

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Saturday, January 19, 1935, at 12:35 p. m.

PRESENT: Mr. Eccles, Governor
Mr. Hamlin
Mr. Miller
Mr. James

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Governor

The Governor stated that Mr. Szymczak had called him on the telephone from Cleveland and had reported that in conversations with Mr. Williams, former Chairman and Federal Reserve Agent of the bank, and Mr. Burke, Deputy Chairman, they had indicated that they thought Mr. M. J. Fleming, Deputy Governor, should be appointed Governor of the bank to succeed Governor Fancher, and that it was understood that the board of directors were of the same opinion. Governor Eccles said that he agreed with Mr. Szymczak that an increase of \$5,000 to \$23,000 per annum in the salary of Mr. Fleming would be ample. However, he further stated that in the event that the Board of Directors of the Federal Reserve Bank and the District Committee recommended a higher salary, he would be willing to approve a salary up to \$25,000 per annum. The other members of the Board indicated agreement with Governor Eccles' statement to Mr. Szymczak.

Mr. Miller stated that the proposed program of competition for the selection of an architect for the Board's new building contains a provision that the Board shall have the right to accept or reject the

1/19/35

-2-

design of the winning architect and that in the event the design is rejected the winning architect is to receive from the Board a fee of \$10,000. He said that such a provision is usually included in high grade programs of competition, and that he recommended that it be included in the Board's program.

Approved.

Upon recommendation by Mr. Miller it was voted to approve an honorarium of \$300, plus necessary traveling and subsistence expenses, for each member of the jury (other than Mr. Miller) for his service on the jury.

Mr. Miller referred to the discussion at the meeting on January 18 of the question of the fee for the architect for the building and recommended that the fee be placed at 4 1/2%, exclusive of supervision and special engineering services, but not to exceed, on that basis, a total of \$105,000.

Mr. Miller's recommendation was approved.

It was also agreed that before the program of competition is announced telegraphic inquiries should be made of the architects invited to participate to ascertain their willingness to compete if formal invitations are extended to them and the conditions of the program are satisfactory.

Mr. Miller stated that the Board's counsel had advised that it appears that title to the site for the building on Constitution Avenue will be transferred to the Board not later than Tuesday of next week and he suggested that the Board approve a statement to be given to the press at the time title is obtained.

Mr. Miller was authorized to issue, at the appropriate time, a press statement announcing

1/19/35

-3-

the acquisition of the property and stating that the names of the invited architects and members of the jury would be announced shortly.

Mr. Miller reported that he had received from Mr. Charles Moore, Chairman of the Commission of Fine Arts, an informal list of ten architects whom Mr. Moore considered as being the most eminent in the United States and the names of two other architects who might be included in the list of competitors but who were not considered by Messrs. Moore or Meeks as having a rating as high as the first ten. He also stated that while Messrs. Moore and Meeks originally were in favor of inviting fifteen architects to compete they had since narrowed the list to the ten architects whom they consider as standing out conspicuously as the leading architects in the United States.

After discussion, upon recommendation by Mr. Miller, it was voted to limit the competition to the first ten architects suggested by Mr. Moore as follows:

Coolidge, Shepley, Bulfinch and Abbott - Boston,
Massachusetts.
Delano and Aldrich - New York, New York.
John Russell Pope - New York, New York.
James Gamble Rogers - New York, New York.
Egerton Swartwout - New York, New York.
York & Sawyer - New York, New York.
Paul Philippe Cret - Philadelphia, Pennsylvania.
Holabird and Root - Chicago, Illinois.
Eliel Saarinen - Detroit, Michigan.
Arthur Brown - San Francisco, California.

In connection with this action, Governor Eccles said that Mr. Szymczak had stated at yesterday's meeting that he would be agreeable to any action which the Board might take during his absence with regard to the selection of the competing architects. Mr. Miller stated that Mr. Thomas had informed him yesterday that he was in favor of limiting the competition to ten architects.

