

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 27, 1936, at 12:30 p. m.

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

Mr. Morrill, 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:

Telegram to Mr. Paddock, First Vice President of the Federal Reserve Bank of Boston, 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.

Memorandum dated May 26, 1936, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the temporary appointment for a period of three months of Mr. William J. Carson to assist in the research work of the Division, with salary at the rate of \$600 per month, effective as of the date upon which he enters upon the performance of his duties.

Approved unanimously.

Memorandum dated May 18, 1936, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignation of Miss F. Beverly Mathews as a stenographer in the Division. The memorandum stated that

5/27/36

-2-

Miss Mathews had been employed in the Division for a period of two years; that on the basis of twenty-six days annual leave per year, she would be entitled to ten days, five hours, and fifty minutes leave at the end of May; and that this leave minus the annual leave already taken by her this year would make the effective date of her resignation June 9, 1936, although her duties would cease at the close of business May 29. The memorandum recommended that, in view of the excellent service Miss Mathews had rendered, her leave be extended to the close of June 15, 1936, and that her resignation be accepted as of that date.

Approved unanimously.

Letter to the board of directors of "The Chesaning State Bank, Chesaning, Michigan", Chesaning, Michigan, stating that, subject to the conditions of membership numbered 1 to 6 contained in the Board's Regulation H, and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago:

- "7. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

Approved unanimously, for transmission through the office of the Federal Reserve Agent at the Federal Reserve Bank of Chicago.

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

"This refers to Mr. Stevens' letter of March 11, 1936, with inclosures, suggesting that the Board defer enforcing the requirements of its condition of membership requiring State member banks in Illinois which have accepted the condition to pledge securities with their trust departments if trust funds are deposited in their banking departments or

5/27/36

-3-

"are otherwise used in the conduct of their business, until the Illinois Supreme Court has disposed of the appeal which Mr. Stevens has indicated will be taken from a decision rendered by the Superior Court of Cook County, Illinois, on March 6, 1936, in the case of Barrett, Auditor v. Reuter. It has been noted that this decision holds that the authority granted to trust companies by the Illinois Trust Companies Act, as amended July 13, 1935, to pledge collateral to secure trust funds in the manner required by the condition of membership is not applicable to State banks.

"In letters dated June 7, 1935, and August 10, 1935, with reference to the Springfield Marine Bank, Springfield, Illinois, and in a letter dated March 6, 1936, regarding the Peoples Bank of Bloomington, Bloomington, Illinois, the Board advised Mr. Stevens that, for the reasons stated therein, it did not feel that it was justified in waiving compliance with the condition of membership by State member banks in Illinois which are subject thereto. The Board does not understand that the decision in the case of Barrett v. Reuter changes the situation in Illinois, as described in those letters, and, upon the basis of the information submitted with Mr. Stevens' letter of March 11, 1936, the Board is not inclined at this time to defer the enforcement of the requirements of the condition. However, before taking any action in the matter, you are requested to furnish the Board with definite advice as to whether the appeal referred to above has been or will be perfected and as to when the Illinois Supreme Court can reasonably be expected to render a decision on any such appeal."

Approved unanimously.

Letter to "The First National Bank of Pomona", Pomona, California, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplementary application for fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, guardian of estates, assignee and receiver, grants you authority to act, when not in contravention of State or local law, as registrar of stocks and bonds, 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 California, 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.

5/27/36

-4-

"Your application also requested authority to act as transfer agent. This is not one of the specific powers which the Board has authority to grant under the provisions of Section 11(k) of the Federal Reserve Act, but the authority granted you to act in "any other fiduciary capacity," etc. includes the right to act as transfer agent if State banks, trust companies or other corporations which come into competition with national banks are permitted to act in that capacity under the laws of your State.

"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.

Telegram to Mr. Thomas, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Retel May 23, 1936, concerning inquiry from First National Bank and Trust Company, Oklahoma City. Prohibition contained in subsection (b) of section 11 of Regulation F, revised effective June 1, 1936, is applicable to sales of trust assets to directors, officers or employees of trustee bank although trust instrument authorizes such sales. It is understood that transactions in question can be consummated prior to June 1, the effective date of the revised regulation, and question whether such sales should be made prior to that date is one for the bank's determination in light of established principles applicable to administration of trusts. When regulation was under consideration Board did not receive suggestion from any source that exception be made because such sales are authorized by the trust instrument but Board will be glad to consider any suggestions for a modification of the regulation in the respect referred to which you and counsel for your bank may consider desirable."

