

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 21, 1944, at 10:30 a.m.

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

Mr. Morrill, Secretary  
 Mr. Bethea, Assistant Secretary  
 Mr. Carpenter, Assistant Secretary  
 Mr. Clayton, Assistant to the Chairman  
 Mr. Dreibelbis, General Attorney  
 Mr. Leonard, Director of the Division  
 of Personnel Administration  
 Mr. Wyatt, General Counsel

Mr. Szymczak referred to a memorandum addressed to him under date of March 16, 1944, by Mr. Leonard submitting the list of salaries approved by the board of directors of the Federal Reserve Bank of Chicago for the officers of the Bank for the year beginning April 1, 1944. The list, as set forth below, provided for increases in the salaries of 17 officers, and Mr. Leonard's memorandum expressed the belief that the salaries were reasonable for the respective positions and responsibilities and that they were permissible under the salary stabilization regulations without certification to the Joint Committee on Salaries and Wages except in the case of the increases proposed for the four officers at the Detroit Branch for which the Federal Reserve Bank had submitted certificates:

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<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Clifford S. Young	President	\$30,000	\$30,000
Howard P. Preston	First Vice President	25,000	25,000
Neil B. Dawes	Vice President	8,500	10,000
James H. Dillard	Vice President	14,500	14,500
Charles B. Dunn	Vice President and General Counsel	14,000	15,000
Ernest C. Harris	Vice President	15,000	15,000
John K. Langum	Vice President	7,500	9,000
Otto J. Netterstrom	Vice President	12,000	12,000
Arthur L. Olson	Vice President	10,000	12,000
Alfred T. Sihler	Vice President	12,000	14,000
William C. Bachman	Assistant Vice President	9,500	9,500
Wilford R. Diercks	Assistant Vice President and Chief Examiner	8,500	9,000
F. L. Purrington	Assistant Vice President	8,500	8,500
W. W. Turner	Assistant Vice President	6,500	8,000
Allan M. Black	Cashier	9,500	9,500
John J. Endres	Auditor	9,000	9,000
Paul C. Hodge	Assistant General Counsel and Assistant Secretary	6,000	7,500
Edward D. Bristow	Assistant Cashier	4,500	4,500
Phil C. Carroll	Assistant Cashier	4,000	5,000
Edward A. Heath	Assistant Cashier	5,000	5,000
Walter A. Hopkins	Assistant Cashier	7,000	7,500
Laurence H. Jones	Assistant Cashier	6,000	6,000
Clarence T. Laibly	Assistant Cashier	5,000	5,500
Mark A. Lies	Assistant Cashier	7,300	8,000
F. A. Lindsten	Assistant Cashier	7,300	8,000
Louis G. Meyer	Assistant Cashier	7,500	7,500
Ingolf Petersen	Assistant Cashier	5,300	5,300
Jesse G. Roberts	Assistant Cashier	7,500	7,500
Carl M. Saltnes	Assistant Cashier	8,000	8,000
<u>Detroit Branch</u>			
Harlan J. Chalfont	Manager	11,000	11,000
Harold L. Diehl	Cashier	6,500	7,500
Richard W. Bloomfield	Assistant Cashier	5,000	6,000
William T. Cameron	Assistant Cashier	5,000	6,000
Arthur J. Wiegandt	Assistant Cashier	5,000	6,000

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Mr. Leonard's memorandum also stated that there still remained at the Chicago Bank the general question of the organization and caliber of the official staff, the chief weakness being in the First Vice President and the senior Vice President, that the Bank suffered a very severe loss last fall in the death of Vice President Mulroney, who had not been replaced, and that the promotion of Messrs. Dawes, Langum, and Olson to the position of Vice President had added no new strength to the organization.

There was a discussion of what, if any, action should be taken by the Board in connection with First Vice President Preston, and there was agreement that in the existing circumstances the initiative should be taken by the President and directors of the Bank. It was felt, however, that, from the standpoint of the proper administration of the Bank's affairs and the problem of effective management in the event anything should happen to the President of the Bank, the Board would be entirely justified in discussing the matter further with President Young and with Mr. Leland as Chairman of the board of directors, pointing out the need for the presence in the Bank, which is the second largest in the System, of someone who could be of real assistance to the President and be qualified to serve as chief executive officer in his absence, and stating that in view of the responsibility of the Board for supervision of the Federal Reserve Banks it did not believe it could refrain any longer from stating its position to the board of directors of the Bank

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with respect to the need for a qualified first vice president and for a vice president to have charge of the examination work at the Bank.

