

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 22, 1935, at 12:15 p. m.

PRESENT: Mr. Eccles, Chairman,
Mr. Thomas, Vice Chairman
Mr. Hamlin
Mr. Miller
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The Chairman stated that, following the meeting of the Board with the Federal Advisory Council yesterday the Council had held a separate session and had agreed upon the following statement:

"After the joint meeting of the Board of Governors of the Federal Reserve System and the Federal Advisory Council adjourned at 1:05 p. m., the Federal Advisory Council met and adopted the following:

"The Council believes that its recommendation numbered 1 of November 21, 1935, dealing with open market operations and excess reserves of member banks should be published on or before December 20, 1935, which will give ample time for consideration of this recommendation by the Open Market Committee of the Federal Reserve System."

During the ensuing discussion it was pointed out that the first paragraph of the Council's recommendation on open market operations requested that the Board submit the recommendation to the Federal Open Market Committee and that it call a meeting of the Committee for that purpose at an early date.

Chairman Eccles was requested to confer with Governor Harrison, Chairman of the Federal Open Market Committee, and to fix a date between December 10 and 17 for the meeting of the Federal Open Market Committee, which must be held prior

11/22/35

-2-

to December 31, in compliance with the requirement of the law that at least four meetings be held each year.

The Chairman stated that he would confer with Mr. Goldenweiser, Director of the Division of Research and Statistics, and Mr. Thurston, Special Assistant to the Chairman, on the preparation of a reply to the recommendation of the Advisory Council for consideration by the Board which, if approved by the Board, could be released at the time of the publication of the recommendation of the Federal Advisory Council.

Mr. Morrill inquired whether it was desired that the recommendation be sent to the Federal Open Market Committee prior to the Committee meeting.

It was decided that the recommendation should not be sent to the members of the Federal Open Market Committee, but should be submitted to the Committee at the time of its meeting.

Chairman Eccles called attention to the news item appearing in the Wall Street Journal for November 20, regarding the hearing of Mr. A. P. Giannini, on the voting permit application of Trans-america Corporation, and stated that he felt it was very unfortunate that such unauthorized information was given to the press. In this connection, he repeated the suggestion made at a recent meeting of the Board that the members should be as careful as possible in the statements which they make outside of Board meetings, in order to prevent unauthorized information with regard to the business of the Board reaching the press.

11/22/35

-3-

Mr. Hamlin stated that Mr. Giannini had appeared before members of the Board this morning with his attorney and that it had been agreed that the attorney would prepare a statement with regard to the seven proposed standard conditions to be prescribed in connection with issuance of general voting permits, which would be submitted to the Board not later than Tuesday morning of next week. He also stated that Mr. Giannini had referred to the provision in the first standard condition requiring charge-offs on the basis of appraisals of assets by examiners, auditors or appraisers satisfactory to the Federal reserve agent and had stated that he would be unwilling to agree to a procedure which would give the Federal reserve agent the power of final decision in this matter, but that he would be satisfied with a procedure which would provide, in the event of a disagreement, for an appeal to the Board.

This point was discussed and it was agreed that the condition should be revised to make the action of the Federal Reserve agent subject to the approval of the Board.

Mr. Hamlin then stated that in connection with the special condition proposed to be prescribed for the Transamerica Corporation, Mr. Giannini had submitted, through his attorney, a statement in writing and had advised that he would be willing to agree to the amortization of the obligations referred to in the condition over a period of five years or, if required by the Board, over a period of three years. Mr. Hamlin said that, in anticipation of such a sug-

11/22/35

-4-

gestion on the part of Mr. Giannini, he had discussed with members of the staff the question of amortization and that it had been agreed that acceptance of an offer to amortize the obligations over a short period should be recommended to the Board.

After a brief discussion, it was agreed that the special condition should be revised to provide for the payment of the indebtedness within three years, by payments amounting to not less than one-third before the end of the first year and two-thirds before the end of the second year.

Mr. Hamlin then informed the Board that during the hearing Mr. Giannini had served notice that if consideration were to be given to the appointment of Governor Calkins as President of the Federal Reserve Bank of San Francisco he desired to prefer charges against him.

It was pointed out that a final decision could not be reached by the Board as to the seven proposed standard conditions to be prescribed by the Board in connection with the issuance of general voting permits until replies had been received from all Federal reserve banks to the Board's letter of November 9, 1935.

