

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 12, 1939, at 12:45 p.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczek
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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 September 8, 1939, were approved unanimously.

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

"Receipt is acknowledged of your letter of September 2, 1939, inquiring as to the effective date of Mr. McCormick's appointment as a Class C Director of your Bank.

"Since Mr. McCormick tendered his resignation as a Director of the Baltimore Branch on August 30, 1939, and advised on that date that he had met the other requirements referred to in the Board's wire of August 21, the Board will record August 31, 1939, as the effective date of his appointment as a Class C Director of your Bank."

Approved unanimously.

Memorandum dated September 7, 1939, from Messrs. Davis and Szymczek relating to information material for new directors of Federal

9/12/39

-2-

Reserve banks and recommending that in the case of each appointment of a director of a Federal Reserve bank or branch a copy of the book "The Federal Reserve System - Its Purposes and Functions" stamped with the appointee's name be sent promptly and that the importance of this book as a source of information regarding the Federal Reserve System be emphasized in the usual letter sent from the Chairman's office. The memorandum also recommended that at the same time a letter should be sent from the Secretary's office advising the appointee that we are sending this book along with copies of the Federal Reserve Act, the Digest of Rulings, and the Board's latest Annual Report.

Approved unanimously.

Telegram to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"Board extends to November 16, 1939, the time within which 'The Iron and Glass Dollar Savings Bank of Birmingham', Pittsburgh, Pennsylvania, may complete membership in System."

Approved unanimously.

Telegram to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"In accordance with your recommendation, Board extends until October 16, 1939, time within which 'State Bank of Rockville', Rockville, Minnesota, may accomplish membership in the System."

Approved unanimously.

Letter to the Comptroller of the Currency reading as follows:

9/12/39

-3-

"It is respectfully requested that you place a special order with the Bureau of Engraving and Printing, supplementing the order requested June 14, 1939, for the printing of Federal reserve notes of the 1934 Series in the amounts and denominations stated for the Federal Reserve Bank of Chicago:

Denomi- nation	Number of sheets	Amount
\$500	3,200	\$19,200,000
1000	1,700	20,400,000"

Approved unanimously.

Letter to Mr. Roy A. Foulke, Manager of the Specialized Report Control Department of Dun & Bradstreet, Inc., New York, New York, reading as follows:

"Mr. Ransom has asked me to respond further to your letter of August 25, the receipt of which he acknowledged on August 26, regarding losses on loans made by Federal Reserve banks to commercial and industrial business enterprises and a breakdown of information which you have received to the effect that reporting member banks on April 19 had 24,600 loans aggregating approximately \$1,410,000,000 outstanding on that date, with maturities exceeding one year.

"While there have been losses on the loans of the Federal Reserve banks and reserves have been set up for estimated losses, we have not so far compiled for publication information relating to the classification of such losses, particularly in view of the fact that such information relating to losses actually realized would be incomplete without reference to anticipated losses and, of course, estimates for anticipated losses are subject to change from time to time. It is not possible to determine with any degree of accuracy at this time what the actual losses on industrial advances may ultimately amount to. For these reasons, we are not in position to give you these figures at this time.

"With regard to your inquiry concerning the loans of reporting member banks, you will find a discussion of these loans on pages 560 - 562 of the July Federal Reserve Bulletin including information relating to sizes

9/12/39

-4-

"of loans. It is assumed that this will give you the information which your question indicates you desire."

Approved unanimously.

Memorandum dated September 7, 1939, from Mr. Davis stating that, in accordance with the action taken by the Board on July 31, 1939, he had discussed with President Schaller the matter of the distribution made by the Federal Reserve Bank of Chicago of the articles prepared by C. A. Phillips, economic adviser to the bank, that Mr. Schaller showed him the list of those to whom the reports are sent, and that the list included the directors of the Chicago Bank, the Detroit branch, a limited number of officers of member banks chiefly in Chicago, executives of a limited number of industrial concerns, a small number of economic analysts connected with banks, industrial and commercial houses and one insurance company, and about six financial writers including the editor of a banking journal. The memorandum also stated that Mr. Schaller agreed to eliminate from the list the names of the writers, newspapers, magazines, etc., and that he would make any other changes in the list, or would entirely stop circulating the Phillips articles, if the Board requested it. The memorandum recommended that the Board take no further action in the matter at this time.

Approved unanimously.

9/12/39

-5-

Thereupon the meeting adjourned.

Cheser Marie
Secretary.

Approved:

Donald A. [unclear]
Vice Chairman.