

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 19, 1940, at 10:30 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. Carpenter, Assistant Secretary  
Mr. Wyatt, General Counsel  
Mr. Smead, Chief of the Division of  
Bank Operations  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Piser, Senior Economist in the Division  
of Research and Statistics

Before this meeting copies of a memorandum prepared by Messrs. Smead and Piser in response to the request made at the meeting of the Board on February 13, 1940, with respect to the treatment of profits on switches of securities in the System open market account, had been sent to the members of the Board.

The questions of accounting presented by the memorandum, as well as the possible effects of any change in accounting procedure on shifts of securities in the System open market account, were discussed and it was agreed that the matter should be placed on the docket for consideration at the meeting of the Federal Open Market Committee to be held tomorrow.

At this point Mr. Goldenweiser, Director of the Division of Research and Statistics, entered the meeting and Mr. Piser withdrew.

Chairman Eccles referred to the memorandum which had been prepared at the request of the Board on March 12, 1940, with respect

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to the bill introduced in the House of Representatives by Congressman Steagall which would amend in certain respects section 12B of the Federal Reserve Act relating to deposit insurance. Copies of the memorandum had been sent to all of the members of the Board and to the Presidents of the Federal Reserve banks with the request that the bill be considered by the Presidents at their conference being held in Washington today.

There ensued a discussion of what, if any, action the Board might take with respect to the bill and Messrs. Wyatt and Goldenweiser, in collaboration with Mr. Morrill, were requested to prepare a memorandum along the lines suggested during the discussion which could be sent to the Banking and Currency Committees of Congress as an expression of the Board's views.

At this point Messrs. Wyatt, Smead, Goldenweiser 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on March 12, 1940, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on March 13 and 15, 1940, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated March 16, 1940, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated March 14 from Mr. Hays, Assistant Vice President of the Federal Reserve Bank

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of Cleveland, which requested approval by the Board of a change in the personnel classification plan of the bank to provide for the creation of the new position of "Research Assistant" in the Business Statistics Department with a maximum salary of \$3,000 per annum. The memorandum stated that the proposed change had been reviewed and recommended that it be approved.

Approved unanimously.

Letter dated March 16, 1940, to the Presidents of all Federal Reserve banks, transmitting forms and instructions in connection with the next call for condition reports of State member banks and their affiliates.

Approved unanimously.

Memorandum dated March 14, 1940, from Mr. Smead, Chief of the Division of Bank Operations, recommending that the form of the Board's weekly statement on bank debits be amended as outlined in the memorandum. The memorandum stated that corresponding changes in the form of the monthly statement of bank debits would be made in the event the proposed changes were approved.

Approved unanimously.

Mr. Morrill suggested that the Board authorize the payment of the cost of the luncheons served to Messrs. Leon H. Johnston, Vice President, and Irving Reynolds, Counsel, The Chase National Bank of the City of New York, New York, New York, Robert E. Broome, Vice President, and Charles L. Willard, Counsel, Guaranty Trust Company of

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New York, New York, New York, and James L. Harrison, Vice President,  
The National City Bank of New York, New York, New York, in the Board's  
dining room on March 15, 1940.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris

Secretary

Approved:

W. S. ...

Chairman