

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

REC'D IN FILES SECTION

APR 20 1938

# Office Correspondence

Date March 19, 1938To The Board of Governors

Subject: \_\_\_\_\_

From Mr. Morrill

At the recent Conference of Presidents it was voted to suggest to the Board that it make recommendations with respect to legislation as set forth below:

- A. (1) That the Board favorably consider recommending to Congress the enactment of legislation to authorize member banks, not located in a city in which a Federal reserve bank or branch is located, to count all or some part of cash in vault as a part of their required reserves.
- (2) That before recommending the enactment of any such legislation, the Board make a study to determine the amount of vault cash to be counted as a part of a member bank's required reserves, which amount, in the opinion of the Conference, should not, in any event, exceed fifty per cent of the amount of the member bank's required reserves.

In taking this action the Conference agreed that little would be accomplished by permitting a member bank, in determining the amount of reserves required to be maintained against its deposits, to deduct from the amount of its deposits the amount of cash in its vault. The Conference also was aware of the possibility that the Board of Governors might consider the present an inopportune time to recommend the suggested legislation.

- B. That the Board of Governors should concur in the recommendation of the Comptroller of the Currency that Section 22(g) of the Federal Reserve Act should be amended to extend for one year from June 16, 1938, the period during which loans made prior to June 16, 1933, to executive officers of member banks might be renewed.

- C. That the Board should recommend that the provisions of Section 12B(n)(4) of the Federal Reserve Act, which provides for loans by the Federal Deposit Insurance Corporation to banks to avert losses, should be extended for a period of some years or made permanent.

7/1/38

After this memorandum has been circulated among the members of the Board, the recommendations of the Conference of Presidents will be placed on the docket for consideration at the next meeting of the Board.

*cmw*

FOR CIRCULATION PRIOR TO CONSIDERATION AT A MEETING OF THE BOARD

- First to Mr. *Ransom*
- .....
- Mr. ....
- Mr. Szymczak ✓
- Mr. McKee ✓
- Mr. Davis ✓
- Mr. Ransom ✓
- Mr. Clayton ✓
- Mr. Kraper* ✓
- Please note, check and return to Mrs. Fitzgerald.
- Dr. Goldenweiser ✓
- Mr. Smead ✓
- Mr. Paulger ✓
- Mr. Wyatt ✓

*See*  
 .....  
 MINUTES ON  
 APR 23 1938  
*PKD*