Upon motion by Mr. Hamlin, it was voted that a general voting permit should be issued to Transamerica Corporation and Inter-America Corporation to vote the stock of member banks held by them as holding company affiliates, subject to the proposed seven standard conditions, as revised following the consideration of the replies to the Board's letter of November 9, 1935, and to a special condition that the obligations of Inter-America Corporation, Transamerica Corporation, and/or any affiliated

11/22/35

-5-

organizations or subsidiaries to the Bank of America National Trust and Savings Association shall be paid off within three years, not less than one-third to be paid before the end of the first year and two-thirds before the end of the second year.

Chairman Eccles stated that he had requested Messrs. Clayton and Morrill to prepare a draft of a letter to the heads of the Divisions of the Board's staff, setting forth the policy that is to be followed in preparing the budget of expenses of the Board for the year 1936, and requesting that the budget for the respective divisions be submitted on or before a certain date.

At the suggestion of the Chairman it was agreed that meetings should be held next week on November 26, 27 and 29, for the purpose of considering the drafts of regulations to be issued by the Board and the question of the appointment of directors at Federal reserve banks and branches for terms beginning January 1, 1936. It was also agreed that Regulations I, changes in stock of Federal reserve banks; Q, payment of interest on deposits; and D, reserves of member banks, should be placed on the docket for consideration at the meeting on November 26.

The Board then acted upon the following matters:

Letter dated November 21, 1935, approved by four members of the Board, to Mr. Peyton, Chairman of the Federal Reserve Bank of Minneapolis, stating that the Board approves the establishment without change by the bank on November 18, 1935, of the rates of discount and purchase in its existing schedule.

Approved unanimously.

11/22/35

-6-

Letter dated November 21, 1935, approved by six members of the Board, to Mr. Case, Chairman of the Federal Reserve Bank of New York, reading as follows:

"The members of the Board of Governors of the Federal Reserve System have read with interest your letter of November 14, 1935, with regard to changes in discount rates at the Federal Reserve Bank of New York.

"In reaching the conclusion set forth in its letter of October 31, 1935, to Governor Fleming, the Board had in mind the procedure followed by your bank in submitting changes in discount rates to the Board for approval, as well as the possibility that there will be occasions when expeditious action by the Board on rates established by a Federal reserve bank will be especially important, and the fact that in all cases the banks desire to receive prompt advice of the Board's action. For these reasons, the Board stated in its letter that it would consider and act upon rates of discount submitted to it by the Federal reserve banks as promptly as possible in the circumstances, and it may be added that it is the desire of the Board to take action, if reasonably practicable, on the date upon which advice is received from the Federal reserve banks.

"However, the Board is charged by law with the final responsibility for the review and determination of the rates established by the Federal reserve banks and its action in some instances may be of such importance and may involve such difficult questions of policy that a decision cannot be reached immediately and may require a special inquiry into and discussion of the basis for action in addition to the consideration ordinarily given by the Board to the business and credit situation. In this connection you will recall that the Banking Act of 1935 emphasized the necessity for careful study of the grounds upon which the Board's action may be based by requiring that a record be made of the votes with the underlying reasons therefor and that such record be published with the Board's annual report. With the various possibilities in mind, the Board feels that it would not be justified in committing itself to a procedure that would require it in every case to pass upon rates of discount established by a Federal reserve bank on the date on which advice of the bank's action is received.

"With respect to your suggestion that an opportunity be afforded to discuss the matter at some appropriate time the Board will be glad to meet a committee of your directors for this purpose at any time that is convenient.

Approved unanimously.

11/22/35

-7-

Memorandum dated November 20, 1935, from Mr. Wyatt, General Counsel, recommending an additional leave of absence with pay on account of illness for Miss Kathleen Pendleton, a secretary in the legal division, for such period as may be necessary, but not to exceed thirty days, commencing November 25, 1935.

Approved unanimously.

Telegram to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, authorizing him to issue a limited voting permit to the "Scranton Investment Company", Scranton, Pennsylvania, entitling such organization to vote the stock which it owns or controls of "The Abington National Bank of Clark's Summit", Clarks Summit, Pennsylvania, at any time prior to January 1, 1936, to act upon a proposal or proposals to retire the Class B preferred stock of such bank and to make such amendments to the articles of association and/or by-laws of such bank as may be necessary for such purpose, provided that all action taken shall be in accordance with a plan which shall have been approved by the Comptroller of the Currency. The telegram also stated that it was understood that the applicant did not desire to vote its stock at the bank's next election of directors and that the holding company affiliate relationship apparently would terminate with such election, and that, accordingly, the application for a general voting permit would be held in abeyance pending further developments.