At the conclusion of the discussion, it was agreed unanimously that at an appropriate time the matter should be taken up with Messrs. Young and Leland and possibly some of the other directors of the Bank. It was understood that Mr. Szymczak would give the matter further direction with this purpose in view.

Upon motion by Mr. Szymczak, the salaries of officers of the Federal Reserve Bank of Chicago for the year beginning April 1, 1944, as set forth above were approved by unanimous vote, with the understanding that the certificates referred to in Mr. Leonard's memorandum with respect to the increases proposed for the four officers at the Detroit Branch would be sent to the Joint Committee on Salaries and Wages.

In connection with the increase of \$1,500 proposed by the board of directors in the salary of Mr. Langum, Vice President in charge of research and statistics at the Chicago Bank, there was also presented a letter to Mr. Young as President of the Bank reading as follows:

"At the time of the recent Conference of Presidents, Chairman Eccles discussed with you briefly the arrangement under which Mr. Langum is preparing for the Committee for Economic Development a study on monetary and banking policy in the post-war transition period for which, it is understood, he is to be paid the sum of \$3,500. At that time, the Chairman indicated that the Board did not approve of the arrangement whereby Mr. Langum would receive pay from the Committee for doing work so closely related to the work of the Reserve Bank.

"When the project was discussed by Mr. Langum with Dr. Goldenweiser last fall, the discussion concerned

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"primarily the question of the content of the study and whether or not it needed to be submitted to the Board prior to publication; also whether it would be a good thing for an officer of the Bank to undertake. It was finally agreed that the work was in line with the System's policy of contributing to public discussion of monetary problems. The question of compensation was not discussed.

"The Board is of the opinion that if the study is one that the Bank as such should make, it should be done by the Bank without charge to the Committee for Economic Development, except possibly for reimbursement for out-of-pocket expenses, and that any officer or employee of the Bank should not be paid by the Committee for Economic Development for the work.

"The Board feels that an important principle is involved, namely, that full-time officers and employees of the Reserve Banks should not receive pay from other sources for work which is being, or should be done by the Reserve Bank, as part of its public service."

Approved unanimously.

Mr. Szymczak stated that it had come to his attention that there were 25 members of the Board's staff who had been in the employ of the Board for 25 years or longer and that he would like to have the Board consider what, if any, recognition should be given to such employees.

There was a discussion of the possible forms in which recognition could be given, and the Personnel Committee was requested to review the matter and make a recommendation to the Board, including a recommendation as to the form of a resolution that might be adopted by the Board with respect to members of the staff who have completed 25 years of service.

At this point Mr. Leonard withdrew from the meeting and Messrs. Goldenweiser and Thomas, Director and Assistant Director, respectively,

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of the Division of Research and Statistics, entered the room.

There was presented a memorandum dated March 16, 1944, from Mr. Goldenweiser which had been circulated among the members of the Board and which read as follows:

"The research departments of the System have for several months been investigating and considering the feasibility of a proposal by Dr. Rensis Likert that the Federal Reserve System finance a survey that would be made by the Division of Program Surveys of the Department of Agriculture. In brief, the survey would attempt to obtain information as to individuals' holdings of currency, savings deposits, War Bonds, and other liquid funds. The procedure would be that of sampling the population on a direct interview basis, using a carefully stratified sample and highly trained interviewers. The cost would be in the neighborhood of \$5,000 to \$10,000 for exploratory surveys and, if these indicated that satisfactory results might be obtained, an additional \$50,000 to \$75,000 would be needed to complete the survey on a nationwide basis. If it was desired to repeat the survey at a later date, the cost would be about \$25,000 to \$50,000 each time this was done.

