

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, June 15, 1939, at 2:30 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
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 June 14, 1939, were approved unanimously.

Memorandum dated June 9, 1939, from Mr. Carpenter, Assistant Secretary, recommending that, for the reason stated in the memorandum, Miss Margery M. Davis be appointed on a temporary basis for a period of six months as a file clerk in the Secretary's Office, with salary at the rate of \$100 per month, effective as of June 16, 1939, with the understanding that if her services are entirely satisfactory during such period she will be placed on a permanent basis and admitted to the Retirement System. The memorandum stated that in the event Miss Davis' services were found to be entirely satisfactory at the end of the six months' period it would be recommended that her salary be increased from \$1,200 to \$1,320 per annum as had been done in the case

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of the recent permanent appointments of other file clerks who had been on a temporary basis and whose work had been found to be satisfactory.

Approved unanimously.

Memorandum dated June 15, 1939, from Mr. Spurney, Building Manager, submitting the resignation of Jerry P. McKinnon as an elevator operator, and recommending, with the concurrence of Mr. Morrill, and for the reasons stated in the memorandum, that the resignation be accepted as of 10:30 a.m. on June 14, 1939.

Approved unanimously.

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

"Reference is made to your letter of June 9, 1939, advising that at the meeting of the Board of Directors of your Bank held June 9, 1939, it was voted, subject to the approval of the Board of Governors, to hold the regular July 1939 meeting at the Jacksonville Branch on July 14 and 15.

"It is noted that at that time the renovation and modernization of the Jacksonville Branch building will have been completed, and the Directors of the Bank as well as the Directors of the Jacksonville Branch desire that on the evening of July 14 a reception be held at the Branch building, to which member bankers, business men in Jacksonville, and others will be invited. It is also noted that the Directors of the Bank and the Directors of the Branch will meet in joint session and both sets of Directors will attend the reception.

"The Board of Governors will interpose no objection to the holding of the joint meeting or to the expenditures incurred in connection with the giving of the reception."

Approved unanimously.

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Memorandum dated June 7, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting for approval by the Board the budgets for the statistical and analytical function, including library services, at the respective Federal Reserve banks for the year 1939, and recommending that the Federal Reserve banks be advised that the Board approves the proposed budgets as follows:

Boston	\$ 37,115
New York	186,342
Philadelphia	53,359
Cleveland	34,493
Richmond	22,131
Atlanta	22,776
Chicago	45,373
St. Louis	21,964
Minneapolis	16,343
Kansas City	22,352
Dallas	19,061
San Francisco	<u>48,403</u>
Total	\$529,712

Approved unanimously.

Memorandum dated June 13, 1939, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the July issue of the Federal Reserve Bulletin a statement in the form attached to the memorandum with respect to the Board's recent ruling that granting credit in the checking accounts of customers of a member bank for obtaining new depositors does not constitute the payment of interest by the bank.

Approved unanimously.

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Letter to The Secretary of Labor, reading as follows:

"Chairman Eccles has asked me to thank you for your courtesy in bringing to his attention, in your letter of May 26, the complaint contained in a letter received by your Department from Birmingham, Alabama, alleging certain discriminatory practices on the part of the Birmingham Branch of the Federal Reserve Bank of Atlanta.

"I may say in this connection that the Federal Reserve banks and their branches are not Government-owned corporations and the selection and discharge of employees is under the direction of the board of directors of each bank. For this reason, we were not in possession of the necessary information to enable us to comment upon the complaint which your Department had received and therefore asked the Federal Reserve Bank of Atlanta to advise us fully.

"With respect to the statement in the letter received by your Department that 'just before completing the three months' service necessary to qualify for the group insurance plan a number of the older employees were dismissed', and 'that it was done in order to reduce the cost of the group insurance plan', the bank states that as a matter of fact group insurance is not maintained at the present time for the benefit of its employees and has not been maintained since the Federal Reserve Retirement System was put into effect (which was more than five years ago).

"The bank adds that perhaps a misapprehension on the part of the writer of the letter may have grown out of the fact that formerly when persons were employed for purely temporary work they were not enrolled as members of the retirement system unless they remained in the employ of the bank for at least three months; that upon entering employment they signed a waiver of the benefits of the retirement system effective for a period of three months; that in many cases it has happened that the need for the services of temporary employees ceased shortly prior to the expiration of the three months' period and they were dismissed because their services were no longer needed, just prior to the time when they would have been examined for membership in the retirement system had they remained longer in the service, and that the bank has never dismissed anyone in the service of the bank, at Birmingham or elsewhere, merely because of age. The bank states

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"further that under its present practice, however, even temporary employees become members of the retirement system immediately upon employment, if they can pass the required physical examination.

"We trust that this information will be helpful to you in any further consideration that you may desire to give to the letter which you have received."

Approved unanimously.

Thereupon the meeting adjourned.

Chester H. Price

Secretary.

Approved:

W. L. Charles

Chairman.