

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, March 12, 1936, at 1:00 p. m.

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

Mr. Morrill, Secretary

There was presented a letter received from Deputy Chairman Moore of the Federal Reserve Bank of San Francisco under date of March 6, 1936, stating that at a meeting of the board of directors held on February 28 Mr. John U. Calkins was elected as Special Adviser to the board of directors of the bank for the period from March 1, 1936, to and including June 1, 1936, with salary at the rate of \$2,500 per month, and that the approval of the Board of Governors of the Federal Reserve System would be appreciated.

After a discussion, the Secretary was authorized by unanimous vote to send a telegram to Mr. Moore reading as follows:

"At a meeting of the Board today consideration was given to your letter of March sixth. Board assumed from your letter that purpose of election of Mr. Calkins as Special Advisor to board of directors for period from March 1, 1936 to and including June 1, 1936 at monthly salary of \$2,500 is to enable him to make such adjustments in his affairs as are desirable including taking necessary steps for obtaining benefits of Retirement System at end of that period and that his employment and compensation will terminate on June 1, 1936. Board approves salary as recommended on this basis."

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

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Telegrams to Mr. Delano, Class "C" Director of the Federal Reserve Bank of Richmond, and Mr. Thomas, Chairman of the Federal Reserve Bank of Kansas City, stating that the Board approves the establishment without change today by the respective banks of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memoranda dated March 9 and 11, 1936, from Mr. Paulger, Chief of the Division of Examinations, recommending that Mr. Gordon R. Murff, an assistant Federal reserve examiner, who was taken seriously ill on February 6 while in duty status, and in view of advice from Mr. Murff's physician that it would probably be six months at least before Mr. Murff would be able to resume his duties, be granted a leave of absence on account of illness with full pay for the period from February 6 to September 1, 1936, or until such earlier date as he may be able to resume his duties, and that he be granted a per diem allowance of \$5.00 per day for the period from February 6 to March 3, 1936, inclusive, during which time he was ill away from his home station.

Approved unanimously.

Letter, addressed by the Chairman in accordance with the authority granted at the meeting of the Board on February 18, 1936, to Mr. Frederic A. Delano, Class "C" Director of the Federal Reserve Bank of Richmond, reading as follows:

"I have brought to the attention of the other members of the Board your letter of March 4, 1936, and have advised them of our subsequent telephone conversation with respect

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"to your designation as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Richmond. The Board appreciates very much the genuine spirit of helpfulness you have shown in agreeing to undertake this important public service and I have been requested to advise you of its desire to cooperate with you in every possible way in the discharge of the duties incident to the office.

"In accordance with the statement contained in your letter that you would be willing to serve until the first of June or perhaps longer, the Board has designated you as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Richmond for the remainder of the calendar year with the understanding that if before the end of the year, you find your duties a too onerous addition to your many other responsibilities, the Board will select someone to succeed you. The designation will become effective when you have executed the usual oath of office and a corporate surety bond in the amount of \$100,000. When executed, the bond should be examined by counsel for the Federal Reserve Bank of Richmond to see that it is executed in accordance with the rules printed on the reverse side of form of bond 181, and sent to the Board promptly for approval. It will be appreciated if you will forward to the Board for its records a written confirmation of your acceptance of the designation.

"As suggested by you and pursuant to the understanding that the position of Chairman and Federal Reserve Agent at the bank is to be on an honorary basis, the Board has fixed for you a per diem at the rate of \$50.00 for each day you are in Richmond in connection with the discharge of your duties, which will include compensation and traveling expenses.

"Inasmuch as you will be in Washington much of the time, the Board will be pleased to have you call at its offices at any time to discuss matters which may arise at the bank.

"With kind personal regards, I am"

Approved unanimously.

Letter to Mr. Harrison, President of the Federal Reserve Bank of New York, reading as follows:

"This refers to Mr. Sailer's letter of March 6, 1936, requesting approval of the continuation for a period of three months from March 20, 1936, of the temporary assignment of Mr. Charles E. Diringer to the position of directing the Work Relief Checks section.

"In view of the circumstances outlined in Mr. Sailer's letter, the Board approves the continuation of the assignment of Mr. Diringer to directing the Work Relief Checks

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"section for a period of three months from March 20, 1936."

Approved unanimously.

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

"Receipt is acknowledged of your letter of March 2 stating that the Commissioner of Banking and Insurance of New Jersey has expressed a desire to work out some arrangement whereby the requirements of both State and Federal law, for publication of condition reports by State bank members in New Jersey, could be satisfied by the publication by such banks of only one form of report at each call, and that in order to bring this about the Commissioner is willing to adopt the Board's Form 105e, as recently revised, with one change consisting of the addition of an item directly following Item 1, Loans and Discounts, to read as follows:

'1(a) Bonds and Mortgages on Real Estate'.