1/19/35

-4-

At this point Mr. Everett V. Meeks, Consulting Architect, was invited into the meeting.

Mr. Miller stated that he had consulted with Messrs. Meeks and Moore as to the professional members of the jury to make the award to the successful architect and they were agreed that Mr. William Emerson of the Massachusetts Institute of Technology, Mr. John M. Howells, member of the Commission of Fine Arts and Mr. John W. Cross of the firm of Cross and Cross, New York, New York, were the best professional men obtainable to serve in that capacity.

Upon recommendation by Mr. Miller, the Committee approved the selection of Messrs. Emerson, Howells and Cross to serve as the professional members of the jury.

Mr. Miller stated that the draft of the program of competition would be completed on Monday morning of next week.

It was agreed that a copy of the draft would be furnished to each of the appointive members of the Board early on Monday morning, January 21, and that unless some member of the Board raised a question with Mr. Miller regarding the program before 12 o'clock, noon, on Tuesday, January 22, 1935, it would be considered as being approved.

Mr. Meeks then left the meeting and the Committee acted on the following matters:

Letter to Mr. Fletcher, Acting Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Receipt is acknowledged of Mr. Evans' letter of January 8, 1935, advising that 'The Commercial Savings Bank Company', Galion, Ohio, which was admitted to membership May 31, 1934, has reported that it is unable at this time to comply with condition of membership numbered 18, which reads as follows:

1/19/35

-5-

"Within six months from the date of admission to membership, such bank shall effect the removal from its banking quarters of the offices of the Guaranty Savings and Loan Company and of the Diversified Holding Company which are now located therein.

"In view of the fact that the bank has filed notice of withdrawal from the System and Mr. Evans' advice that the bank contemplates surrender of its stock in the Federal Reserve Bank on February 27, 1935, at the expiration of the six months' period from date of notice, no action will be taken by the Federal Reserve Board at this time by reason of the bank's failure to comply with condition of membership numbered 18."

Approved.

Telegram to the governors of all Federal reserve banks, except Richmond, reading as follows:

"Referring Resolution transmitted my letter December 29, 1934, X-9072. Please credit the Federal Reserve Bank of Richmond in your daily statement of credits through the Gold Settlement Fund for account of the Federal Reserve Board - Building Account eighty per cent of the fifty-eight per cent of the assessment which was to be paid at such times and in such amounts as the Board might call. Please advise Richmond by wire of the purpose and amount of the credit."

Approved, together with a telegram to Governor Seay of the Federal Reserve Bank of Richmond, reading as follows:

"Referring resolution transmitted my letter December 29, 1934, X-9072. Please credit Federal Reserve Board-Building Account with eighty per cent of the fifty-eight per cent of the assessment which was to be paid at such times and in such amounts as the Board might call."

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"This refers to Mr. Gidney's letters of December 7 and December 12, 1934, with inclosures, regarding the proper classification as savings deposits of twenty-three

1/19/35

-6-

"accounts held by The First National Bank and Trust Company of Walden, Walden, New York, which were set up by National Bank Examiner F. R. Steyart in his report of examination of that bank as of October 1, 1934, as 'savings accounts not considered bona fide thrift accounts'.

"It is noted that in Mr. Downs' letter of November 26, 1934, in reply to the bank's letter to you of November 19, 1934, the opinion is expressed that certain of the accounts in question may properly be classified as savings accounts within the meaning of the Federal Reserve Board's Regulation Q, that one or two others of the accounts should not be so classified, and that with respect to several of the accounts the information is not sufficient to justify an opinion with respect to their proper classification.

"While, from the information contained in the letter from The First National Bank and Trust Company of Walden a few of the accounts in question do not appear to be properly classified as savings deposits, it is believed that the examiner would have been justified, particularly in view of the statements contained in the Board's letter of April 28, 1934 to the Comptroller of the Currency, in offering no criticism of the classification as savings deposits of a considerable number of these accounts. Without undertaking to express an opinion with respect to these accounts individually, the Board sees no objection to the handling by your office of cases of this kind in the manner followed in the present instance, bearing in mind the considerations set forth in the Board's letter of May 8, 1934 (X-7890) regarding the requirements of Regulation Q in respect to savings deposits and the Board's letter to the Comptroller of the Currency dated April 28, 1934.

