

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, June 21, 1939, at 9:45 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. 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 19, 1939, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks held on June 20, 1939, were approved unanimously.

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"In accordance with the recommendation contained in your letter of June 15, the Board approves the appointment of Alfred H. Powers as an assistant examiner for the Federal Reserve Bank of St. Louis. Please advise us of the effective date."

Approved unanimously.

Telegram to Mr. Dillistin, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

"This refers your letter June 16, 1939, regarding order of Commissioner of Banking and Insurance of State of New Jersey, prescribing maximum rate of 1 per cent per annum which may be paid by banks, trust companies, and savings banks in that State on time or savings deposits after July

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"1, 1939. In view of provisions of section 24 of Federal Reserve Act and of order of Commissioner of Banking and Insurance, it is opinion of Board of Governors that rate of interest accruing after July 1, 1939, and during the period the order is legally in effect, which a national bank or other member bank located in New Jersey may lawfully pay on time or savings deposits, may not exceed the rate of 1 per cent per annum prescribed in such order. Since order excepts contracts entered into in good faith prior to July 1, 1939, a national bank located in New Jersey is not prohibited from paying interest at a rate greater than 1 per cent per annum in accordance with the terms of, and until the termination of, any contract entered into in good faith prior to July 1, 1939, and in force on that date, provided such rate is otherwise in conformity with the provisions of Regulation Q and the contract is terminated as soon as possible under the terms thereof. It is believed desirable that notice to the effect above indicated be given by you without delay to all member banks in your district located in the State of New Jersey calling attention to the applicable provisions of section 24 of Federal Reserve Act and to subsection (c) of section 3 of Regulation Q, as well as to the provisions of order of Commissioner of Banking and Insurance. Please furnish Board two copies of any notification which you may send to member banks in New Jersey in this connection."

Approved unanimously, together with
a similar telegram to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia.

Letter dated June 20, 1939, to the Federal Reserve Agents at all Federal Reserve banks, reading as follows:

"In the Board's letter of March 15, 1937, X-9841, you were advised that the Board did not feel it would be warranted in asking for Congressional authority to destroy records accumulated by the Federal Reserve agents in the performance of certain nonstatutory functions for the full period from the date of the organization of the Federal Reserve banks to the date of the transfer of the nonstatutory duties of the agents to the banks until after a lapse of a reasonable period of time following the transfer. It appears to the Board that sufficient time has now elapsed to warrant its making such request but it does not feel that authority should be requested at this time to destroy any bank examination reports.

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"While authority will be requested to destroy other records from the date of the organization of the Federal Reserve banks to the date of the transfer of the non-statutory duties of the agents to the banks, no records should, of course, be destroyed until after they have been held for the minimum retention period recommended in the report, dated June 11, 1936, of the Committee on the Destruction of Records maintained by the Federal Reserve banks nor until their destruction has been authorized by the Board. The minimum retention periods recommended in the Committee's report, in so far as they relate to the nonpermanent records accumulated by the Federal Reserve agents in performing nonstatutory duties, are shown in the attached statement (Exhibit 1).

"As mentioned in the Board's letter X-9841, Congressional approval need not be obtained for the destruction of books, periodicals, newspapers, etc., that have been printed by others for general distribution, or for the destruction of surplus copies of like material printed at your bank for general distribution. It is also unnecessary to obtain Congressional approval for the destruction of auditing records, as such records are accumulated by the Chairman of the Board of Directors, not the Federal Reserve agent. It is intended, however, to request authority at this time, as mentioned in the Board's letter X-9841, for the destruction of nonpermanent records accumulated in connection with Federal Reserve note issues, in accordance with the retention schedule in the Committee's report which is shown in the attached statement (Exhibit 2).

"It is quite possible that, in addition to the records which were included in the Committee's report, authority may be desired to destroy other records accumulated by the agents in performing both statutory and nonstatutory duties. For example, the Committee, as stated on page 5 of its report, made no recommendations with respect to statistical reports received from sources outside the System and it would appear desirable for each agent to have such reports reviewed at this time. It will be appreciated if you will furnish the Board with a list of any records not included in the Committee's report which are now recommended for destruction.

"The list of additional records recommended for destruction should show the title or description of the

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"records, whether the material consists of 'original' or 'duplicate' copies, the period covered, the retention period recommended, and the approximate quantity of the records in linear feet. A sample of each item (preferably not a blank form), marked with an identification number, should accompany the list. It will not be necessary, however, to submit at this time samples of any items recommended for destruction in the Committee's report (see Exhibits 1 and 2) as such records are practically the same at all Reserve banks and it is our present intention to request one Federal Reserve Agent to submit a consolidated list, with samples, which will suffice for all agents. A similar procedure was recently followed in making a request for authority to destroy certain fiscal agency records (see Board's letter R-359 of December 14, 1938).

"After recommendations for the destruction of additional records and the consolidated list referred to above are received, the Board will request authority from the joint Congressional Committee through the Archivist of the United States for the destruction of such records of the Federal Reserve agents as it appears desirable to destroy."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. C. C. C.
Chairman.