Approved unanimously.

11/22/35

-8-

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

"Receipt is acknowledged of Mr. Gidney's letter of November 13, 1935, and its inclosures, relating to the holding company affiliate status of Ranborough Corporation, Freeport, New York.

"In the light of the facts stated therein, the Board has determined that Ranborough Corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935. Accordingly, that corporation is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act and it is not necessary for that corporation to obtain a voting permit in order to vote the stock which it owns or controls of 'The Citizens National Bank of Freeport', Freeport, New York.

"Inclosed herewith is a letter to Mr. Edward S. Keogh, Vice President, The Citizens National Bank of Freeport, advising him concerning the Board's action. You will please transmit this letter to Mr. Keogh and transmit to Ranborough Corporation the inclosed copy thereof marked 'Copy for Ranborough Corporation'. A copy of the letter is also inclosed for your files. As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection, it is requested that you advise the Board if at any time you believe this matter should again be considered by it."

Approved unanimously, together with a letter to Mr. Edward S. Keogh, Vice President, The Citizens National Bank of Freeport, Freeport, New York, reading as follows:

"This refers to your letter of November 1, 1935, and its inclosures, relating to the holding company affiliate status of Ranborough Corporation, Freeport, New York, and requesting that the Board determine that that corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, and trust companies.

11/22/35

-9-

"The Board understands that, in 1933, the banks belonging to the Nassau County Clearing House Association agreed to advance \$135,000 for the purpose of strengthening the capital structure and improving the cash position of your bank; that, as a part of the plan, Ranborough Corporation was organized and the directors of your bank contributed to that corporation all of the stock (except qualifying shares) which they owned of your bank, retaining an option to repurchase such stock; that the banks loaned \$135,000 to Ranborough Corporation which contributed that sum to your bank; that Ranborough Corporation was organized and now exists solely as an incident to the plan to assist your bank; that Ranborough Corporation owns 3,806 of the 10,000 outstanding shares of stock of your bank which were acquired under such plan but does not have any other assets and does not manage or control any other bank; and that Ranborough Corporation was not organized and is not operated for the purpose of managing or controlling banks and does not hold the stock of your bank for that purpose.

"In view of the above facts, the Board has determined that Ranborough Corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1935, as amended by section 301 of the Banking Act of 1935, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for that corporation to obtain a voting permit in order to vote the stock which it owns or controls of your bank.

"If, however, Ranborough Corporation acquires control over any other bank or the facts should at any time otherwise differ from those stated above to an extent which would indicate that that corporation might be engaged as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

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

"In connection with its consideration of the application of 'Peoples-Pittsburgh Trust Company', Pittsburgh, Pennsylvania, for a voting permit entitling such company to vote the stock which it owns or controls of the 'First National Bank at Pittsburgh', Pittsburgh, Pennsylvania, and the 'Dormont Savings & Trust Company', Dormont, Pennsylvania, the Board has determined that such applicant

11/22/35

-10-

"is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise, you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection, it is requested that you advise the Board if, at any time, you believe this matter should again be considered by the Board."

Approved unanimously, together with a letter to the "Peoples-Pittsburgh Trust Company", Pittsburgh, Pennsylvania, reading as follows:

"This refers to the application of your bank for a voting permit entitling it to vote the stock which it owns or controls of 'First National Bank at Pittsburgh', Pittsburgh, Pennsylvania, and 'Dormont Savings & Trust Company', Dormont, Pennsylvania.

"The Board understands that your bank is engaged in the general banking business and operates seven branches in the city of Pittsburgh; that your bank owns or controls 63.76% of the stock of the Dormont Savings & Trust Company and 46% of the stock of the First National Bank at Pittsburgh, both of which are subsidiaries of your bank; that your bank holds among its investments approximately 1/10 of 1% of the outstanding stock of the Northwest Bancorporation but does not own or control any other bank stock; that approximately 5.35% of the assets of your bank are invested in the stock of your subsidiary banks; and that your bank was not organized and is not operated for the purpose of managing or controlling banks.