"At present there is little information available on individuals' holdings of liquid funds. Because of the importance of this subject, the proposed survey was carefully considered at the recent meeting of Reserve System economists and was then referred to the System Research Advisory Committee for a final recommendation. This Committee decided by a 4-3 vote that it would not recommend that the System finance the survey, mainly because it did not appear to the Committee that there was any likelihood of obtaining satisfactory information through the method proposed.

"However, because there was an almost equal division among those favoring the project and among those opposed to it, I am bringing the matter to your attention in order that you may decide whether the System should finance the survey. There is attached a three-page memorandum, 'Possible Investigation of Liquid Accumulations of Individuals', which gives more detail regarding it."

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Mr. Goldenweiser said that when this matter was considered by the System Research Advisory Committee the Federal Reserve Bank members on the Committee were evenly divided, and that in view of that he had cast the deciding vote against making the study for the reason that there was some question in his mind whether it would produce entirely satisfactory results, but that he had no strong feeling in the matter, and that inasmuch as Mr. Thomas felt that the study should be made he would like him to state his views.

Mr. Thomas said that the information that would be sought by the study was basic information in considering many of the important policy questions in which the System had an interest, that various efforts had been made previously to get the information in other ways but that the results had not been satisfactory, and that it was believed that the method proposed to be used by the Department of Agriculture representatives offered the best solution of the problem of getting the desired data. He also said that the employees of the Department of Agriculture who would be used for the work had been investigated and were believed to be well-trained and capable and had the ability to do the job with a minimum amount of difficulty.

At the conclusion of a discussion, the Board voted unanimously to authorize the payment of the cost of between \$5,000 and \$15,000 for the pilot or exploratory surveys referred to in Mr. Goldenweiser's memorandum, it being understood (1) that an amount equal to the cost of the surveys would be added to the appropriate item in

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the budget of the Division of Research and Statistics, (2) that the surveys would be made without mention of the Board of Governors, and (3) that when the results of the preliminary surveys were available the Board would consider the matter further and determine whether it should authorize the payment of the costs necessary to pursue the surveys on a nationwide basis.

Thereupon the meeting recessed and reconvened at 3:00 p.m. with the same attendance as at the close of the morning session except that Mr. Draper, Mr. Vest, Assistant General Attorney, Mr. Pollard, Assistant Director of the Division of Examinations, Mr. Cherry, Attorney, and Mr. Chamberlin, Federal Reserve Examiner, were in attendance and Messrs. Goldenweiser and Thomas were not present.

Mr. McKee called attention to a letter dated March 3, 1944, from Mr. Sproul, President of the Federal Reserve Bank of New York, which had been circulated among the members of the Board and which related to the practice followed by certain large corporate depositors in the past few months of submitting questionnaires to depository banks for the purpose of obtaining more detailed information regarding the condition of the banks than was shown in their regularly published reports of condition. The letter outlined reasons why in the opinion of the Bank the growth of the practice would be undesirable and would raise problems for the Banks and the supervisory authorities, and suggested that there were at least two possible alternative corrections: (1) the supervisory authorities might require the publication



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of more complete information regarding the earnings and condition of banks, and (2) without any change in the information required to be published banks might prepare more detailed information in a form approved by the supervisory authorities and have this available for distribution among depositors upon request. The letter also outlined why the Bank was inclined toward the second alternative and stated that, while the matter was not an urgent one, the Board might wish to give it some consideration with a view to bringing about a development in banking practice which would be satisfactory to banks, customers, and supervisory authorities.

The matter referred to in the letter was discussed in the light of (1) the experience during the period prior to the banking holiday in 1933 when what was known as "smart money" was withdrawn from banks before their failures while funds of uninformed depositors were allowed to remain and (2) the possible adverse effect of the growth of the practice referred to on the uniform examination procedure adopted by the Federal supervisory agencies in 1938. There was agreement on the part of the members of the Board that if the practice spread it might have serious effects on the banking system and bank supervision and that it was of such importance that an effort should be made to get the Comptroller of the Currency and the Federal Deposit Insurance Corporation to join with the Board in a satisfactory solution.

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At the conclusion of the discussion, Mr. McKee and the Board's staff were authorized to consult with representatives of the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation in an effort to work out a solution of the problem that could be agreed upon by the three Federal bank supervisory agencies.