Approved unanimously.

Letter to Mr. R. A. McKinley, Director, Department of Financial Institutions, Indianapolis, Indiana, reading as follows:

"This refers to your letter of May 9, 1936, and inclosures, addressed to the Board's General Counsel, relating to the question whether certain forms of certificates of

5/27/36

-5-

"deposit comply with the provisions of Regulation Q.

"Exhibit A inclosed with your letter consists of four forms of certificates of deposit furnished to you by the Assistant Federal Reserve Agent at Chicago. These forms are similar to those published by the Board at page 708 of the Federal Reserve Bulletin for November, 1933. In the opinion of the Board, the forms of certificates submitted to you by the Assistant Federal Reserve Agent at Chicago would comply with the provisions of Regulation Q if the proper rates of interest were inserted in the blanks in such forms.

"The provision of these forms which may have caused misunderstanding is the following provision contained in forms 3 and 4: 'Interest payable for full months only at % per annum if left or % if left more than '.

(days or months)

(days or months)

"A time certificate of deposit payable upon 30 days' written notice which provides for interest at 1 per cent per annum if left 30 days but less than 90 days, or 2 per cent per annum if left 90 days but less than 6 months, or $2\frac{1}{2}$ per cent per annum if left 6 months or longer is not permitted by the provisions of the supplement to Regulation Q. Since such a time certificate of deposit would be payable upon 30 days' written notice, it would fall within the provisions of section (3) of the supplement, and the maximum rate of interest payable thereon would be 1 per cent per annum even though the deposit were left with the bank for a year or more.

"In other words, the applicable maximum rate of interest payable on a time certificate of deposit may not be determined by the length of time the deposit is left with the bank but must be determined by the length of the period from the date of the deposit to its specified maturity or the period of notice of withdrawal or payment required by the certificate. Of course, a certificate payable upon 30 days' written notice could provide for interest at $1/2$ per cent per annum if left 2 months, $3/4$ per cent per annum if left 3 months, or 1 per cent per annum if left 4 months, but no matter how long the deposit is left with the bank the rate of interest payable on such a certificate may not exceed 1 per cent per annum.

"No attempt will be made to express an opinion concerning each of the numerous printed forms included in Exhibit B. You state that these forms were furnished by various banking supply houses and have been provided to banks subsequent to January 1, 1936. It appears that several of them do not comply with the provisions of Regulation Q. For instance, the form of The Union State Bank, Delphi, Indiana, obligates the bank to pay a certain sum '12 months after date or at any time prior thereto upon 31 days demand notice in writing on return of this certificate properly endorsed. Interest at rate of 2% per annum from date

5/27/36

-6-

"for even months if left 90 days, 3% if left one year."

"A member bank could not pay the rate of interest provided in such certificate since, under the provisions of the supplement to Regulation Q, the maximum rate payable upon a time deposit payable upon 31 days' written notice is 1 per cent per annum. No higher rate could be paid on such a certificate payable upon 31 days' written notice even if the deposit were actually left with the bank for several years. The provisions in several of the certificates included in Exhibit B for interest at the rate of 3 per cent per annum are, of course, not permissible under the existing supplement to Regulation Q.

"With reference to Exhibit C, it is the opinion of the Board that the specimen forms of certificates in such exhibit would comply with the provisions of Regulation Q, if the blanks for the rate of interest and the date of maturity or period of notice were filled in pursuant to the provisions of the regulation. In this connection, you are advised that the forms of certificates published at page 708 of the November 1933 Federal Reserve Bulletin comply with the provisions of Regulation Q, except that 3 per cent interest may no longer be paid, and the name of the Federal Reserve Board has been changed to the Board of Governors of the Federal Reserve System. A copy of the Federal Reserve Bulletin for November 1933 is inclosed herewith. As there stated, however, no particular form of time certificate of deposit is required and a deposit evidenced by any form which complies in all respects with the definition of time certificates of deposit set forth in Regulation Q may be treated as a time deposit for the purposes of the regulation. Accordingly, the Board does not contemplate prescribing any specific form of certificate of deposit for use by member banks.

