

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, February 24, 1936, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Ransom

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

Letter to Mr. Powell, Secretary of the Federal Reserve Bank of Minneapolis, stating that the Board approves the establishment without change by the bank today of the rates of discount and purchase in its existing schedule.

Approved unanimously.

Telegram to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Your wire February 17. No action has as yet been taken by Board regarding uniform meeting date for boards of directors of Reserve banks and you will be advised promptly of any action which may be taken. Board will offer no objection for the present to continuance of practice of your bank of holding meetings of board of directors once a month or to inclusion of provisions in by-laws authorizing establishment of discount rates, subject to review and determination of Board of Governors, by executive committee composed as suggested in Board's letter of February 14 (X-9493)."

Approved unanimously, with the understanding that a copy of the above telegram would be sent to the chairmen of all Federal reserve banks.

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Letter to Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letter of January 18, 1936, in reply to the Board's letter of January 13, 1936, with regard to the requirement of the statute that rates of discount be established every fourteen days or oftener if deemed necessary by the Board of Governors. You state that, in order to comply with the requirements of section 14(d) of the Federal Reserve Act as amended, your board of directors changed the dates for its regular meetings from the first and third Thursdays of each month to alternate Thursdays. You point out, however, that, if the date for a meeting of the board falls on a holiday, the meeting must be held either the day before or the day after such holiday and that, if held the day before, fifteen days will elapse until the next meeting is held, whereas, if held the day after, fifteen days will have elapsed since the previous meeting.

"As pointed out in its letter of January 13, the Board of Governors feels that all possible steps should be taken by the Federal Reserve banks to insure action upon discount rates within the period required by the statute. However, it is the view of the Board that there will be a substantial compliance with the provisions of the statute if rates of discount are established by a Federal Reserve bank on alternate Thursdays or, when such an alternate Thursday falls on a holiday, then on the next preceding or the next succeeding business day.

"On the other hand, when failure to establish discount rates results from the absence of a quorum at a meeting of the directors, a different question is presented. It can only result from a failure of a majority of the directors to attend the meeting, and it would seem obvious that all possible steps should be taken to avoid such an occurrence.

"For your information in this connection, there is inclosed herewith a copy of a telegram which is being sent by the Board today to one of the other Federal Reserve banks relating to the establishment of discount rates."

Approved unanimously.

Memorandum dated February 21, 1936, from Mr. Morrill stating that Mr. Ransom had requested him to submit to the Board a recommendation that Mrs. Annie Ingram Cotten of Atlanta, Georgia, be appointed as Mr.

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Ransom's private secretary, with salary at the rate of \$3,000 per annum, effective as of the date upon which she enters upon the performance of her duties after having satisfactorily passed the usual physical examination. The memorandum stated that following approval of the recommendation contained therein, the Secretary's office would make the necessary arrangements to have Mrs. Cotten's physical examination made by the physician regularly retained for that purpose by the Federal Reserve Bank of Atlanta.

Approved unanimously.

Telegram to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Your wire February 24 has been brought to attention of Board of Governors. Board accepts your resignation as Class C director of the Federal Reserve Bank of Minneapolis and Chairman and Federal Reserve Agent at that bank effective at the close of February 29, 1936. Board approves your appointment as President of the Federal Reserve Bank of Minneapolis for term of five years beginning March 1, 1936. Board also approves salary fixed for you as President by your board of directors at the rate of twentyfive thousand per annum for the period from March 1 to December 31, 1936 inclusive. Board desires that any release by public announcement or otherwise be deferred until end of this week. This is in accordance with Chairman Eccles' talk with you last week."

Approved unanimously.

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

"Receipt is acknowledged of your letter of February 15, 1936, inclosing a copy of a tentative draft of the revised by-laws which was presented to the meeting of the board of directors of your bank held on February 14, 1936. You state

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"that the matter of formally adopting such by-laws was postponed until the regular March meeting in order that the tentative draft might be submitted to the Board of Governors for such criticisms and suggestions as it might wish to make.

"Since the dispatch of your letter of February 15 you have doubtless received the Board's letter of February 14, 1936 (X-9493), in which certain suggestions are made with reference to the by-laws of the Federal Reserve banks, and it is assumed that these will be given consideration in connection with the revision of your by-laws. The Board of Governors has no further suggestions or comments to make with respect to the by-laws of your bank at this time."

Approved unanimously.

Memorandum dated February 20, 1936, from Mr. Smead, Chief of the Division of Bank Operations, recommending that, in order that space may be available on the third floor of the Shoreham Building for office space for Mr. Miller, and that there may be room for expansion either in that Division or in one of the other divisions housed in the Shoreham Building, the Board enter into a contract for the rental of rooms 330 to 334 in the Shoreham Building, (about 978 square feet) at a cost of \$2.75 per square foot, the lease otherwise to be on the same terms and conditions as the Board's present leases for space in the Shoreham Building, and that, in accordance with suggestions of the Secretary's office, the Division of Bank Operations give up rooms 335 to 338 now occupied by it, such rooms to be reserved for the use of Mr. Miller and for expansion purposes.

Approved unanimously.

Memorandum dated February 20, 1936, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the Board lease for the Division additional space on the fifth floor of

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the Shoreham Building comprising five rooms with an aggregate area of about 1,180 square feet, at a cost of \$2.75 per square foot, the lease otherwise to be on the same terms and conditions as the Board's present leases for space in the Shoreham Building.

Approved unanimously.

Thereupon the meeting adjourned.

Oliver Morice  
Secretary.

Approved:

W. S. Lewis  
Chairman.