Mr. McKee then referred to a memorandum addressed to the Board under date of March 16, 1944, by Mr. Dreibelbis to which was attached a draft of a formal order for a hearing by the Board of Governors to determine whether membership in the Federal Reserve System of the Pine Lawn Bank and Trust Company, Pine Lawn, Missouri, should be forfeited.

The statements contained in the order with respect to the alleged violations of law, regulations, and conditions of membership as cited by the Federal Reserve Bank of St. Louis were reviewed, and it was agreed that the order should be issued by the Board as soon as a date for the hearing had been determined that would be satisfactory to the Federal Reserve Bank, it being understood that when the order was issued a copy would be sent to the Federal Deposit Insurance Corporation for its information.

Mr. McKee also stated that the Board and the Superintendent of Banks of the State of New York had been served with an order granted by the Surrogate of Erie County, New York, in the matter of the estate of Robert J. Hamilton, deceased, to show cause why an order should not be entered by the court directing The Marine Trust Company of Buffalo (trustee of the estate of Robert J. Hamilton) to permit Dana B. Hellings,

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as a special guardian, to inspect reports of examination of the trust company covering the years 1928 to 1938, inclusive. He also said that the State Banking Department had refused an informal request for the reports of examination and that it was his recommendation that the Board and the Federal Reserve Bank of New York take the position that the reports should not be made available and that the New York Bank, if necessary, should engage counsel to represent the System in the case.

Mr. Dreibelbis concurred in Mr. McKee's recommendation, stating that in his opinion the reports of examination would be purely hearsay so far as the trial was concerned except perhaps that they might be of assistance in establishing that the officers and directors had notice that the estate was not being properly managed.

Mr. Ransom suggested that, looking to possible future cases of this kind, a procedure be worked out under which examination reports of trust departments of member banks would be made available to the probate or other proper court on subpoena. His basis for this suggestion was the opinion that he had previously expressed that no bank should be permitted to exercise trust powers, because of the possibility of conflicts of interests in the management of the bank's affairs and the management of trust accounts, and that whenever the question of such conflicts or mismanagement of a trust arose such

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evidence as the reports of examination could supply should be made available through the courts. Mr. Draper concurred in Mr. Ransom's suggestion.

At the conclusion of the discussion, Mr. McKee moved that the Legal Division be requested to take whatever steps might be necessary through the Federal Reserve Bank of New York to resist making available the reports of examination of The Marine Trust Company of Buffalo, with the understanding that, if necessary, the Federal Reserve Bank of New York would be requested to engage counsel to appear on behalf of the Bank and the Board for that purpose.

This motion was put by the chair and carried, Messrs. Ransom and Draper voting "no".

At this point Messrs. Dreibelbis, Vest, Wyatt, Pollard, Cherry, and Chamberlin withdrew from 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 20, 1944, were approved unanimously.

Letter to Mr. Meyer, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Chicago, involving increases in the maximum annual salaries for the positions of Watch Engineer, Fireman, and

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"Window Washer, as submitted with your letter of March 9, 1944."

Approved unanimously.

Letter to Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors approves the changes in the personnel classification plans of the Denver, Oklahoma City, and Omaha Branches, involving an increase in the maximum annual salary from \$3,000 to \$3,300 for the position of Federal Reserve Agent's Representative at each of the Branches, as submitted with your letter of March 13, 1944.

"For your information there is enclosed a copy of a letter to Mr. Caldwell dated February 17, 1944, regarding the salaries of five employees of the Federal Reserve Agent's department and Mr. Ping, a copy of which was forwarded to you at that time."

Approved unanimously.

Letter to Honorable Josiah W. Bailey, United States Senate, reading as follows:

"This is in response to your letter of March 9, 1944, enclosing a letter received from Mr. A. McG. Little, of Rex, North Carolina, and a copy of the service charge schedule of The Scottish Bank of St. Paul and Lumberton, North Carolina, about which Mr. Little wrote.

"The Scottish Bank is not a member bank of the Federal Reserve System. However, Mr. Little's letter presents a situation which is of particular interest because of its relation to pending legislation in the Senate which has been actively supported by The Scottish Bank.

