee of Counsel submits herewith for the consideration of the Standing Committee on Collections a revised draft (Exhibit 3 attached) of the proposed new regulation relating to "collection of non-cash items".

'While this draft has necessarily been somewhat hurriedly prepared, Counsel are of the opinion that in substance it is in a form which might appropriately be adopted, except that there is some disagreement among Counsel as to the advisability of paragraph (5). This paragraph deals with a matter which is essentially one of policy. If the Standing Committee on Collections should be of the opinion that it would be good policy to adopt paragraph (5), the Committee of Counsel believe that the language used in that paragraph is substantially appropriate.'

The Standing Committee on Collections discussed the revised draft of the proposed regulation, and it was suggested that the Board of Governors submit the revised draft to all of the Federal Reserve banks for review.

"There is enclosed herewith a draft of the proposed regulation, as revised by the Committee of Counsel with some changes suggested by the Standing Committee on Collections. There is also enclosed a copy of paragraph (5) mentioned in the recommendation of the Committee of Counsel (designated as Exhibit 4 attached to the Committee's recommendation) but omitted from the revised

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"draft of the regulation because the Standing Committee on Collections felt that it should not be included. It will be appreciated if you will give consideration to the proposed regulation in consultation with your Counsel and submit to the Board not later than May 31, 1939, any comments or suggestions that you may consider advisable."

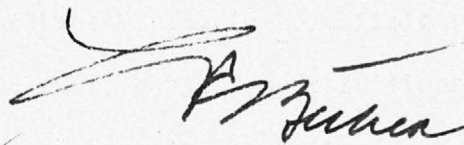
Approved unanimously.

Memorandum dated May 2, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, in accordance with the request for a contribution of material to an exhibit of outstanding informational data for the 30th Annual Convention of the Special Libraries Association to be held in Baltimore on May 23-27, 1939, the Board send to the exhibit committee for display purposes the following material:

Map showing Federal Reserve districts.  
 Copy of Federal Reserve Act.  
 Annual report of Board for 1938.  
 Reprint of the 1938 annual report.  
 Latest issue of Federal Reserve Bulletin.  
 Federal Reserve chart book.  
 Mr. Hammond's booklet entitled "The Federal Reserve System - Its Purposes and Functions".

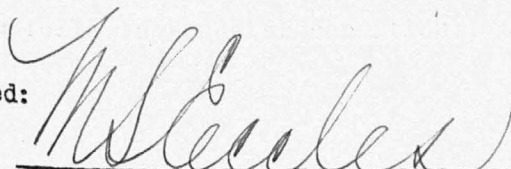
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.