

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, November 16, 1939, at 11:30 a.m.

PRESENT: Mr. Szymczak
Mr. Davis
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 hereinafter referred to was taken by the Board:

Memorandum dated November 14, 1939, from Mr. Smead, Chief of the Division of Bank Operations, recommending that, for the reason stated in the memorandum, Mrs. Neva E. Ontrich, a stenographer in the Secretary's Office, be transferred to the Division of Bank Operations as a senior stenographer, with salary at the rate of \$1680 per annum, effective immediately. The proposed transfer was concurred in by Mr. Morrill.

Approved unanimously.

Memorandum dated November 16, 1939, from Mr. Noell, Assistant Secretary, recommending (1) that Mrs. Adelia G. Pyles be promoted from relief charwoman to charwoman, with no change in her present salary at the rate of 50¢ per hour, effective immediately; and (2) that Mrs. Elizabeth Williams be appointed as a relief charwoman, with salary at the rate of 50¢ per hour, effective as of the

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date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination. The recommendations had been approved by Mr. Morrill.

Approved unanimously.

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

"This refers to your letter of November 13, with which were enclosed copies of Form FR 220a, covering proofs of publication of reports as of October 2, 1939, of Germantown Fireproof Storage Company and Joseph L. Shoemaker Company, Inc., both of Philadelphia, Pennsylvania, which companies are affiliated with Integrity Trust Company, Philadelphia, and of a letter from Mr. George W. Brown, Jr., President of the Integrity Trust Company, in which he states that they have been unable to publish the condition report of the company as of October 2, 1939, as the directors have not had an opportunity to confer with the supervisory authorities in regard to the official reports of examination as of May 9, 1939.

"In the last paragraph of his letter Mr. Brown asks for a further extension of the time within which the Integrity Trust Company must publish its condition report of October 2, 1939, and in your letter of November 13 you recommend that an additional period of 20 days be granted the Trust Company for this purpose.

"Under date of October 28, 1939, the Board extended to November 13, 1939, the time for publication of the October 2, 1939, condition report of the Integrity Trust Company of Philadelphia and, in accordance with your recommendation, it now extends the time for publication of the report to December 3, 1939.

"When you advise the Integrity Trust Company of this second extension of the period within which its October 2, 1939, condition report is to be published, it is requested that you inform it that the Board has taken this action with the expectation that its October 2, 1939, condition report will be published on or before December 3, 1939."

Approved unanimously.

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Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"This is in response to your letter of October 31, 1939, submitting further suggestions regarding Regulation G in the revised form in which the Board sent it to all Federal Reserve banks on September 15, 1939, with advice that it would be adopted in that form when drafts of the noncash collection circulars of the Federal Reserve banks have been received and reviewed so that an effective date for the revised regulation may be fixed.

"All of your letter except the last paragraph appears to be based upon the assumption that Regulation G will require or forbid the Federal Reserve banks to do certain things; whereas this is not the case. The regulation is entirely permissive and does not contemplate any change in the existing practices of the Federal Reserve banks with respect to the handling of noncash items.

"It would seem that your suggestion that there be eliminated from the cash collection circulars the uniform paragraph to the effect that checks and drafts which have been previously presented and dishonored or protested 'should be sent' to the Federal Reserve banks as noncash collection items is one for consideration by the Standing Committee on Collections under an appropriate reference, and it is believed that there is nothing in Regulation G which would prevent the making of this change in the cash collection circular if it should be found desirable to do so.

"In the last paragraph of your letter you express the view that it would be desirable for all Federal Reserve banks to adopt a standard form of endorsement to indicate the agency status of the Federal Reserve bank in handling municipal warrants as noncash items and to agree upon a date upon which to begin to use it. The desirability of a uniform endorsement for this purpose was fully canvassed by the Special Committee of Federal Reserve Bank Counsel at its meeting in January 1939, and it was found that it was not feasible to devise a standardized form of endorsement because of the different practices at the different Federal Reserve banks and the large variety of items of this character which are handled at some Federal Reserve banks. It is believed that any form of endorsement which is sufficient to indicate the agency status of the Federal Reserve bank and which is satisfactory to Counsel for the

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"Federal Reserve bank may safely be used. It is also believed that it is not necessary for the Federal Reserve banks to agree upon a uniform date on which to begin the use of such endorsements, especially in view of the fact that some Federal Reserve banks have already commenced using them.

"The Board's Counsel reviewed your letter of October 31 with the Special Committee of Federal Reserve Bank Counsel, which met in Washington on November 6, 7 and 8, 1939, and advises that the members of the Committee are in accord with the views expressed above."

Approved unanimously.

Letter dated November 15, 1939, to Mr. Parker, Assistant Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"In our letter of October 2, 1939, regarding the disposition of certain records listed in your letter of September 27, 1939, it was stated that further consideration was being given to the disposition of the remaining records described in your letter, and that you would be advised later of the decision reached with respect thereto.

"We are of the opinion that the following items should probably be retained for the present:

"Correspondence regarding appointment of Federal Reserve Agent and his assistants, their bonds, etc.

"Correspondence in connection with applications for reductions in reserve requirements and annual review of outlying banks granted reduced reserves.

"Form F.R.A-6, 'Federal Reserve Bank Notes - Daily Statement of Federal Reserve Agent'. (Permanent retention of this form is recommended in Schedule A of June 11, 1936 report of committee on destruction of records.)

"The attached letter is being sent today to all Federal Reserve agents transmitting a statement of records of

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"the Federal Reserve agents which it is believed might be considered for destruction and you will note that the remaining records listed in your letter of September 27, 1939, have been included in this statement."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

Mrs. Syme
Member.