"In the opinion of the Board, the two forms of certificates of deposit of the Fletcher Trust Company marked Exhibit D comply with the provisions of Regulation Q.

"Exhibit E inclosed with your letter is a printed form of application for payment in emergency of a time deposit before maturity. You state that this notice is attached to the original certificate of deposit at the time the notice is executed and the withdrawal made in accordance with subsection (d) of section 4 of Bank Regulation No. 10 of your Department and subsection (d) of section 4 of Regulation Q.

"The application form contains the following statement: 'This withdrawal is necessary to defray payment of certain obligations requiring immediate payment, to-wit:'. Such a statement together with a mere itemization of the obligations would not comply with the provisions of Regulation Q, which requires 'an application describing fully the circumstances

5/27/36

-7-

"constituting the emergency which is deemed to justify the payment of the deposit before maturity.' It is believed that, in order to comply with Regulation Q, the words quoted above from the form of application should be changed to 'This withdrawal is made necessary by the following circumstances (describe fully the circumstances constituting the emergency):', and the blank spaces should be increased to give room for a full description of the circumstances.

"Of course, the Board recognizes that your Department may possibly interpret Regulation No. 10 in a somewhat different manner than the Board interprets Regulation Q, but these comments are given with the hope that they may be of some assistance to your Department. If, at any time in the future, the Board can render any service to you or the Department of Financial Institutions it will be glad to do so."

Approved unanimously, together with a letter to the Federal reserve agents at all Federal reserve banks, reading as follows:

"The Board has recently received an inquiry which indicated that there may be some misinterpretation of the provisions of the supplement to Regulation Q establishing a graduated scale of maximum rates of interest payable upon time deposits having different maturities or payable upon written notice of different periods. This inquiry indicated that such misinterpretation of the regulation may possibly have been caused in part by the forms of time certificates of deposit published at page 708 of the Federal Reserve Bulletin for November, 1933.

"These forms complied with the definition of 'time certificates of deposit' under the edition of Regulation Q in effect when they were published and also comply with the definition of such term in the current revision of Regulation Q. However, the rate of interest provided in such forms (3 per cent per annum) may not now be paid by a member bank.

"The provision of these forms which may have caused misunderstanding is the following provision contained in forms 3 and 4: 'Interest payable for full months only at ___ per cent per annum if left _____ or ___ per cent if left more than _____.'

(days or months)

(days or months)

"A time certificate of deposit payable upon 30 days' written notice which provides for interest at 1 per cent per annum if left 30 days but less than 90 days, or 2 per cent per annum if left 90 days but less than 6 months, or $2\frac{1}{2}$ per

5/27/36

-8-

"cent per annum if left 6 months or longer is not permitted by the provisions of the supplement to Regulation Q. Since such a time certificate of deposit would be payable upon 30 days' written notice, it would fall within the provisions of section (3) of the supplement, and the maximum rate of interest payable thereon would be 1 per cent per annum even though the deposit were left with the bank for a year or more.

"In other words, the applicable maximum rate of interest payable on a time deposit may not be determined by the length of time the deposit is left with the bank but must be determined by the length of the period from the date of the deposit to its specified maturity or the period of notice of withdrawal or payment required by the certificate. Of course, a certificate payable upon 30 days' written notice could provide for interest at 1/2 per cent per annum if left 2 months, 3/4 per cent per annum if left 3 months, or 1 per cent per annum if left 4 months, but no matter how long the deposit is left with the bank the rate of interest payable on such a certificate may not exceed 1 per cent per annum.

"In any case in which a member bank, under a misapprehension as to the rate of interest payable on a time certificate of deposit of the kinds published at page 708 of the Federal Reserve Bulletin for November 1933 has, in good faith, issued any time certificate of deposit which provides that interest shall be paid thereon at a rate determined by the length of time the deposit is left with the bank when such interest would be at a rate in excess of the maximum rate determined on the basis of the length of the period of notice required for withdrawal or payment, the Board will not object to the payment of interest on such certificate in accordance with its terms, provided that the certificate and the rate of interest payable thereon comply in other respects with the provisions of Regulation Q and that such steps be taken by the bank through notice to the depositor or otherwise as may be necessary to bring such certificate into conformity with the provisions of the regulation as soon as possible."

