

MINUTES OF MEETING  
of the  
FEDERAL ADVISORY COUNCIL  
September 9-10, 1936

# MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

September 9, 1936.

The third statutory meeting for 1936 of the Federal Advisory Council was convened in Room 836 of the Mayflower Hotel, Washington, D. C., on Wednesday, September 9, 1936, at 10:15 A. M., the President, Mr. Smith, in the Chair.

## Present:

Mr. Thomas M. Steele	District No. 1
Mr. Howard A. Loeb	District No. 3
Mr. Arthur E. Braun	District No. 4
Mr. Charles M. Gohen	District No. 5
Mr. H. Lane Young	District No. 6
Mr. Edward E. Brown	District No. 7
Mr. Walter W. Smith	District No. 8
Mr. Theodore Wold	District No. 9
Mr. W. T. Kemper	District No. 10
Mr. Joseph H. Frost	District No. 11
Mr. M. A. Arnold	District No. 12
Mr. Walter Lichtenstein	Secretary

## Absent:

Mr. James H. Perkins	District No. 2
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On motion, duly made and seconded, the minutes of the Council meeting of May 18-19, 1936, copies of which had been previously sent to the members, were approved.

Mr. Steele read his letter of August 27, 1936, addressed to the Secretary of the Council in which Mr. Steele suggested that a committee might be appointed by the Council at this meeting for the purpose of formulating a statement by the Council as to the position into which the banking system is gradually being forced through present governmental policies.

On account of the pending National elections Mr. Steele suggested that no publicity be given of the existence of such a committee and that no action be taken in respect to anything that may be formulated by such a committee until the meeting of the Council on November 16-17, 1936. Considerable discussion took place in regard to what the scope of the report which such a committee might make should be.

At 11:00 A. M., Mr. Woodlief Thomas, Assistant Director, Division of Research and Statistics, appeared before the Federal Advisory Council and in the absence of Dr. Goldenweiser discussed the general financial and business situation.

Mr. Thomas left at 12:15 P. M. and the Council continued its discussion regarding the committee suggested by Mr. Steele.

Mr. Brown brought up the question of a recent regulation regarding trusts and pointed out the difficulty in a large bank of compelling directors of such a bank to know all details regarding the investments made for each trust and whether these comply in every respect with the trust indenture. Mr. Brown suggested that the matter be discussed informally with the Vice Chairman of the Board of Governors of the Federal Reserve System.

Mr. Brown pointed out that the regulation under discussion might involve banks in suits brought by disgruntled beneficiaries; also it would tend to prevent banks at times from obtaining the services of properly qualified persons as directors since there would

be objection on their part to certifying that they knew of their own knowledge that all the provisions of a trust had been complied with.

The meeting adjourned for luncheon at 12:45 P. M., at which Vice Chairman Ransom was present.

The Vice Chairman discussed at considerable length the desirability of cooperation between the Board of Governors and the Federal Advisory Council. He agreed that to attain such results he would urge that in future proposed regulations and similar documents be submitted to members of the Council before being adopted by the Board; also agreed that these should be distributed early enough to enable the Council to make such observations as it might deem advisable.

At 3:30 P. M. the meeting reconvened in Room 836.

After some further discussion Mr. Kemper moved and Mr. Brown seconded the motion that a committee be appointed in accordance with Mr. Steele's suggestion.

The motion was unanimously carried and the President appointed the following committee: Messrs. Steele, Chairman, Frost, and Perkins, the Secretary of the Council to act as secretary of the committee.

The committee was instructed to draft a report in accordance with Mr. Steele's suggestion and submit such a draft to members of the Council prior to the November meeting.

The meeting adjourned at 3:45 P. M.

WALTER LICHTENSTEIN,  
Secretary.

MINUTES OF JOINT CONFERENCE OF THE FEDERAL ADVISORY COUNCIL  
AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

September 10, 1936

At 10:15 A. M. a joint conference of the Federal Advisory Council and the Board of Governors of the Federal Reserve System was held in the Board Room, Washington Building, Washington, D. C.

Present: Members of the Board of Governors of the Federal Reserve System:

Vice Chairman, Ronald Ransom; Governors Joseph A. Broderick, Chester C. Davis, and John McKee; also Messrs. Chester Morrill, Secretary of the Board; L. P. Bethea, Assistant Secretary of the Board; Walter Wyatt, General Counsel for the Board; Woodlief Thomas, Assistant Director, Division of Research and Statistics; E. L. Smead, Chief of Division of Bank Operations of the Board of Governors; Carl E. Parry, Chief of Division of Bank Loans, Board of Governors; and Leo H. Paulger, Chief of Division of Examinations, Board of Governors.

Present: Members of the Federal Advisory Council:

Mr. Walter W. Smith, President; Mr. Howard A. Loeb, Vice President; Messrs. Thomas M. Steele, Arthur E. Braun, Charles M. Gohen, H. Lane Young, Edward E. Brown, Theodore Wold, W. T. Kemper, Joseph H. Frost, M. A. Arnold and Walter Lichtenstein, Secretary.

Vice Chairman Ransom brought up formally the subject of cooperation between the Council and the Board which he had discussed at the luncheon with the members of the Council on September 9.

It was agreed that the Secretary of the Board of Governors of the Federal Reserve System would in future send to the Secretary of the Council any drafts of proposed regulations and the like, and the Secretary of the Council would distribute such drafts to the members of the Council and act as a clearing house for any comments which the members of the Council either individually or as a body might wish to make.

It was agreed that such drafts would be sent out in sufficient time to enable the Council to give consideration to them before they were acted upon by the Board of Governors of the Federal Reserve System.

A lengthy discussion took place regarding definition of savings accounts and the various difficulties involved were pointed out.

Members of the Council reported upon business conditions in their respective districts.

The meeting adjourned at 12:15 P. M.

WALTER LICHTENSTEIN,  
Secretary.