

8/6/36 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 6, 1936, at 11:00 a. m.

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

Mr. Morrill, 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 5, 1936, were approved unanimously.

Telegrams to Mr. Thomas, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, 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.

Memorandum dated August 5, 1936, from Mr. Morrill submitting the resignation of Miss M. Maxine Morgan, as a stenographer assigned to the office of Mr. J. M. Daiger, Special Assistant to the Board, where she has been acting as his secretary, effective at the close of business on September 2, 1936, and recommending that Miss Morgan's resignation be accepted as of the close of business on that date.

Accepted.

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

"This refers to your letter of July 27 with respect to certain changes in the personnel of your bank to become effective upon the transfer to the bank of the examination and research work now conducted under the supervision of the Federal Reserve Agent.

"It is noted that you expect that your directors, at their meeting on August 13, will elect Mr. J. G. Fry Vice President, and that the bank will, with the approval of the Board of Governors, place the Examination Department under his supervision. Should your Board of Directors decide to appoint Mr. Fry Vice President in charge of examinations, that appointment, as well as his appointment as an examiner, will be agreeable to the Board of Governors. It is assumed that, if and when such action is taken, the salary fixed for Mr. Fry in his new position will be submitted to the Board for approval.

"In view of the recommendation contained in your letter, the Board approves the continuance of Mr. H. N. Gordon as Chief Examiner in the Examination Department after transfer of the Examination Department from the Agent to the bank.

"The Board of Governors will interpose no objection to the placing of the Research and Statistical Department under the general supervision of Mr. Fry for the time being. It is understood, however, that you agree with the view expressed in the Board's letter of July 17, 1936, that the person in charge of the research and statistical functions should report directly to the President rather than to any other officer and that you have in mind the desirability of making such an arrangement when a favorable opportunity presents itself.

"The Board approves the designation of Mr. Robert L. Shepherd as Assistant Federal Reserve Agent at his present salary of \$2,400 per annum, effective August 16, 1936. In the interest of uniformity at all Federal reserve banks, the Board approves the appointment of Mr. T. C. Gibson as Alternate Assistant Federal Reserve Agent, instead of Acting Assistant Federal Reserve Agent, at his present salary of \$2,400 per annum, such appointment to become effective on August 16. It is understood that before entering upon their new duties Messrs. Shepherd and Gibson will each execute the usual oath of office and surety bond in the amount of \$50,000

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"and that such bonds will be examined by your Counsel to see that their execution complies fully with the rules printed on the reverse side of the bond, Form 182, and that thereafter the bonds will be forwarded promptly to the Board for approval. It is also understood that Mr. Gibson will resign his position with the bank and be placed upon the Agent's roll and be solely responsible to him. In addition to performing duties in the Agent's Department both Mr. Shepherd and Mr. Gibson may be detailed by you, with the approval of the President, to perform such other functions, as outlined in your letter, as will not be inconsistent with their duties as Assistant Federal Reserve Agent and Alternate Assistant Federal Reserve Agent.

"It is noted from page 32 of the revised personnel classification plan inclosed with your letter that the note custodian of the Discount Department 'Maintains custody of all notes, bills and collateral (other than negotiable securities and marginal collateral), including all paper held for account of the F. R. Agent.' Since all collateral for Federal Reserve notes is held in the joint custody of a representative of the bank and a representative of the Agent and since you propose to have Mr. T. C. Gibson, Alternate Assistant Federal Reserve Agent, act as note custodian for the Federal Reserve Agent, it is assumed that an employee of the bank will be designated to act as note custodian for the bank.

"It is noted from your letter that you contemplate having the Examination Department do the work heretofore done by the Federal Reserve Agent's Department in connection with the administration of the Securities Exchange Act of 1934. Since the volume of work in this department at your bank is relatively small the Board concurs in your view that it will not be necessary at this time to establish a separate unit for this activity."

Approved unanimously.

Letter to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of July 31 advising that the Executive Committee at your bank has voted to rescind the action previously taken authorizing the payment of \$11,464.90 to the Retirement System for the purpose of providing for Mr. C. R. McKay an annual retirement allowance

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"of \$4,220.76, and has authorized in lieu thereof a contribution of \$6,981.45 to provide for Mr. McKay an annual retirement allowance of \$3,855.48, such amount being the allowance to which Mr. McKay would be entitled if he were 65 years of age on September 1, 1936.

"The Board of Governors of the Federal Reserve System notes with approval the action of the Executive Committee, which is in accordance with the authorization contained in its letters of March 9 and July 20, 1936."

Approved unanimously.

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

"In accordance with your recommendation, the Board approves the establishment and operation by the 'American Trust Company', San Francisco, California, of a branch at Redwood City, California, upon the discontinuance of its branch at Menlo Park, California, and subject to final approval of the appropriate State authorities. Please advise the trust company accordingly."

Approved unanimously.

Memorandum dated August 5, 1936, from Mr. Van Fossen, Assistant Chief of the Division of Bank Operations, calling attention to the fact that liability on all outstanding national bank notes has been assumed by the United States Treasury and that the item "Treasury and national bank currency" appearing on page 1 of the weekly statement of condition of Federal reserve banks, therefore, includes only obligations of the United States Treasury. The memorandum recommended, in view of this situation, that, beginning with the weekly statement for August 5, 1936, the item "Treasury and national bank currency" be changed to "Treasury currency". The memorandum also stated that the proposed

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change had already been made in the Federal Reserve Bulletin beginning with the June 1936 issue.

Approved unanimously.

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

"Reference is made to Mr. Pugh's letter of July 15, 1936, asking for the Board's approval of the award of the brickwork and tile partition work to E. A. Rule, of Washington, D. C.

"I am authorized by the Board to advise you in accordance with Article 31 of the construction contract that the above-named sub-contractor 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 and superintendent of construction.

Thereupon the meeting adjourned.

Orestes Morrie  
Secretary.

Approved:

W. Scales  
Chairman.