

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, May 14, 1936, at 11:00 a. m.

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

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. Delano, Chairman of the Federal Reserve Bank of Richmond, and Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated May 12, 1936, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the appointment of Mr. Carl H. Schwartz, Jr. as a junior research assistant in the Division, with salary at the rate of \$3,200 per annum, effective as of the date upon which he enters upon the performance of his duties after having satisfactorily passed the usual physical examination.

Approved unanimously.

Memorandum dated May 12, 1936, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the appointment of Miss Eleanor M. Esser as a library assistant in the Division, with salary

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at the rate of \$1,440 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.

Approved unanimously.

Letter to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letter of May 7, 1936, advising that subject to the approval of the Board of Governors of the Federal Reserve System, and effective June 1, 1936 or on such other date as it may be convenient for the Board to release him, the board of directors of your bank had appointed Mr. Frank J. Drinnen as First Vice President of the Federal Reserve Bank of Philadelphia for the unexpired portion of the five-year term ending February 28, 1941, and had fixed his salary at the rate of \$15,000 per annum. Receipt is also acknowledged of the letters written by you and President Sinclair under date of May 13, 1936, advising that the appointment of Mr. Drinnen was at the suggestion of President Sinclair and in no respect on the recommendation or suggestion of any member of the Board of Governors of the Federal Reserve System or its staff.

"The Board approves the appointment of Mr. Drinnen as First Vice President of your bank for the period stated and, as it will be convenient for the Board to release Mr. Drinnen as of June 1, it approves, for the period from June 1 to December 31, 1936, the salary at the rate of \$15,000 fixed by your directors for him in the new position.

"The Board also approves for the period from May 7 to December 31, 1936, inclusive, the salary at the rate of \$12,000 per annum fixed by your directors for Mr. W. J. Davis as Vice President of the Federal Reserve Bank of Philadelphia. Advice of Mr. Davis' appointment as Vice President and of the salary fixed by your directors for him in the new position was also contained in your letter of May 7."

Approved unanimously.

Letter to "The Depositors National Bank of Durham", Durham, North Carolina, reading as follows:

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"The Board of Governors of the Federal Reserve System has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of North Carolina, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Letter to Mr. F. V. Grayson, Auditor of the Federal Reserve Bank of Cleveland, reading as follows:

"Your letter of May 5 and your report of the audit of the Fiscal Agent's books for the period January 1 to April 18, 1936, inclusive, are being brought to the attention of the members of the Board of Governors.

"Your understanding that payments to be made to the Architect as compensation for the services of his firm and of the consulting engineers associated with him under the terms of Article 5 of the contract are to be calculated on a basic cube of 3,660,784 cubic feet is correct, these figures having been agreed upon between the Architect and the Board's Superintendent of Construction.

"The bonds to which you refer in the fourth paragraph of your letter have been examined and passed upon by the Board's counsel, and the insurance policies have been examined and are receiving further consideration in connection with certain details. We shall be very glad to make the bonds and policies available for your inspection at any time you are here. It is our feeling that the question of the extent to which you should check into these matters is one for the exercise of your own judgment.

"Copies of your certification of the audit as of the close of April 18, 1936, will be sent to all of the Federal reserve banks in accordance with the practice which has been

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"established in that connection.

"With respect to your recommendation that audits of the Board's books and accounts be limited to three in each calendar year, one to be made at the close of each year and the other two at irregular dates, it is believed that this number of audits will be entirely adequate and therefore the Board approves your recommendation."

Approved unanimously.

Letter to the George A. Fuller Company, Washington, D. C., reading as follows:

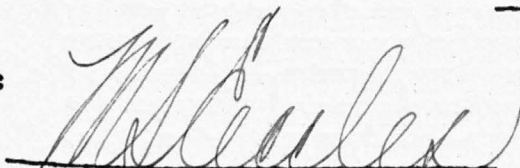
"Reference is made to Mr. Pugh's letter of April 20, 1936, submitting for the consideration of the Board the name of The Harris Granite Quarries Company, Salisbury, North Carolina, as proposed subcontractor for the Durax Blocks, as specified in paragraph 5 of section 12 of the Specifications.


"I am authorized by the Board to advise you in accordance with Article 31 of the construction contract that the above named firm is not objectionable to the Board for the purposes stated in your letter."

Approved unanimously, the sub-contractor referred to having been approved by the Board's architect, the Board's superintendent of construction and by Mr. Miller.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.