"The Board is transmitting to the Comptroller of the Currency for his information copies of Mr. Gidney's letter and inclosures and of this reply."

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"This refers to your letter dated January 12, 1935 in which you requested a ruling by the Board upon the legality of a proposed commitment by the Federal Reserve Bank of New York, under the provisions of subsection (b) of section 13b of the Federal Reserve Act, to discount or purchase obligations of Hudson Motor Car Company, Detroit, Michigan, representing a proposed loan by Commercial Investment Trust, Ltd., New York, New York, to such company.

1/19/35

-7-

"It is understood that Hudson Motor Car Company has its office and principal place of business in Detroit, Michigan, that on the date of filing its application such company was a depositor in and a borrower from nine banks, of which six were located in New York City, and that on such date the total amount of the company's indebtedness to banks was \$1,800,000 of which \$1,200,000 was owed to the banks located in New York City.

"In your letter you state that Commercial Investment Trust, Ltd. is an 'investment company' organized under Article 12A of the Banking Law of New York and that it has offices in Buffalo, New York and New York City. It is understood that the proposed commitment to discount or purchase obligations of Hudson Motor Car Company is in all respects in conformity with the provisions of subdivision (b) of section 13b of the Federal Reserve Act and the Board's Regulation S, except for the possible question presented by reason of the fact that Hudson Motor Car Company has no office or place of business in the Second Federal Reserve District. In your letter you state that it is your understanding that the reason for presenting this application to the Federal Reserve Bank of New York is that the banking institutions which are interested in assisting the Hudson Motor Car Company to obtain the desired financing are located in New York City.

"As you know, the Board, in a ruling published on page 675 of the Federal Reserve Bulletin for October, 1934, stated that in its opinion a Federal reserve bank, under the provisions of subsection (b) of section 13b of the Federal Reserve Act, may lawfully discount for a financing institution operating in its district, an obligation entered into for the purpose of obtaining working capital for an established industrial or commercial business located in another Federal Reserve District just across the line dividing that district from the district of the discounting Federal reserve bank, provided that the other applicable requirements of the law and the Board's Regulation S on this subject were met.

"It is the opinion of the Federal Reserve Board that on the basis of the above facts, the proposed commitment to discount or purchase the obligations of Hudson Motor Car Company is covered by the above-mentioned ruling, even though such company is located in a different Federal Reserve District and is not located just across a district line as was the situation in the case covered by the Board's previous ruling. Accordingly, the Federal Reserve Board is of the opinion that upon the basis of the facts stated above, the Federal Reserve Bank of New York may discount

1/19/35

-8-

"or purchase, or may make a commitment to discount or purchase, from Commercial Investment Trust, Ltd. the proposed obligations of Hudson Motor Car Company, under the provisions of subsection (b) of section 13b of the Federal Reserve Act."

Approved.

Letter to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Receipt is acknowledged of your letter of January 9, 1935, in which you state that Mr. Edward J. Costigan desires to withdraw his application under the provisions of section 32 of the Banking Act of 1933 for a permit to serve at the same time as director of The Boatmen's National Bank and as director and officer of Whitaker & Company, both of St. Louis, Missouri, in view of the fact that he was not reelected to the board of directors of the national bank at the annual meeting held on January 8, 1935.

"Under the circumstances, it appears that section 32 is no longer applicable to Mr. Costigan and therefore his application will be regarded as withdrawn."