Letter to Mr. K. A. Cooper, Cashier, First National Bank at Gallitzin, Gallitzin, Pennsylvania, reading as follows:

"This refers to your letter dated May 6, 1936, requesting the Board's opinion as to whether a deposit of the Gallitzin Fire Company Relief Association may be classified by a member bank as a savings deposit under the definition contained in section 1(e) of Regulation Q.

"From your letter it is understood that the Gallitzin

5/27/36

-9-

"Fire Company is a chartered volunteer fire company not operated for profit; that the Relief Association is an organization within the Fire Company; and that the only function of the Relief Association is to accumulate funds, principally from the 2 per cent tax on foreign fire insurance premiums received from the State, and to disburse such funds from time to time as required to members of the Fire Company who may meet with accident in performing their duties as volunteer firemen.

"As stated in your letter, the Board has recently ruled that deposits of municipalities and subdivisions or departments thereof, such as fire departments, may not be classified as savings deposits under section 1(e) of Regulation Q. However, the Board has also issued a ruling to the effect that deposits of volunteer fire companies of the type described in your letter may be classified by member banks as savings deposits on the ground that such organizations are not operated for profit and are 'operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes'.

"It is the view of the Board that the Gallitzin Fire Company Relief Association may properly be considered as an organization operated primarily for the purposes stated above and, if such organization is not operated for profit, it is the view of the Board that deposits made by it in a member bank may be classified as savings deposits under the provisions of section 1(e) of Regulation Q, if they comply in other respects with the provisions of the regulation."

Approved unanimously.

Letter to Mr. Thomas A. Heydon, Tulsa, Oklahoma, reading as follows:

"Your letter of May 18, 1936, relating to margin requirements, has been received.

"You inquire first as to whether the Board's existing margin requirements are to be altogether inflexible or whether they are likely to be changed from time to time. Since the Board has been given a certain responsibility under the law for fixing margin requirements, together with authority to raise or lower such requirements, it is to be expected that the Board will from time to time use this power to change margin requirements in either direction.

"You also inquire whether it is 'the intention of the Board to vary margin requirements directly with the rising and sagging markets'. In view of the terms of the Securities Exchange Act of 1934, of which a copy is inclosed for your consideration, it may be fairly said that market conditions

5/27/36

-10-

"are one of the factors, but by no means the only factor, that the Board will take into consideration in deciding questions of policy relating to margin requirements. Your attention is especially invited to section 7(b) of the Act."

Approved unanimously.

Letter to Mr. Thomas, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"This refers to your letter of May 12, 1936, and inclosures, submitting an inquiry from Mr. Harold Johnson, attorney for the Nebraska Banking Department, as to whether it is necessary for a Nebraska State member bank to amend its articles of incorporation so as to provide that the minimum number of its directors shall be not less than 5.

"This inquiry was made as a result of the Board's suggestion that the Deuel County State Bank, Chappell, Nebraska, consider the desirability of taking appropriate action to amend its articles of incorporation to provide for a minimum of at least 5 directors. In considering the application of this bank for membership in the Federal Reserve System, it was noted that, while the bank actually had 6 directors, its articles of incorporation and the laws of Nebraska provide that it may have not less than 3 nor more than 15 directors, and the Board felt that, in view of the requirements of section 31 of the Banking Act of 1933, as amended, it would be desirable that such articles of incorporation be amended in order to avoid the possibility of a violation of the requirements of section 31 in the future. However, the Board did not require any such amendment as a condition of membership and does not insist that such an amendment be made, and the question whether the Deuel County State Bank or any other State member bank having at least 5 directors should amend its articles in the manner suggested is a matter for its own determination in the light of the views of the Board and all the other circumstances involved. Please advise Mr. Johnson accordingly."

Approved unanimously.

