

An executive meeting of the Federal Reserve Board was held in Washington on Thursday, October 18, 1934.

PRESENT: Mr. Morgenthau, Chairman  
 Mr. Thomas, Vice Governor  
 Mr. Hamlin  
 Mr. Miller  
 Mr. James  
 Mr. Szymczak

Mr. Hamlin referred to the vacancy in the position of Chairman of the Federal Reserve Bank of San Francisco and moved the adoption of the following resolution:

"Inasmuch as it has come to the attention of Board members that the name of Mr. O'Connor may be available for the position of Chairman of the Federal Reserve Bank of San Francisco, said office being now vacant, and

"Inasmuch as the Committee for the San Francisco District has not yet made its report to the Board upon this matter of filling said vacancy,

"BE IT RESOLVED, That the Committee be requested to consider the name of Mr. O'Connor in connection with filling the vacancy in said Chairmanship."

Mr. Miller said that the Committee for the San Francisco district had carried on actively an investigation to find a suitable successor for Mr. Newton and that he and Mr. Szymczak had prepared under date of October 13 a report which he now presented recommending the appointment of Wilson McCarthy, of Oakland, California, as class "C" director and Chairman and Federal Reserve Agent at the Federal Reserve Bank of San Francisco for the unexpired portion of the term of Mr. Newton.

Mr. Miller thereupon moved the adoption of the Committee's report, which was as follows:

"The undersigned committee of the Twelfth Federal Reserve District, to which was referred the matter of making a recommendation for filling the vacancy occasioned by the death of Isaac

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"Newton, Chairman and Federal Reserve Agent at the Federal Reserve Bank of San Francisco, recommends the appointment of Wilson McCarthy of Oakland, California.

"Mr. McCarthy is 50 years old. Much of his life has been spent in Salt Lake City. He was engaged there in the practice of law, specializing in banking law and also has experience in banking, holding at one time the position of Vice President and Director of the First National Bank of Park City.

"In January, 1932, he was appointed a Director of the Reconstruction Finance Corporation and served until October, 1935, when he resigned. He had charge of the setting up of the Regional Agricultural Credit Corporation which made extensive loans in the western section of the country, particularly on live stock. The activities of the Regional Agricultural Credit Corporation were under the immediate supervision of Mr. McCarthy."

Mr. Hamlin said that some of the members felt bound to vote to sustain the recommendation of the Committee although individually they might think some other name equally as good but that in reaching its conclusion the Committee had never considered Mr. O'Connor, and Mr. Hamlin asked if the Committee would agree, in order to have all available names before the Board, to report back both names so that each member could vote according to his conscience unimpaired by this report which had not previously been considered.

Both Mr. Miller and Mr. Szymczak declined to agree to this suggestion and took the view that, since the Committee had reached a conclusion, the Board should now either accept or reject it and any member of the Board can feel free to offer any other names, for the members of the Board are not bound to accept the Committee's recommendation, but the Committee had done its work conscientiously and was ready to report, consistent with its responsibility.

Mr. James asked that the Committee agree to a reference back to the Committee and a further report giving the name of any persons whom

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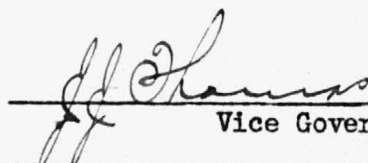
the Committee found to be available, including that of Mr. O'Connor. Mr. Miller and Mr. Szymczak declined to agree to this suggestion for reasons mentioned above.

Thereupon the adoption of the report was put to a vote, those favoring its adoption being Messrs. Miller, Szymczak and James, and those opposed being Messrs. Morgenthau, Thomas and Hamlin, whereupon the motion was declared lost.

In connection with his vote, Mr. Hamlin explained at some length his reasons for not voting to accept the report and stated that no pressure, direct or indirect, had been used upon him in favor of any person; that no claim had been made that Mr. O'Connor was not a fit man for the position; and that other members of the Board had indicated that they thought he was a fit man for the place.

Mr. Thomas stated that he thought the Board should select the man best qualified for the position even though he is found after the report of the committee; that in this case it appeared that the committee in making its recommendation did not take into consideration the availability of Mr. O'Connor and the Board, therefore, did not have the benefit of the committee's judgment as to his qualifications; and that, since it was his conviction that Mr. O'Connor is the best qualified of any whose names had been mentioned, he felt it his duty to disregard the committee's report and vote for Mr. O'Connor.

Thereupon the meeting adjourned.

  
Vice Governor.