

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, December 14, 1939, at 2:30 p.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. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Thurston, Special Assistant to the Chairman  
Mr. Wyatt, General Counsel  
Mr. Goldenweiser, Director of the Division of Research and Statistics  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Thomas, Assistant Director of the Division of Research and Statistics  
Mr. Horne, Senior Economist in the Division of Research and Statistics  
Mr. Surguy, Assistant Printing Clerk in the Division of Research and Statistics

Mr. Davis stated that he had been giving consideration during recent months to the appearance and form of the Federal Reserve Bulletin and that he was convinced that, without changing the essential nature of the Bulletin, it could be made much more attractive and readable than it is at the present time; and that it would be his suggestion that there be added to the Bulletin one or two new features, which would include possibly a question and answer

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section which might occupy two pages and in which would appear answers to questions of current public interest, and articles of general interest to bankers which would be given special display.

There were distributed dummy copies of the Bulletin which had been set up as outlined by Mr. Davis and he recommended that beginning with the January 1940 Bulletin the Board approve its publication in substantially that form, subject to such further changes in type and arrangement as may be found to be desirable because the typography of the dummies presented was not satisfactory in all respects, it being understood that no material change would be made in the contents of the publication without approval by the Board. He said that the additional cost of the Bulletin in the revised form would be very small.

He made the further statement that the sample pages in the dummy copy of the Bulletin did not contain all of the changes that might be made but did represent the changes that could be adopted at this time with the understanding, however, that further changes would be made if and when it was decided by the Board that they should be undertaken. One of the dummy copies discussed by Mr. Davis at the meeting has been placed in the Board's files.

There ensued a discussion of a number of things that might be done to increase the interest in the Federal Reserve Bulletin, at the conclusion of which Mr. Davis' recommendation was approved unanimously.

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Messrs. Goldenweiser, Thomas, Horne and Surguy withdrew from the meeting at this point.

Mr. Davis stated that the Personnel Committee had given consideration to the appointment of directors at Federal Reserve banks and branches to fill existing vacancies and that the Committee had several recommendations to submit for consideration by the Board at this time.

The recommendations were discussed and the following actions were taken:

Subject to confirmation of his willingness to serve, Frank A. Brown, Farmer, Clarksburg, Ohio, was appointed a director of the Cincinnati Branch of the Federal Reserve Bank of Cleveland for the unexpired portion of the two-year term ending December 31, 1940.

Subject to confirmation of his willingness to serve, Joseph D. Baker, Jr., Secretary and Treasurer, Standard Lime & Stone Company, Baltimore, Maryland, was appointed a director of the Baltimore Branch of the Federal Reserve Bank of Richmond for the three-year term beginning January 1, 1940.

Subject to confirmation of his willingness to serve, Douglas W. Brooks, President, Union Compress and Warehouse Company, Memphis, Tennessee, was appointed a Class C director of the Federal Reserve Bank of St. Louis for the unexpired portion of the three-year term ending December 31, 1941, such appointment to become effective at the close of the current year.

Subject to confirmation of his willingness to serve, Clifford V. Gregory, Associate Publisher, "Wallace's Farmer and Iowa Homestead", Des Moines, Iowa, was appointed a Class C director of the Federal Reserve Bank of Chicago for the three-year term beginning January 1, 1940.

R. E. Wood was designated as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Chicago for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve

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banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

F. J. Lewis was appointed Deputy Chairman of the Federal Reserve Bank of Chicago for the year 1940.

Upon recommendation of the Personnel Committee and by unanimous vote, the following additional appointments and designations were made:

F. H. Curtiss was designated Chairman and Federal Reserve Agent at the Federal Reserve Bank of Boston for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

Henry S. Dennison was appointed a Class C director of the Federal Reserve Bank of Boston for a term of three years beginning January 1, 1940, and as Deputy Chairman at the bank for the year 1940.

Edmund E. Day was appointed a Class C director of the Federal Reserve Bank of New York for a term of three years beginning January 1, 1940.

Gilbert A. Prole was appointed a director of the Buffalo Branch of the Federal Reserve Bank of New York for a term of three years beginning January 1, 1940.

