

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, May 25, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
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 23, 1939, were approved unanimously.

Letter to Mr. Parker, President of the Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the recommendation contained in your letter of May 22, the Board approves the appointment, effective June 1, 1939, of Joseph Edward Cameron as an assistant examiner for the Federal Reserve Bank of Atlanta."

Approved unanimously.

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

"This refers to your letter of May 16, 1939, and its enclosure, relating to compliance by Maryland banks with the condition of membership requiring a bank subject thereto to deposit security with its trust department if it deposits trust funds in its own banking department or otherwise uses them in its own business.

5/25/39

-2-

"It is understood that under a law recently enacted in Maryland and becoming effective June 1, 1939, any trust funds so deposited or used by a State bank or trust company in Maryland would be protected by a preference over claims of general creditors in the distribution of the bank's assets upon its dissolution or liquidation. Upon the basis of this understanding, the Board waives compliance by State member banks and trust companies in Maryland with the condition of membership in question but expressly reserves the right to require full compliance with such condition if at any time, as the result of statutory changes or otherwise, it feels that trust funds so deposited or used are not otherwise adequately protected. Please so advise in writing each State bank or trust company in Maryland which is subject to such condition of membership and forward to the Board for its records a copy of the advice you furnish each of such banks."

Approved unanimously.

Letter dated May 24, 1939, to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Minden Bank & Trust Company', Minden, Louisiana, for permission, under the provisions of its condition of membership numbered 1, to exercise the fiduciary powers granted to it by the State of Louisiana. The Board's approval is given subject to acceptance by the bank of the following conditions prescribed in connection with the admission to membership of banks exercising trust powers:

1. Such bank shall not invest funds held by it as fiduciary in obligations of or property acquired from the bank or its directors, officers, employees, members of their families, or their interests, or in obligations of or property acquired from affiliates of the bank.
2. Such bank, except as permitted in the case of national banks exercising fiduciary powers, shall not invest collectively funds

5/25/39

-3-

"held by the bank as fiduciary and shall keep the securities and investments of each trust separate from those of all other trusts and separate also from the properties of the bank itself.

3. If funds held by such bank as fiduciary are deposited in its commercial or savings department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers.

"You are requested to advise the Minden Bank & Trust Company, Minden, Louisiana, of the Board's action, and to obtain an appropriate resolution of the board of directors of the bank accepting these conditions and forward a certified copy thereof to the Board."

Approved unanimously.

Letter to Mr. R. D. W. Connor, Archivist, The National Archives,

reading as follows:

"There is attached hereto a list, prepared in triplicate in accordance with instructions issued by the National Archives, of records of the Board of Governors of the Federal Reserve System that are not needed in the transaction of the current business of the Board and which have no permanent value or historical interest.

"It will be appreciated if you will have your examiners review the material as promptly as possible in order that it may be included in the next list submitted by you to the Congress of records to be disposed of.

"Some of the records referred to in the attached list are of a confidential nature and inasmuch as the entire list does not cover a sufficient amount of material to justify its sale as waste paper, it is felt that authority should be obtained for the incineration by the Board of all the papers in the same manner as useless papers of the Board were destroyed in March of 1939."

Approved unanimously.

5/25/39

-4-

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

"In reply to the Board's circular letter of February 15, 1939, R-408, the banks have reported a wide variety of experiences with the radio broadcast given in cooperation with local representatives of the National Emergency Council.

"In practically every case the script was found to be too long; in several instances there was no opportunity for rehearsal; the timing was generally bad; and the newspapers, except in a few special instances, billed the broadcast as 'Government reports' without mentioning the Federal Reserve System.

"In general the public response was not very encouraging, and while most of the banks indicated that they wish to improve their public relations by every available means, including the radio, only four expressed a desire to undertake further broadcasts in cooperation with the National Emergency Council, the remainder being either undecided or opposed. However, the Board has prepared a second script which is believed to be an improvement over the first one in several respects. It is considerably shorter, for one thing, and for another it deals principally with routine operations. Each bank should decide for itself whether to broadcast the script or not, and if so, whether to do it in cooperation with NEC or under some other auspices that for special reasons might be considered more suitable. The script may be rearranged in any way that will in your opinion make it more effective.

"The Board is advised that little, if anything, can be done about the timing, and since 'Government reports' is a term necessarily broad enough to cover a wide variety of subjects, it is suggested that the Reserve banks could in many instances have supplementary notices published in the local papers merely by distributing to them a short announcement of their own.

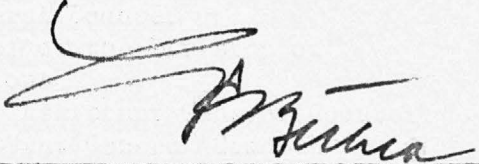
"There are enclosed _____ copies of the new script and a copy of a letter under which the Board has today released the script to the National Emergency Council."

Approved unanimously.

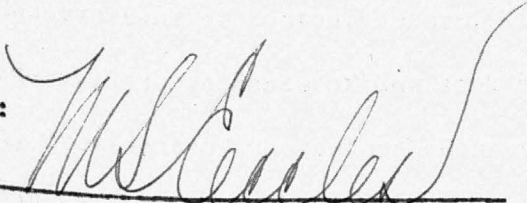
5/25/39

-5-

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Chairman.