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, prepared pursuant to the action taken at the meeting of the Board on December 29, 1934, transmitting the following Clayton Act permit and stating that the delivery of the permit should not be made until it has been determined that Mr. Grace's service with Stone & Webster, Inc., the Grace Corporation and the banks involved, does not come within the provisions of section 32, or that his service with such institutions has been brought into conformity with the requirements of that section:

Mr. Joseph P. Grace, for permission to serve at the same time as a director of The National City Bank of New York, New York, New York, as a director of the City Bank Farmers Trust Company, New York, New York, and as a director of Grace Brothers &

1/19/35

-9-

Company, Ltd., London, England, for the period ending January 14, 1936.

Approved.

Letters to applicants for permits under the Clayton Act, advising, in accordance with the policy set forth in the Board's letter of January 9, 1935, X-9083, of approval of their applications as follows:

Mr. F. H. Farrington, for permission to serve at the same time as a director of the Brandon National Bank, Brandon, Vermont, and as a director of The National Bank of Vergennes, Vergennes, Vermont, for the period ending January 14, 1936.

Mr. Prescott Jennings, for permission to serve at the same time as a director of The Fall River Morris Plan Company, Fall River, Massachusetts, and as a director of The Fall River National Bank, Fall River, Massachusetts, for the period ending January 14, 1936.

Mr. Scott Scammell, for permission to serve at the same time as a director of The First National Bank of Spring Lake, Spring Lake, New Jersey, and as a director of The First-Mechanics National Bank of Trenton, Trenton, New Jersey, for the period ending January 14, 1936.

Mr. R. W. Beadle, for permission to serve at the same time as a director and officer of The First National Bank of Shickshinny, Shickshinny, Pennsylvania, and as a director of The Deposit National Bank of Du Bois, Du Bois, Pennsylvania, for the period ending January 14, 1936.

Mr. George Worrall, for permission to serve at the same time as a director and officer of The Southside National Bank of Butler, Butler, Pennsylvania, and as a director and officer of The Butler Savings and Trust Company, Butler, Pennsylvania, for the period ending January 14, 1936.

Mr. John S. Whaley, for permission to serve at the same time as a director of The First National Bank of Snow Hill, Snow Hill, Maryland, and as a director of The Bishopville Bank, Bishopville, Maryland, for the period ending January 14, 1936.

Mr. Edward Hall, for permission to serve at the same time as a director of The Florida National Bank of Jacksonville, Jacksonville, Florida, as a director of The Florida National Bank and Trust Company at Miami, Miami, Florida, and as a director of The Florida Bank at Orlando, Orlando, Florida, for the period ending January 14, 1935.

SECRETARY'S NOTE: MAY 13, 1935.

Mr. John W. Case, for permission to serve at the same time as a director and officer of The First National Bank of Chicago, Chicago, Illinois, as an officer of The First National Bank of Chicago, Chicago, Illinois, and as a director of The First National Bank of Chicago, Chicago, Illinois, for the period ending January 14, 1935.

The Clayton Act permit issued to Mr. Scott

Scammell covered his service as a director of "The First National Bank of Spring Lake", Spring Lake, New Jersey, the predecessor institution, instead of the "First National Bank of Spring Lake". Mr. Case was advised of this error on May 7, 1935, and requested to correct his records and advise Mr. Scammell and the banks involved to do likewise.

Mr. C. E. Seabert, for permission to serve at the same time as a director of The First National Bank of Chicago, Chicago, Illinois, and as a director and officer of the State Bank of Indiana, Warsaw, Indiana, for the period ending January 14, 1935.

Mr. H. H. Kirby, Jr., for permission to serve at the same time as an officer of The Northern National Bank of Duluth, Duluth, Minnesota, and as a director and officer of the State Bank of Duluth, Duluth, Minnesota, for the period ending January 14, 1935.

Mr. L. W. Henry, for permission to serve at the same time as a director and officer of The First National Bank of Corpus Christi, Texas, and as a director and officer of The First National Bank of Lawsville, Lawsville, Texas, for the period ending January 14, 1935.

Approved:

1/19/35

-10-

Mr. Edward Ball, for permission to serve at the same time as a director of The Florida National Bank of Jacksonville, Jacksonville, Florida, as a director of The Florida National Bank and Trust Company at Miami, Miami, Florida, and as a director of the Florida Bank at Orlando, Orlando, Florida, for the period ending January 14, 1936.