"You recommend that, in order to avoid the expense and necessity of duplicate publication when calls are made as of the same date by the State banking department and the Board of Governors of the Federal Reserve System, the Board permit the amended form of publication for State bank members in New Jersey. As you know, the Board has heretofore decided (in telegram TRANS 2359 of January 11, 1936) that, when additional information is required to be published by State law or the State banking department, such additional information should be shown following all information called for by the Board's Form 105e and under an appropriate heading. The Board also recently advised one Federal Reserve bank that it would have no objection to a member bank's adding the words 'Includes Federal Reserve bank cashier's checks for \$_____' after the caption 'Other assets', in order to reflect the amount of such checks pledged against deposits.

"In the case of State bank members in New Jersey, the Board would have no objection to their showing in parentheses following the item 'Loans and discounts' the following: 'Includes \$_____ bonds and mortgages on real estate'. This method of presentation would leave the captions in the Board's Forms 105 and 105e unchanged but would enable the banks in New Jersey to comply with the desire of the Commissioner of Banking and Insurance of New Jersey that bonds and mortgages on real estate be shown separately. If such a procedure is agreeable to the Commissioner, it is suggested that, in sending out blank forms for the next call to State bank members in

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"New Jersey, you advise them of the requirement of the State banking department and request that, in call reports Form 105 and published statements Form 105e, they show the amount of bonds and mortgages on real estate held by them against the caption '(Includes \$_____ of bonds and mortgages on real estate)' following the caption of Item 1, Loans and discounts."

Approved unanimously, with the understanding that a copy of the letter would be sent to all other Federal reserve agents for their information.

Letter to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"This refers to Mr. Young's letter of January 25, 1936, relating to the holding company affiliate status of American Holding Corporation, Chicago, Illinois.

"It has been the Board's view that a technical construction should not be placed upon the language of section 301 of the Banking Act of 1935, amending the definition of the term 'holding company affiliate' contained in section 2(c) of the Banking Act of 1933, and that it should give effect to the intent of such amendment that the Board should have the power to exempt organizations which are technically holding company affiliates but which do not come within the intent and purposes of the holding company affiliate legislation relating to voting permits. Since the fundamental purpose of such legislation was to regulate group banking, it has been deemed proper to make the prescribed determination in any case in which group banking is not involved.

"Accordingly the Board has made such determinations in circumstances quite similar to those existing in the case of American Holding Corporation but if, after consideration of this letter, you should still feel that for any reason it is not desirable to contact American Holding Corporation, the Board will not insist upon your doing so. However, it is suggested that you at least furnish to that corporation, for its information, a copy of the Board's Regulation P, revised effective January 1, 1936, if you have not already done so."

Approved unanimously.

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

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"Retel March 5 regarding execution of power of attorney to Federal Reserve Agent at New York to accept direct obligations of the United States as collateral security for Federal Reserve notes. Board believes that acceptance of direct obligations of the United States by Federal Reserve Agent at New York as collateral security for Federal Reserve notes should be pursuant to authorization contained in power of attorney executed by Federal Reserve agent, at a Reserve bank where there is a Federal Reserve agent, rather than by Assistant Federal Reserve agent. Accordingly, it is Board's opinion that you should comply with the request of the Federal Reserve Agent at New York for a new power of attorney running from you to him, in lieu of the power of attorney executed by the Assistant Federal Reserve Agent at Atlanta."

Approved unanimously.

Letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to Assistant Federal Reserve Agent Powell's letter of February 19, 1936, addressed to Mr. Smead.

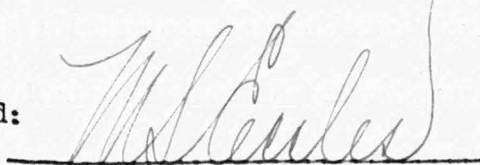
"It is noted that your bank has at times sold copies of the Federal Reserve Act to persons requesting one for some immediate need and that advice is requested as to whether you are entitled to make a charge for copies of the Federal Reserve Act handed out to the general public, and if so, whether your method of accounting for such receipts by crediting expense is satisfactory.


"As you will note from the title page, paper bound copies of the Federal Reserve Act may be obtained from the Superintendent of Documents, Washington, D. C., for 50 cents. There is no objection to your bank's making a charge of 50 cents for copies of the Act whenever it appears desirable to do so. With reference to the accounting question you raise, it is suggested that amounts received for copies of the Federal Reserve Act be credited to 'Miscellaneous earnings' rather than to 'Expenses'."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.