Telegram to Mr. Agnew, Counsel for the Federal Reserve Bank of San Francisco, reading as follows:

"Your wire May 22. In its letter of April 26, 1935, after you called attention to statute on subject, Board brought matter of acceptance of liquor drafts to notice of Federal Reserve

5/27/36

-11-

"banks merely for their information and guidance in accepting for collection drafts covering purchase price of liquor. Subsequently, Governors' Conference expressed the view referred to in your telegram. The view expressed by Governors' Conference apparently does not cover a case of the kind to which your telegram relates and it is believed that the question whether a Federal Reserve bank should collect liquor drafts when attached documents consist of warehouse receipts or invoices rather than bills of lading and contain no extrinsic evidence that the liquor has been transported in interstate commerce should be determined by the Federal Reserve bank in consultation with its counsel. Board has not expressed any opinion on question whether a Federal Reserve bank should accept or decline to accept liquor drafts for collection or as to application of statute on subject to particular types of transactions. Section 239 of the Criminal Code has not been repealed or amended by present Congress. A provision to amend this section is contained in section 8 of H. R. 8368. This bill passed the House, and also passed the Senate on March 27, 1936, but a motion to reconsider was entered and agreed to. The bill is now on Senate calendar."

Approved unanimously.

Letter to Mr. Thomas, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"On pages 4 and 5 and in paragraph (c) on page 23 of the report of the special investigation made as of January 9, 1936, by the examiner for your bank of the circumstances underlying the issuance of certain bonds against the annex to the building of 'The State Bank', Winfield, Kansas, it is indicated that two former officers of the bank have become involved in possible violations of the criminal provisions of the banking statutes of the United States.

"The Board's records do not show that you have reported these irregularities, which occurred during the year 1931, to the local United States District Attorney in accordance with the usual procedure, and it is noted that the State authorities have taken the position that the statute of limitations prevents them from taking any criminal action in the matter. In the circumstances, it is possible that the Attorney General of the United States likewise may consider that the institution of criminal proceedings against either of the persons implicated would not be warranted. However, even though the statute of limitations may have run in any given case, the Attorney General has previously advised the Board that he prefers that all possible

5/27/36

-12-

"criminal violations occurring at State member banks be submitted to his Department in order that it may determine whether or not to prosecute the person or persons involved. You are requested, therefore, to report the facts of the present case to the proper United States District Attorney and to furnish the Board with three copies of your report.

"The report of the special investigation also refers to the fact that the bank has been acting as trustee in connection with the mortgage which has been pledged as security for the bonds described above without having qualified under the laws of the State of Kansas to act in a fiduciary capacity. The bank was admitted to membership in the Federal Reserve System subject to a condition of membership to the effect that, except with the approval of the Board, there shall not be any material broadening in the functions exercised by it at the time of its admission. The Board has taken the position that the exercise of trust powers by a State member bank constitutes a broadening of its functions within the meaning of this condition, and, since The State Bank was not exercising trust powers at the time of its admission to membership, it should have obtained permission of the Board prior to acting as trustee. However, it does not appear from the Board's records that the bank has been or contemplates transacting a general trust business, and it is indicated that its present service as trustee is only an isolated case. In the circumstances, the Board will raise no objection to the bank continuing to act as trustee in that case, but if it should desire to exercise trust powers in other instances it should first obtain the Board's permission. As you know, a law suit is not pending against the bank which involves the question of its liability on the bonds under discussion, and it is suggested that, if you have not already done so, you consider the desirability of requesting the bank to take such action as may be necessary under the laws of the State of Kansas to entitle it to continue lawfully to act as trustee."

Approved unanimously.

Letter to the Federal reserve agents at all Federal reserve banks except San Francisco, reading as follows:

"Replies to the Board's letter B-1144 of March 7, 1936, regarding the adoption of a revised and uniform form of Federal Reserve bank stock certificate, indicate that the proposed certificate is generally acceptable. Accordingly, an order has been placed with the Bureau of Engraving and

5/27/36

-13-

"Printing for the preparation of a plate to be used in the printing of the revised form of certificate and a supply of the revised certificates will be furnished you as soon as they become available. The form of certificate ordered to be plated is identical with the suggested revised form attached to letter B-1144, except that provision has been made for the signature of the 'President' of the bank instead of the 'First Vice-President'. When a given certificate is signed by a Vice-President, the title can be appropriately amended.