Thomas B. McCabe was appointed a Class C director of the Federal Reserve Bank of Philadelphia for a term of three years beginning January 1, 1940, and designated as Chairman and Federal Reserve Agent for the year 1940, his compensation as Chairman and Federal Reserve Agent being fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

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A. H. Williams was appointed Deputy Chairman of the Federal Reserve Bank of Philadelphia for the year 1940.

G. C. Brainard was designated Chairman and Federal Reserve Agent at the Federal Reserve Bank of Cleveland for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

R. E. Klages was appointed a Class C director of the Federal Reserve Bank of Cleveland for a term of three years beginning January 1, 1940, and Deputy Chairman at the bank for the year 1940.

Stuart B. Sutphin was appointed a director of the Cincinnati Branch of the Federal Reserve Bank of Cleveland for a term of two years beginning January 1, 1940.

H. S. Wherrett was appointed a director of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland for a term of two years beginning January 1, 1940.

Robert Lassiter was designated Chairman and Federal Reserve Agent at the Federal Reserve Bank of Richmond for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

W. G. Wysor was appointed a Class C director of the Federal Reserve Bank of Richmond for a term of three years beginning January 1, 1940, and Deputy Chairman at the bank for the year 1940.

F. H. Neely was designated Chairman and Federal Reserve Agent at the Federal Reserve Bank of Atlanta for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

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J. F. Porter was appointed a Class C director of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1940, and Deputy Chairman at the bank for the year 1940.

Howard Gray was appointed a director of the Birmingham Branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1940.

Howard Phillips was appointed a director of the Jacksonville Branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1940.

W. E. McEwen was appointed a director of the Nashville Branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1940.

H. G. Chalkley, Jr., was appointed a director of the New Orleans Branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1940.

H. L. Pierson was appointed a director of the Detroit Branch of the Federal Reserve Bank of Chicago for a term of three years beginning January 1, 1940.

Wm. T. Nardin was appointed a Class C director of the Federal Reserve Bank of St. Louis for a term of three years beginning January 1, 1940, and designated as Chairman and Federal Reserve Agent for the year 1940, his compensation as Chairman and Federal Reserve Agent being fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

Oscar Johnston was appointed Deputy Chairman of the Federal Reserve Bank of St. Louis for the year 1940.

W. C. Coffey was appointed a Class C director of the Federal Reserve Bank of Minneapolis for a term of three years beginning January 1, 1940, and designated as Chairman and Federal Reserve Agent for the year 1940, his compensation as Chairman and Federal Reserve Agent being fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of board of directors.

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H. D. Myrick was appointed a director of the Helena Branch of the Federal Reserve Bank of Minneapolis for a term of two years beginning January 1, 1940.

R. B. Caldwell was designated Chairman and Federal Reserve Agent at the Federal Reserve Bank of Kansas City for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

J. J. Thomas was appointed Deputy Chairman of the Federal Reserve Bank of Kansas City for the year 1940.

Wilson McCarthy was appointed a director of the Denver Branch of the Federal Reserve Bank of Kansas City for a term of three years beginning January 1, 1940.

T. S. Hanna was appointed a director of the Oklahoma City Branch of the Federal Reserve Bank of Kansas City for a term of three years beginning January 1, 1940.

H. L. Dempster was appointed a director of the Omaha Branch of the Federal Reserve Bank of Kansas City for a term of three years beginning January 1, 1940.

J. H. Merritt was designated Chairman and Federal Reserve Agent at the Federal Reserve Bank of Dallas for the year 1940 and his compensation as Chairman and Federal Reserve Agent was fixed on the uniform basis fixed for the same position at all Federal Reserve banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee and other committees of the board of directors.

Jay Taylor was appointed a Class C director of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1940, and as Deputy Chairman at the bank for the year 1940.

R. E. Sherman was appointed a director of the El Paso Branch of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1940.

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Sam Taub was appointed a director of the Houston Branch of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1940.

Edwin F. Flato was appointed a director of the San Antonio Branch of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1940.

St. George Holden was appointed Deputy Chairman of the Federal Reserve Bank of San Francisco for the year 1940.

Carlyle Thorpe was appointed a Class C director of the Federal Reserve Bank of San Francisco for a term of three years beginning January 1, 1940.

Carl V. Newman was appointed a director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1940.

George T. Gerlinger was appointed a director of the Portland Branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1940.

H. S. Auerbach was appointed a director of the Salt Lake City Branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1940.