Mr. John F. Hagey, for permission to serve at the same time as a director and officer of The National Boulevard Bank of Chicago, Chicago, Illinois, as an officer of The First National Bank of Chicago, Chicago, Illinois, and as a director of the University State Bank, Chicago, Illinois, for the period ending January 14, 1936.

Mr. Bentley G. McCloud, for permission to serve at the same time as a director and officer of The First National Bank of Chicago, Chicago, Illinois, as a director of The Uptown State Bank, Chicago, Illinois, and as a director of the Mercantile Trust and Savings Bank of Chicago, Chicago, Illinois, for the period ending January 14, 1936.

Mr. Roy C. Osgood, for permission to serve at the same time as an officer of The First National Bank of Chicago, Chicago, Illinois, and as a director and officer of The Upper Avenue Bank, Chicago, Illinois, for the period ending January 14, 1936.

Mr. Edward G. Seubert, for permission to serve at the same time as a director of The First National Bank of Chicago, Chicago, Illinois, and as a director and officer of the State Bank of Whiting, Whiting, Indiana, for the period ending January 14, 1936.

Mr. S. R. Kirby, Jr., for permission to serve at the same time as an officer of The Northern National Bank of Duluth, Duluth, Minnesota, and as a director and officer of the Miners State Bank, Chisholm, Minnesota, for the period ending January 14, 1936.

Mr. E. L. Berry, for permission to serve at the same time as a director and officer of The First National Bank of Sanger, Sanger, Texas, and as a director and officer of The First National Bank of Lewisville, Lewisville, Texas, for the period ending January 14, 1936.

Approved.

1/19/35

-11-

Letters to the respective Federal reserve agents stating that the Board has reconsidered the following Clayton Act applications and, in accordance with the policy set forth in the Board's letter of January 9, 1935, has issued permits for the period ending January 14, 1936:

Mr. Bartholomew E. Brophel, for permission to serve at the same time as a director of the Genesee Valley National Bank and Trust Company of Geneseo, Geneseo, New York, and as a director and officer of the Genesee River National Bank of Mount Morris, Mount Morris, New York, for the period ending January 14, 1936.

Mr. Arthur E. Crone, for permission to serve at the same time as a director and officer of The Plainfield Trust Company, Plainfield, New Jersey, and as a director and officer of The Plainfield National Bank, Plainfield, New Jersey, for the period ending January 14, 1936.

Mr. B. E. Hendricks, for permission to serve at the same time as a director of The First National Bank of Wahoo, Wahoo, Nebraska, as a director of the Oak Creek Valley Bank, Valparaiso, Nebraska, and as a director of the Union State Bank, Ceresco, Nebraska, for the period ending January 14, 1936.

Mr. Frank E. Langer, for permission to serve at the same time as a director and officer of The First National Bank of Poulsbo, Poulsbo, Washington, and as a director and officer of the Kitsap County Bank, Port Orchard, Washington, for the period ending January 14, 1936.

Approved.

There were then presented the following applications for changes in stock of Federal reserve banks:

<u>Application for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
First Trust & Deposit Company, Syracuse, New York.	432	432

1/19/35

-12-

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 4.</u>		
Beaver Trust Company, Beaver, Pennsylvania.	90	
The Central National Bank of London, London, Ohio.	30	
The Morrow National Bank, Morrow, Ohio.	26	
The Economy National Bank of Ambridge, Ambridge, Pennsylvania.	<u>69</u>	215
<u>District No. 10.</u>		
First Trust Company of King City, King City, Missouri.	33	33
<u>District No. 11.</u>		
The Melissa National Bank, Melissa, Texas.	<u>30</u>	<u>30</u>
	Total	278

Approved.

Thereupon the meeting adjourned.

Cheser Mowice
Secretary.

Approved:

W. H. Stiles
Governor.