A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, April 15, 1940, at 2:30 P.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis
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. Smead, Chief of the Division of Bank Operations
Mr. Dreibelbis, Assistant General Counsel
Mr. Vest, Assistant General Counsel

There were presented telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Messrs. Kimball and Hays, Secretaries of the Federal Reserve Banks of New York and Cleveland, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard, Stewart, Powell, and Leedy, Secretaries of the Federal Reserve Banks of Chicago, St. Louis, Minneapolis, and Kansas City, respectively, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of New
York, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas
City, Dallas, and San Francisco on April 11 and by the Federal Re-
serve Bank of Boston on April 12, 1940, of the rates of discount
and purchase in their existing schedules.

Approved unanimously.

Members of the Board who attended the meeting of the Chair-
men of the Federal Reserve Banks at Sea Island, Georgia, on September
12-14, 1940, reported briefly on the meeting. A copy of the minutes
of the meeting will be placed in the Board’s files.

Mr. Ransom stated that during the absence of members of
the Board from Washington nothing of outstanding importance had
occurred in connection with the foreign exchange difficulties occa-
sioned by the spreading of the war to Norway and Denmark except as
indicated in a memorandum which he had prepared under date of April
15, 1940, and which had been circulated among the members of the
Board since their return.

At Mr. Ransom’s request, Mr. Goldenweiser, who had attended
another meeting at the Treasury Department this morning on the for-

eign exchange situation, stated that Jay Crane, formerly in charge
of the Foreign Exchange Division of the Federal Reserve Bank of
New York, had been retained by the Treasury Department and was in
Washington for the purpose of handling the exchange situation for
the Treasury, that the Treasury was working on a plan under which
blanket licenses would be granted for certain types of transactions
so that it would not be necessary for the Federal Reserve Banks or the Treasury to grant licenses for individual exchange transactions, and that if such a procedure were worked out it would simplify the problem very greatly. Mr. Goldenweiser added that the informal committee which had been organized at the beginning of the present difficulty, and which consisted of representatives of the Board and the Treasury, had now been discontinued and the matter would be handled in the future by the Treasury with Mr. Crane's assistance.

Mr. Szymczak stated that he was leaving today to attend a meeting of the Board of Trustees of the Retirement System of the Federal Reserve Banks and that one of the questions that would be considered at that meeting was whether, in the light of the recent amendments to the regulation issued by the Treasury with respect to United States savings bonds which provides that such bonds may be held only by natural persons in amounts not to exceed $10,000 issued in any one calendar year, the $8,000,000 of such bonds held by the Retirement System should be surrendered for redemption. In connection with the discussion of this matter reference was made to correspondence between Mr. Bell, Under Secretary of the Treasury, and officials of the Retirement System and particularly to a letter from Mr. Bell under date of March 29, 1940, to the effect that the issuance of revised regulations by the Treasury did not affect any
rights which had arisen prior to the effective date of the amended regulation and that savings bonds validly held before the effective date would continue to be valid thereafter. Copies of this correspondence have been placed in the Board's files.

It was agreed unanimously, for reasons which were brought out during the discussion, that Mr. Szymczak should take the position at the meeting of the Board of Trustees that the bonds should be surrendered for redemption.

Reference was made to a memorandum prepared by Mr. Smead and circulated to the members of the Board under date of April 5, 1940, to which there was attached a letter dated March 29, 1940, from Mr. Leach, President of the Federal Reserve Bank of Richmond, transmitting a petition signed by banks in twenty-six North Carolina counties asking for the transfer of these counties from the head office to the Charlotte Branch territory. The memorandum stated that there had been a feeling in North Carolina for a long time that the territory assigned to the Charlotte Branch is too limited and that there should be some adjustment, that the Board of Directors of the Richmond Bank agreed with this view but thought the adjustment should be confined within reasonable limits, that in its opinion the transfer of sixteen counties in which are located fifteen member banks and three out-of-town branches of member banks would constitute a reasonable adjustment, that, while no effort has been made to contact the banks which signed the petition, Mr. Lassiter, Chairman of the Richmond
Bank, talked with W. H. Wood, who was chairman of the committee submitting the petition, and that the Reserve Bank believed that if the recommendation of the directors should be adopted the action would meet with general approval and would enable the Reserve Bank to retain the good will of all of its member banks. The memorandum made the further statement that since the petitioning member banks in the ten counties which the directors of the Federal Reserve Bank of Richmond recommended be not transferred from the Richmond to the Charlotte territory had not been given a hearing, the Board might wish to have Mr. Leach and perhaps Mr. Lassiter come to Washington at some convenient time to acquaint the Board more fully with the reasons for the action taken by the directors.

During the discussion of this matter reference was made to the fact that if the numbering system in connection with the collection of checks by the Federal Reserve Banks, which is now under consideration by the Standing Committee on Collections, is adopted, changes in head office and branch territories such as the one under consideration in the Richmond District would require changes in the numbers printed on check forms used by the banks in the areas affected by a change, and question was raised whether it would be advisable to make inquiry at the Federal Reserve Banks as to whether they know of any changes that are likely to be presented for consideration.

At the conclusion of the discussion, Mr. Smead was requested to prepare
a letter to Mr. Leach suggesting that
he come to Washington to discuss the sug-
gested territorial change with the Board
in more detail.

At this point Messrs. Thurston, Wyatt, Goldenweiser, Smead,
Dreibelbis, and Vest 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 meetings of the Board of Governors of the
Federal Reserve System held on April 11, 1940, were approved unani-
mosly.

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

"Board approves designations of employees listed in
your letter of April 10 as special assistant examiners in
order that they may lend clerical assistance to your reg-
ular examiners when needed."

Approved unanimously.

Memorandum dated April 11, 1940, from Mr. Foulk, Fiscal
Agent, recommending, for the reason stated in the memorandum, that
the sum of $75.00 be added to the item printing and binding in the
budget of the Fiscal Agent for the current year.

Approved unanimously.

Thereupon the meeting adjourned.

Approved

Secretary.

Vice Chairman.