"One of the Federal Reserve banks suggested that the stock certificates supplied to it provide for the counter-signature of the 'Secretary-Cashier', another suggested that provision be made for the counter-signature of the 'Cashier-Secretary', and a third suggested that provision be made for the counter-signature of the 'Cashier'. In the case of these banks, provision will be made for the printing of these titles, rather than the title 'Secretary'. In all other cases, provision will be made for the counter-signature of the 'Secretary', in accordance with the draft of the form of stock certificate inclosed with the Board's letter B-1144, but if any Reserve bank desires its supply of certificates to provide for a different counter-signature the order for its supply of certificates will be appropriately modified upon receipt of advice to that effect.

"Most of the Federal Reserve banks indicated that the new certificates should begin with the next succeeding number after the last number shown on the existing supply of certificates. This seems preferable to using any of the serial numbers that appear on the present certificates. Accordingly, if the first serial number to be shown on the revised certificates, as given in your reply to the Board's letter B-1144, is not the next succeeding number after the last number shown on your present stock of certificates, please advise the Board of that number, unless you desire the new certificates to begin with some other number, in which case please advise the Board thereof.

"As soon as a proof of the revised certificates has been received and found satisfactory, an order will be placed with the Bureau of Engraving and Printing for the number of certificates requested in the respective replies to letter B-1144. If your reply did not give the number of certificates to be ordered, please furnish that information in response to this letter.

"Upon receipt of the supply of new certificates, it is suggested that the stock of unissued certificates of the present form be canceled and only the revised form of certificates issued thereafter. It will not be necessary to

5/27/36

-14-

"call in the certificates now outstanding and to replace them with new certificates except incident to adjustments in holdings of Federal Reserve bank stock pursuant to the provisions of Regulation I."

Approved unanimously.

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

"Reference is made to your letter of March 17, 1936, in response to the Board's letter B-1144 of March 7, regarding the adoption of a revised and uniform form of Federal Reserve bank stock certificate.

"Inasmuch as your bank has since its organization issued non-negotiable receipts and as this practice has proved satisfactory and you prefer to continue to issue the non-negotiable receipts for the purpose, it will not be necessary for your bank at this time to adopt the form of Federal Reserve bank stock certificate which is being prepared for use at the other Federal Reserve banks. A copy of the letter on this subject that is being sent to the other Federal Reserve banks is inclosed for your information."

Approved unanimously.

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

"Reference is made to your letter of May 18 in regard to the Dahlstrom Metallic Door Company, of Jamestown, New York, and particularly with reference to the hollow metal partitions for the new building of the Board of Governors. It is noted that you understand that the answers quoted in your letter to certain objections have been satisfactorily agreed to in conference in the office of Paul Cret, Architect, and that Paul Cret will, under these circumstances, approve these partitions. It is also noted that you request the approval of the Dahlstrom Metallic Door Company as sub-contractor for the hollow metal work and the metal partitions.

"This matter has been discussed with Dr. Miller, Mr. Cret and Mr. Kramer and in this connection I am advised in a letter dated May 19 from Mr. Cret that his firm did not state that they approved or were satisfied with the answers of the Dahlstrom Company. Some of the answers do not definitely and

5/27/36

-15-

"finally dispose of the objections and it is apparent that it will be necessary for the Dahlstrom Company to submit revised drawings showing exactly how the company proposes to meet the requirements of the specifications in all respects.

"Dr. Miller has requested me to reiterate to you the statements which I have made previously to the effect that these partitions are one of the most important features of the interior treatment and usefulness of the office areas assigned to the Board's staff, and therefore it must be understood that partitions which do not in all respects meet the requirements of the specifications to the satisfaction of the Board's Architect will not be accepted. The Board's Architect, however, thinks that the Dahlstrom Company intends to make and erect a satisfactory type of partition and to meet the specification requirements and for this reason the Board's Architect does not object to this company as a subcontractor for these purposes. It may be added, as you know, that no objection has been offered at any time to the Dahlstrom Company as a sub-contractor for the other purposes indicated by you.

"In view of all the circumstances and with the understanding and upon the condition that the Dahlstrom Company will furnish detailed drawings and such other information as the Architect may require to satisfy himself that the design of the partitions to be provided by the Dahlstrom Company will meet the requirements of the specifications in every respect, 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."

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

Thereupon the meeting adjourned.

Chester Morris

Secretary.

Approved:

W. C. Miller

Chairman.