

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, April 6, 1936, at 11:30 a. m.

PRESENT: Mr. Broderick, Chairman pro tem
Mr. McKee
Mr. Ransom

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

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

Telegrams to Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. Powell, Secretary of the Federal Reserve Bank of Minneapolis, and Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, stating that the Board approves the establishment without change by the respective banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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

"This refers to Mr. Fry's letter of March 20, 1936, and its inclosures, relating to the status of Howard County Liquidating Corporation, Ellicott City, Maryland, as a holding company affiliate under the provisions of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935.

"The Board has determined that Howard County Liquidating 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

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"Act of 1933, as amended by section 301 of the Banking Act of 1935, and, accordingly, that corporation 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 Howard County Liquidating Corporation advising it concerning the Board's action in this matter. Please transmit the letter to that 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 the Howard County Liquidating
Corporation, Ellicott City, Maryland, read-
ing as follows:

"This refers to the application of your corporation for a voting permit entitling it to vote the stock which it owns or controls of Commercial and Farmers Bank, Ellicott City, Maryland; to the general voting permit issued to your corporation on June 13, 1935; and to your corporation's request that the Board determine that it 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.

"The Board understands that your corporation was organized as a part of a plan for the liquidation of the closed Washington Trust Company of Maryland, Ellicott City, Maryland, and the organization of Commercial and Farmers Bank to succeed that institution; that it performs no functions except in that connection; that it owns or controls 4,825 of the 5,000 outstanding shares of stock of Commercial and Farmers Bank and 40 of the 10,000 outstanding shares of stock of Catonsville National Bank, Catonsville, Maryland; and that it does not own or control any other bank stock or manage or control any bank other than Commercial and Farmers Bank.

"In view of such facts, the Board has determined that your 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, and, accordingly, your corporation is not a holding company

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"affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"If, however, your corporation 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 corporation 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.

"In view of the fact that your corporation is no longer a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act, the voting permit heretofore issued to your corporation is void and of no effect. If your corporation is later determined by the Board to be a holding company affiliate subject to the provisions of law relating to voting permits, it will be necessary for your corporation to obtain a new voting permit before the stock which it then owns or controls of any subsidiary member bank can lawfully be voted."

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

"Referring your letter of April 3 and resolution adopted by your board of directors on April 2, Board approves contribution of \$7,500 by your bank to the Retirement Fund of the Federal Reserve Banks for the purpose of supplementing the retirement allowance to which Jno. U. Calkins is entitled under the rules and regulations of the retirement system. This contribution is in addition to the \$7,500 authorized to be paid to Mr. Calkins as Special Adviser to your Board for period March 1 to June 1."

Approved unanimously. In taking action on this matter it was understood that Chairman Eccles and Mr. Szymczak were in favor of the payment referred to.

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

"One of the Federal Reserve banks has requested the Board of Governors of the Federal Reserve System to modify

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"the instructions contained in its letter, X-9405, of December 27, 1935 so as to permit a Federal Reserve bank, in its discretion, to pay to an employee under age 55 with 10 years or more of service who is involuntarily separated from the service of the Federal Reserve bank a dismissal wage equal to 6 months' salary in lieu of the payments authorized in the Board's letter above referred to.

"The Board has given careful consideration to this request and, inasmuch as employees who lack many years of having attained age 55 may find it more advantageous to them to receive a dismissal wage equal to 6 months' salary rather than the payments authorized in the Board's letter X-9405, the Board authorizes your bank, in its discretion, to pay not to exceed 6 months' salary in a lump sum, or in not to exceed 6 monthly installments, to employees under age 55 with 10 years or more of service who are involuntarily separated from the service of your bank, in lieu of the benefits authorized in paragraph (a) of its letter, X-9405, of December 27, 1935."

Approved unanimously.

Thereupon the meeting adjourned.

Robert H. Morris
Secretary.

Approved:

J. A. Groves
Chairman pro tem.