

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 5, 1940, at 12:45 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Davis

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

Mr. Dreibelbis stated that the amendment to the pending legislation relating to foreign accounts with Federal Reserve Banks, which was sent to Senator Wagner, Chairman of the Senate Banking and Currency Committee, in accordance with the action taken at the meeting of the Board on July 2, 1940, was submitted by Senator Wagner to the legislative counsel of the Senate, that Henry G. Wood of the counsel staff had suggested a redraft of the last sentence of the amendment, that he (Mr. Dreibelbis) had submitted the suggested change to Mr. Bernstein, Assistant General Counsel of the Treasury, and to Mr. Hackworth, Legal Adviser to the Secretary of State, that a further revision of the last sentence of the amendment had been prepared in Mr. Bernstein's office today in the light of the suggested draft prepared by Mr. Wood, and that Mr. Hackworth had agreed to the revision after it had been read to him over the telephone.

The proposed amendment as changed by this latest revision would read as follows:

"Nothing in this paragraph shall be deemed to

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"repeal or to modify in any manner any of the provisions of the Gold Reserve Act of 1934 (Chapter 6, 48 Stat. 337), as amended, the Silver Purchase Act of 1934 (Chapter 674, 48 Stat. 1178), as amended, or subdivision (b) of Section 5 of the Act of October 6, 1917 (40 Stat. 411), as amended, or any actions, regulations, rules, orders, or proclamations taken, promulgated, made or issued pursuant to any of such statutes. In any case in which a license to act with respect to any property referred to in this paragraph is required under any of said statutes, regulations, rules, orders or proclamations, notification to the Secretary of State by the proper Government officer or agency of the issuance of an appropriate license or that appropriate licenses will be issued on application (such notification to include the terms and conditions of any such license), shall be a prerequisite to any action by the Secretary of State pursuant to this paragraph, and the action of the Secretary of State shall relate only to such property as is included in such notification."

During a discussion of the proposed revision of the amendment, it was stated that it did not appear that the change would have any adverse effect on the protection that would be afforded to a Federal Reserve bank by the statute, and Mr. Ransom said that, inasmuch as the amendment was being considered at the suggestion of the State and Treasury Departments and the proposed change was agreeable to their representatives, no action was called for by the Board.

At the conclusion of the discussion, it was understood that Mr. Dreibelbis would send a copy of the latest revision of the last sentence of the amendment to Mr. Wood of the legislative counsel of the United States Senate with copies of the letter of transmittal and enclosure to the Messrs. Bernstein and Hackworth.

At this point Mr. Dreibelbis left the meeting and the action

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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 July 3, 1940, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, and Messrs. Post, Hays and Hale, Secretaries of the Federal Reserve Banks of Philadelphia, Cleveland and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on July 2, by the Federal Reserve Bank of Cleveland on July 3, 1940, and by the Federal Reserve Banks of Boston and Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie  
Secretary.

Approved:

W. S. Stearns  
Chairman.