"We refer to H. R. 3956 which has been passed by the House and which, along with its companion bill, S. 1642, is now pending in the Senate. These bills would relax the provisions of section 19 of the Federal Reserve Act which prohibit member banks from paying interest upon demand deposits 'directly or indirectly, by any device whatsoever'.

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"Some 2,500 out of the 14,000 banks in this country make what are known as 'exchange charges' against checks drawn upon them by their customers when the checks are presented through the mails for payment. Such banks are known as nonpar banks and are not members of the Federal Reserve System. There are about 4,800 nonmember banks which are par banks by choice. Member banks cannot make exchange charges on checks presented by a Federal Reserve Bank which means, for all practical purposes, that they cannot make such charges and must be par banks. However, some member banks have found that the device of agreeing to pay these exchange charges for depositors maintaining compensating balances could be used to attract deposits from banks and other large depositors doing a substantial business in nonpar areas. The pending legislation would legalize the use of this device.

"'Exchange charges' are different from the 'service charges' to which Mr. Little refers. This distinction is brought out in the minority section of the Report of the Committee on Banking and Currency in the House, a copy of which is enclosed. We quote from it as follows:

'For many years it has been customary for banks to make charges for the services rendered their own customers. These charges are a matter of contract between the bank and its own customers and, by and large, are based on the bank's theoretical estimate of its own cost of doing business, including, usually, the estimated cost of handling each check the customer draws. Charges of this type have come to be known as "service charges".

'Although a deliberate effort has been made to lump the two together as though they are one and the same thing, "service charges" are not to be confused with "exchange charges" with which this bill deals.

'The "exchange charges" referred to in the bill are charges levied not against the bank's own customers, but are deductions from the face amount of the checks which have been drawn by the customers when such checks are presented by mail to the bank for payment. Thus when one of the customers of an exchange

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"charging bank draws a check for \$1,000 and sends it to an out-of-town payee, the bank deducts \$1 from the face amount of \$1,000 and pays only \$999. Banks which pay their checks at face value, 100 cents on the dollar, are known as par banks. Banks which charge exchange and pay less than face value are known as nonpar banks.

'It was startling to learn from the testimony of some of the proponents of this bill that some nonpar banks, particularly the larger ones, not only exact service charges from their customers for the checks which they draw but also exact an exchange charge when the same checks are presented for payment.'

"At the hearings the name of Mr. John P. Stedman, President of The Scottish Bank, was read as being one of a group of witnesses present to support the bill, and Mr. R. P. Holding, testifying for the group, on January 24, 1944, among other things, said:

'Now, getting back to the importance of the exchange, Mr. Stedman, of the Scottish Bank, is here, and he will bear out later the fact that his earnings during the past 4 years, his net earnings, have resulted almost 100 percent from the amount of the exchange that he has collected.'

"It would seem, therefore, that The Scottish Bank, unless its practices have changed since that time, exacts a 'service charge' against its own customer for drawing a check and, if the check happens to be presented through the mails, also exacts an 'exchange charge'.

"'Service charges' against the bank's own customer for the services it renders him in keeping his accounts, paying his checks, etc., is an accepted banking custom. The American Bankers Association has fostered uniformity in account analysis and service charge procedure, and the following is a hypothetical example of the application of its suggested plan to a personal account averaging \$150.00.

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## "PERSONAL ACCOUNT

Average daily ledger balance .....	\$ 150.00	
Less average daily float .....	5.00	
Average daily net collected balance .....	\$ 145.00	
Earnings credit (at 1-1/2 per cent per annum) .....	\$ .18	
Services rendered:		
Account maintenance .....	\$ .50	
15 Customer's checks or items paid at 5¢ .....	.75	
5 Out of town checks or items collected* at 3¢ .	.15	
2 Local checks or items collected* at 1¢ .....	.02	1.42
Service charge .....	\$1.24	

\* Deposited or cashed

"This may be compared with the schedule of charges of The Scottish Bank for accounts averaging under \$100.00 as follows:

'1--For accounts averaging under \$100.00 activity charge 40¢ for 1 check. 75¢ for 3 checks, \$1.00 for 6 checks. 4¢ a check on all checks in excess of 10.'