"In view of the above facts, the Board has determined that your bank is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, therefore, is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for your bank to obtain a voting permit in order to vote the stock which it owns or controls of First National Bank at Pittsburgh and Dormont Savings & Trust Company, and on this basis the Board will give no further consideration

11/22/35

-11-

"to your application for such a permit.

"If, however, your bank acquires control over any other bank, or the character of the business of your bank, the nature of its assets, or the purpose for which it is operated should at any time differ from the description thereof contained in this letter to an extent which would indicate that it might be engaged as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

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

"In connection with its consideration of the application of 'Woodlawn Trust Company', Aliquippa, Pennsylvania, for a voting permit entitling it to vote the stock which it owns or controls of 'The First National Bank of Aliquippa', Aliquippa, Pennsylvania, the Board has determined that the applicant is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection it is requested that you advise the Board if, at any time, you believe this matter should again be considered by it."

Approved unanimously, together with a letter to the "Woodlawn Trust Company", Aliquippa, Pennsylvania, reading as follows:

"This refers to the application of your company for a voting permit entitling it to vote the stock which it owns or

11/22/35

-12-

"controls of 'The First National Bank of Aliquippa', Aliquippa, Pennsylvania.

"The Board understands that your company is engaged in the general banking and trust business and was organized and is operated for that purpose; that your company owns 445 of the 500 outstanding shares of stock of 'The First National Bank of Aliquippa', but does not hold a significant portion of the stock of, or manage or control, any other bank; that only a relatively insignificant portion of your company's assets is invested in bank stock; and that your company was not organized and is not operated for the purpose of managing or controlling banks.

"In view of the above facts, the Board has determined that your company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for it to obtain a voting permit in order to vote the stock which it owns or controls of 'The First National Bank of Aliquippa' and, on this basis, the Board will give no further consideration to its application for such a permit.

"If, however, your company acquires control over any other bank, or if the facts should at any time otherwise differ from those set out above to an extent which would indicate that your company might be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

Letter to Mr. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"In connection with its consideration of the application of 'Commerce Union Bank', Nashville, Tennessee, for a voting permit entitling it to vote the stock which it owns or controls of 'Broadway National Bank of Nashville', Nashville, Tennessee, the Board has determined that the applicant is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended by section

11/22/35

-13-

"301 of the Banking Act of 1935, and, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for you files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection it is requested that you advise the Board if, at any time, you believe this matter should again be considered by it."

Approved unanimously, together with a letter to the "Commerce Union Bank", Nashville, Tennessee, reading as follows:

"This refers to the application of your bank for a voting permit entitling it to vote the stock which it owns or controls of 'Broadway National Bank of Nashville', Nashville, Tennessee.

"The Board understands that your bank is engaged in the general banking and trust business and was organized and is operated for that purpose; that your bank owns 92.33 per cent of the stock of 'Broadway National Bank of Nashville', Nashville, Tennessee, its sole subsidiary bank, and approximately 35 per cent of the common stock of 'The Harpeth National Bank of Franklin', Franklin, Tennessee, formerly a subsidiary bank; that your bank owns some stock of several other banks but does not manage or control such banks; that only a relatively small portion of your bank's assets is invested in bank stock; and that your bank was not organized and is not operated for the purpose of managing or controlling banks.

"In view of the above facts, the Board has determined that your bank is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for it to obtain a voting permit in order to vote the stock which it owns or controls of 'Broadway National Bank of Nashville' and, on this basis, the Board will give no further consideration to its application for such a permit.

11/22/35

-14-

"If, however, your bank acquires control over any other bank, or if the facts should at any time otherwise differ from those set out above to an extent which would indicate that your bank might be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

Letter to the chairmen of all Federal reserve banks, reading as follows:

"In accordance with the usual practice, a statement showing the 1936 salary provided by your Board of Directors at its first meeting in January for each officer of your bank and branches, if any, subject to the approval of the Board of Governors of the Federal Reserve System, should be forwarded to the Board as early thereafter as practicable. Please list the officers and their salaries in the manner indicated in the attached form, X-9366-a. In case the bank's counsel is not an officer of the bank, his annual retainer fee and any additional compensation for clerk hire should be shown separately.

