

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, February 13, 1940, at 3:20 p. m.

PRESENT: Mr. Ransom, Vice Chairman (latter part of meeting)  
Mr. Szymczak  
Mr. McKee  
Mr. Davis  
Mr. Draper

Mr. Morrill, Secretary  
Mr. Dreibelbis, Assistant General Counsel

Mr. McKee said that at 3:10 p.m. this afternoon he received a telephone call from Mr. Delano, Comptroller of the Currency, who stated that he had tried to get Chairman Eccles on the telephone and finding his line busy was calling Mr. McKee to invite him and Chairman Eccles to attend a conference in Mr. Delano's office at 4:15 p.m. for a further discussion with respect to the Bank of America National Trust & Savings Association which would also be attended by Mr. Folger, Chief National Bank Examiner, Mr. Seymour, Special Counsel for the Comptroller, Mr. L. M. Giannini, President of the Bank of America National Trust & Savings Association, Mr. O. K. Cushing, Special Counsel for the national bank, and Mr. Bell, Under Secretary of the Treasury, to the extent that other demands on his time would permit. Mr. McKee said he stated to Mr. Delano that if the conference was simply for the purpose of discussing details he questioned whether he and Chairman Eccles should be present or whether the representatives of the Board should attend a conference of a kind different from those attended by them on February 9 and 12, 1940, and, if it should be the

2/13/40

-2-

latter type of conference, whether Messrs. Seymour and Folger should participate. The conversation concluded, Mr. McKee said, with a statement by him that he would communicate with Chairman Eccles immediately and call Mr. Delano back. Mr. McKee added that he then called Chairman Eccles, who was in his office, on the telephone and suggested that he call Mr. Delano direct which Chairman Eccles promised to do.

Shortly after Mr. McKee's statement Chairman Eccles called Mr. McKee on the telephone and stated that he talked to Mr. Delano at 3:45 p.m. Mr. Delano told Chairman Eccles that Mr. Giannini had asked for the proposed conference and had requested that Messrs. Eccles and McKee be present, and that it was proposed to have the same persons attend the conference as had been present yesterday. Chairman Eccles said he made the statement to Mr. Delano that if the representatives of the national bank wanted to talk about the general principles involved he did not think the Comptroller of the Currency should bring in any lawyers or technicians. Chairman Eccles made the further statement that Mr. Delano expressed agreement that the conference should be held with the same participants as were present yesterday.

At the conclusion of the conversation between Messrs. McKee and Eccles, Mr. Ransom entered the room and was advised of what had transpired.

The members of the Board present approved the position taken by Messrs. Eccles and McKee and agreed that Chairman Eccles

2/13/40

-3-

and Mr. McKee should attend the conference in Mr. Delano's office.

Mr. McKee called attention to the fact that the Board had not decided whether it should have an observer present at the hearing scheduled for tomorrow at which the Bank of America National Trust & Savings Association will be given an opportunity to show cause why the Comptroller's report of examination of the bank should not be published. This question was discussed with Chairman Eccles over the telephone and all of the members of the Board concurred in the opinion that an observer should not be present for the principal reasons (1) that the proceeding might result in the institution by the Comptroller of the Currency of a Section 30 proceeding before the Board of Governors, (2) under the terms of the order to show cause the hearing will not be public, (3) a transcript of the proceeding will be made available to the Board, and (4) it would be difficult to avoid misinterpretation of the presence at the hearing of a representative of the Board.

While this matter was under discussion Mr. Crowley, Chairman of the Federal Deposit Insurance Corporation, called Mr. McKee on the telephone from Madison, Wisconsin, and inquired what had taken place at the discussions with respect to the national bank during the last few days. After reviewing the events which had taken place during Mr. Crowley's absence from Washington, Mr. McKee asked whether the Federal Deposit Insurance Corporation proposed to have an observer at the hearing to show cause, to which Mr. Crowley replied that he

2/13/40

-4-

had not intended to have a representative present unless a representative of the Board attended, that he would talk to Mr. Nichols, Chief of the Division of Examinations of the Federal Deposit Insurance Corporation, but that it was his disposition to take the same action as was taken by the Board in the matter.

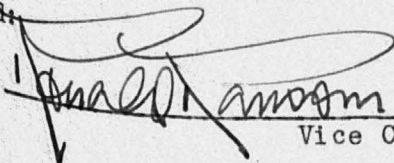
Following the conversation with Mr. Crowley, Mr. Dreibelbis was requested to call Mr. Nichols on the telephone and advise him that it was the Board's decision not to have a representative present at the hearing.

(Secretary's Note: Following the meeting Mr. Dreibelbis called Mr. Nichols who stated that he had not heard from Mr. Crowley but that he (Mr. Nichols) was in agreement with the decision of the Board not to be represented at the hearing.)

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:



Vice Chairman.