"There are no Federal statutes or regulations which forbid or regulate 'service charges', and the Board knows of no reason why a bank based upon cost to it, should not make reasonable charges for the services it renders its own customers. The Board, however, wishes to emphasize its use of the word 'reasonable'. Unreasonable 'service charges' discourage deposit accounts with banks and encourage the use of currency. Certainly, with currency in circulation having increased to the unprecedented figure of \$21,000,000,000, it does not behoove banks to establish unreasonable 'service charge' schedules. The Board does not believe that banks, on the whole, are inclined to follow such a practice or that there is anything in the present situation that requires any regulation of such charges by law. With such being the case, the Board believes that it would be regrettable indeed if a few banks so abused the privilege as to cause Congress to feel a need for reviewing the question.

"Mr. Little's letter and the enclosure are returned herewith."

Approved unanimously.



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

"For your information there is enclosed a copy of a memorandum received from the War Department, dated March 17, 1944, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, replying to a letter received from the Detroit Branch of the Federal Reserve Bank of Chicago inquiring whether there is a definite formula for the treatment of cost-plus-fixed-fee contracts when computing adjustments under Sections 5 and 6 of guarantee agreements."

Approved unanimously.

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

"For your information there is enclosed a copy of a memorandum received from the War Department, dated March 18, 1944, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, in regard to computing the ratio provided for in Sections 5 and 6 of the 1942 form of guarantee agreement."

Approved unanimously.

Letter prepared in accordance with the discussion at the meeting of the Board on March 9, 1944, to the Presidents of all the Federal Reserve Banks and reading as follows:

"You will recall that at the meeting of the Board and the Presidents on February 29, 1944, the organization of a System research committee, under the chairmanship of Mr. Goldenweiser, was referred to Messrs. Alfred H. Williams and Goldenweiser with a broad latitude to provide for a method of rotating the membership of the committee. Pursuant to this authority, a plan of rotation has been agreed upon under which the six Federal Reserve Bank members of the committee will serve for two-year terms with three

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"new members coming on the committee each year. In order to accomplish this, the first term of the members of the committee from the Federal Reserve Banks of Philadelphia, Chicago, and Minneapolis will be for the year 1944 only. In accordance with this arrangement, the following order of rotation of the Federal Reserve Bank members of the committee has been worked out, and approved by the Board of Governors, for the four-year period ending with 1947:

1944	1945	1946	1947
New York	New York	Boston	Boston
Philadelphia	Cleveland	Cleveland	Philadelphia
Atlanta	Atlanta	Richmond	Richmond
Chicago	St. Louis	St. Louis	Chicago
Minneapolis	Kansas City	Kansas City	Minneapolis
San Francisco	San Francisco	Dallas	Dallas

"At their recent Conference the Presidents approved the recommendation submitted by the committee consisting of Mr. Goldenweiser and the heads of the research departments of six of the Federal Reserve Banks, with respect to publications, speeches, and participation in outside activities by members of the research staffs of the Federal Reserve Banks. The Board is in full agreement with the procedure set forth in the recommendation but believes that, in the interest of uniformity, it should be followed for all Federal Reserve Bank personnel. Therefore, the Board approves the recommendation with the understanding that, in so far as it relates to speeches, articles, and services with outside organizations, it will apply to all officers and employees of the Federal Reserve Banks. To accomplish this result, the Board rescinds (1) its letter of April 18, 1932, (X-7135) on the subject of speeches on banking and credit, (2) its letter of October 2, 1934, (X-8033) relating to public addresses by officers of Federal Reserve Banks, and (3) the following paragraph contained in the letter sent to your Bank in 1936 with respect to the transfer of the nonstatutory duties of the Federal Reserve Agent to the Bank, the letter otherwise to remain unchanged:

'Publications The Board wishes to continue the present practice under which all publications of the Federal Reserve banks dealing with matters of more than local interest are submitted to the Board of Governors and issued only with the approval of the Board.'

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"This letter, of course, will not affect in any way the existing procedure in connection with the submission and review of reports of outside business activities of officers and employees of the Federal Reserve Banks."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris  
Secretary.

Approved:

W. C. C. C.  
Chairman.