Charles F. Larrabee was appointed a director of the Seattle Branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1940.

Mr. Ransom stated that under date of December 4, 1939, the Board received from Mr. Walter Gellhorn, Director of the Attorney General's Committee on Administrative Procedure, a copy of a proposed report on the administrative procedure of the Board written by Mr. Richard Salant following a study made by him of certain files and records of the Board; that the report contained a number of inaccuracies which, following a discussion by members of the Board's staff with Messrs. Gellhorn and Salant, had

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been corrected and a revised draft of report was sent to the Board under date of December 13; that the new draft, which will be considered by the Attorney General's Committee on December 22 or 23, still contains certain references which it is felt should be further modified in the interest of accuracy; and that it was his (Mr. Ransom's) suggestion that the Board authorize Messrs. Wyatt, Thurston and Morrill to continue the discussions with Messrs. Gellhorn and Salant for the purpose of making such further modifications in the report as appears to be desirable, and to keep the Board advised of their discussions so that it will be in a position to determine what, if any, further action need be taken in the matter.

Upon motion by Mr. McKee, Mr. Ransom's suggestion was approved unanimously.

Mr. Wyatt stated that the Board will be afforded an opportunity to have representatives present at the meeting of the Attorney General's Committee when it considers Mr. Salant's report and that the Board should decide whether it desires to have representatives attend the meeting and, if so, who the representatives should be. It was decided that this matter should be considered at an appropriate later time.

At this point Messrs. Thurston, Wyatt and Dreibelbis left the meeting and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

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The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 13, 1939, were approved unanimously.

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

"The Board concurs in the action of the Conference of Presidents, held December 12, 1939, in approving, with certain modifications, the recommendations contained in the report of the Standing Committee on Collections, dated November 8, 1939, with respect to the inclusion of certain uniform paragraphs in the noncash collection circulars of the Reserve banks and the insertion of additional paragraphs in the cash collection circulars when the occasion arises for the reprinting of such circulars.

"As stated in the Board's letter, S-182, of September 15, 1939, Regulation G, 'Collection of Noncash Items', in the form enclosed with that letter, will be adopted by the Board when drafts of the revised noncash collection circulars of the Federal Reserve banks have been received and reviewed so that an effective date for the regulation may be fixed. The effective date will be sufficiently far in advance to allow for the printing of the regulation, and the noncash collection circulars, and their simultaneous release by all Federal Reserve banks about two weeks in advance of the effective date.

"It will be appreciated if you will forward to the Board as soon as practicable two copies of your revised noncash collection circular. It is requested that no Federal Reserve bank make public the revised circular until the effective date has been established and the regulation released by the Board."

Approved unanimously.

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

"The Board's letter of December 23, 1938 (R-368) requested the Federal Reserve banks to obtain annual reports

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"from holding company affiliates having general voting permits, and transmitted a form (Form F. R. 437) for use in obtaining such reports. The letter indicated that regular annual reports would be requested as of the end of each calendar year, or the holding company affiliate's fiscal year. Accordingly, it is now requested that an annual report for the year ending December 30, 1939, or for the holding company affiliate's latest fiscal year if it differs from the calendar year, be obtained from each holding company affiliate which has its principal executive office in your district and which holds a general voting permit. As soon as practicable, please deliver to each such holding company affiliate three copies of Form F. R. 437, with the request that the annual report be filed in duplicate with your bank not later than February 1, 1940.

"It has not been deemed necessary to revise Form F. R. 437, and the form used a year ago should be used again in obtaining the annual reports. Inasmuch as a surplus stock of Form F. R. 437 was sent to each Federal Reserve bank last year, most of the banks presumably have enough copies of the form on hand to supply the holding company affiliates in their respective districts with the required number of copies. However, if your bank does not have a sufficient number of copies of Form F. R. 437, please inform us immediately as to the number of additional copies needed, and these will be supplied to you promptly from the stock available in the Board's offices.

"The instructions contained in R-368 and its enclosure (R-368-a) are applicable to the reports now requested, with the exception, of course, of certain dates mentioned in such instructions. It is therefore requested that reference be made to R-368 and R-368-a for information as to the procedure to be followed in obtaining the reports."

Approved unanimously.

Thereupon the meeting adjourned.

Cohester Morrie  
Secretary.

Approved:

W. S. C. C. C.  
Chairman.