"Please also furnish the Board as early in January as practicable a statement showing the name of each employee of your bank and branches, if any, on January 1, 1936, and the salary paid to each as of January 1, 1935 and January 1, 1936. The list should be prepared in accordance with the attached sample form, X-9366-b, in order to facilitate checking with the approved personnel classification plan for your bank on file with the Board. It is also requested that a summary statement showing the number of employees as of January 1, 1935, and as of January 1, 1936, and salary changes since January 1, 1935, by salary groups, be submitted in accordance with the attached sample form, X-9366-c. As in the past, the schedules should cover all employees on the bank's payroll, including those whose salaries are reimbursed to the bank in whole or in part.

"The Board's letter of January 5, 1935 outlined in some detail its general position at that time with respect to increases in salaries of officers and employees of the Federal Reserve banks, and in its letter of April 13, 1935 (X-9178) the Board called attention to an increase from \$1,555 to \$1,585 in the average salary of all employees at the Federal Reserve banks, and stated that, while salary increases in individual cases may be necessary, it was felt that under existing conditions such increases during 1935 should not result in an increase in total

11/22/35

-15-

"salary payments or in average salaries, unless a study indicated that the salaries paid to employees by the Federal Reserve bank are materially out of line with those paid by local member banks for comparable services.

"While it has not been practicable as yet to make a detailed study of the information furnished the Board regarding salaries paid by the Reserve banks and by local member banks in response to its letter, X-9178, such study as has been given to the matter indicates that, in general, the salaries paid by Federal Reserve banks are not materially out of line with those paid by local member banks for comparable work.

"The Board feels that the principles set forth in the above mentioned letters should continue to be followed during the year 1936, and that no increases should be made in existing salaries of officers and senior employees unless very exceptional circumstances clearly justify an increase, and that no increases should be made in salaries of junior employees unless there has been a sufficient change in the character or quantity of work performed to clearly warrant an increase."

Approved unanimously.

Letter to Mr. John H. Boushall, Chairman of the Tampa Chapter of the Educational Committee of the American Institute of Banking, Tampa, Florida, reading as follows:

"A reply to your letter of October 25, 1935, has been delayed in order to afford an opportunity to ascertain whether any member of the Board or its staff would be in Florida during the coming winter at a time which would permit of acceptance of your invitation to speak before a forum of bankers in your section.

"It is not now contemplated that any member of the Board's organization will be in the vicinity of Tampa during the winter and, therefore, it will not be possible to accept your invitation. However, the Board has requested me to advise you that your kindness in extending the invitation is very much appreciated."

Approved unanimously.

Letter dated November 21, 1935, approved by five members of the Board, to Mr. William H. McReynolds, Administrative Assistant to

11/22/35

-16-

the Secretary of the Treasury, reading as follows:

"I am writing this letter to confirm as a matter of record our recent conversation in regard to the reimbursement of the Federal reserve banks for the cost of telegrams sent over the Federal reserve leased wires for the account of the Treasury appropriation for miscellaneous and contingent expenses. I need not review the history of this question because it is set forth in the correspondence which has taken place between the Board and the Treasury Department with which you are already familiar.

"It is understood that there has been included in the Treasury estimates of expenses for the fiscal year 1937 an amount sufficient to permit of reimbursement for the telegrams of the kind in question transmitted during that year and that the Treasury Department will do all that it can to have the item included in its appropriations. In view of these assurances and the inability of the Treasury to pay for telegrams transmitted prior to July 1, 1936, the Board will continue to handle such telegrams without reimbursement during the remainder of the fiscal year 1936 with the further understanding that if the appropriation referred to be not obtained the Treasury Department will make some other arrangement under which the Federal reserve banks will be relieved of this expense.

"It will be appreciated if you will advise the Board as to the results of your efforts to obtain the necessary appropriation."

Approved unanimously.

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

<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 10.</u>		
The Commercial National Bank in Muskogee, Muskogee, Oklahoma	90	
The First National Bank of Kansas City, Kansas City, Missouri	<u>600</u>	690
<u>District No. 12.</u>		
The First National Bank of Portland, Portland, Oregon	<u>129</u>	<u>129</u>
	<u>Total</u>	<u>819</u>

Approved unanimously.

11/22/35

Thereupon the meeting adjourned.

Charles Mowbray
Secretary

Approved:

W. S. ...
Chairman.