

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

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Thurston, Special Assistant to the
Chairman
Mr. Vest, Assistant General Counsel

There was presented a letter dated July 31, 1936, from President Harrison of the Federal Reserve Bank of New York, advising that the board of directors of the bank had voted to request the Retirement System of the Federal Reserve Banks to approve the continuation of the services of Mr. L. F. Sailer, Vice President, from August 2, 1936, the date upon which he will become 65 years of age, to the close of December 31, 1936. The letter also stated that the directors had voted to request the approval of the Board of the payment of salary to Mr. Sailer at the rate of \$30,000 per annum for the period commencing September 1, 1936, and ending December 31, 1936.

Mr. Morrill stated that President Harrison's letter was received by the Board just prior to Chairman Eccles' departure for the west, and that Chairman Eccles had requested that it be held for Board consideration following the return of Mr. Broderick to Washington. Chairman Eccles stated, Mr. Morrill said, that he was in New York and present at the meeting of the board of directors of the bank when the action referred to above with respect to Mr. Sailer was taken, but that he had not undertaken to indicate the attitude of the Board with regard to the matter, that he felt the mem-

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bers of the Board should dispose of the matter as they saw fit, and that he would concur in any action that might be taken by them.

The request of the directors of the New York bank was discussed and reference was made particularly to the action taken at the meeting of the Board of Governors on March 10, 1936, and to the Board's letter of March 11, 1936, in which the Federal Reserve Bank of New York was advised that the Board would approve the payment of salary to Mr. Sailer only to the close of August 31, 1936.

At the conclusion of the discussion, Mr. Broderick moved that the Board adhere to the position taken in its letter of March 11, 1936, and that Mr. Ransom be requested to advise President Harrison that the Board had felt its action as stated in that letter disposed of the matter and that the Board did not feel justified in reversing its position.

Carried unanimously.

Mr. Broderick made a brief report, for the information of the other members of the Board, on his recent visit to the Denver Branch of the Federal Reserve Bank of Kansas City, the Federal Reserve Bank of San Francisco and all its branches, the Federal Reserve Bank of Minneapolis and its Helena Branch, and the Federal Reserve Bank of Chicago. He stated that he had met with the officers and some of the employees of the banks and branches as well as some of the directors, and had visited bankers in the cities in which the Federal reserve banks and branches are located. He stated that he had inspected the banking quarters of the Federal reserve banks and branches visited and had attended the meetings of the boards of directors at the Federal Reserve Banks of San Francisco and Minneapolis and

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that he felt that these institutions are well managed. He added that he felt that two of the three northwestern branches of the Federal Reserve Bank of San Francisco and possibly the Helena Branch were not necessary, and that he was convinced that, if the Helena Branch is to be continued, it should have a new building, as the old building, which has been badly damaged by earthquake, is entirely unsuited to house the branch and there are no other buildings available in the city of Helena which could be used for that purpose. He also referred to certain other matters of interest which had come to his attention during the trip.

At this point Messrs. Thurston and Vest left the meeting and consideration was then 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 13, 1936, were approved unanimously.

Telegrams to Messrs. Kimball and Clark, Secretaries of the Federal Reserve Banks of New York and Atlanta, respectively, stating that the Board approves the establishment without change by the New York bank on August 13, 1936, and by the Atlanta bank today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated August 11, 1936, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the appointment of Mr. George W. Terborgh as a research assistant in the Division, with salary at the rate of \$5,600 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

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

"Referring to Chairman Eccles' letter of March 25, 1936, with respect to the transfer of certain nonstatutory duties of the Federal Reserve Agent from the Agent's Department to the bank, and to the Board's letter of July 17 to President Hamilton, a copy of which is inclosed, setting forth the views of the Board of Governors with respect to the procedure to be followed in connection with the contemplated transfer of the nonstatutory duties from the Federal Reserve Agent to the bank, the Board has carefully considered the procedure to be followed at the Federal Reserve banks which have full time Federal Reserve Agents and has concluded that, in the interest of System uniformity, it would prefer to have these duties at such banks, as well as at the banks which have Chairmen and Federal Reserve Agents serving on an honorary basis, transferred to the bank as soon as practicable.

"Under date of July 22, 1936, President Hamilton wrote the Board with respect to the proposed transfer of the nonstatutory functions of the Agent to the bank and stated that the bank was in a position to take over these functions at such time as the Board desired to have them transferred. It will be appreciated, therefore, if you will submit to the Board the name of the person you would like to appoint as Assistant Federal Reserve Agent to handle Federal Reserve note issues after the transfer has become effective. In submitting your recommendation, it will be appreciated if you will state the date it is proposed to have the appointment become effective and also arrange to have the resignation of Mr. McAdams as Assistant Federal Reserve Agent submitted so that it can be accepted as of the same date. As stated in the letter to President Hamilton, the Board will expect that the Assistant Federal Reserve Agent to be appointed will, when not engaged in work connected with the issuance and retirement of Federal Reserve notes, perform, with the authorization of the Federal Reserve Agent and the approval of the President, other work in the bank which is not inconsistent with his duties as Assistant Federal Reserve Agent.

"A copy of a letter which is being addressed today to President Hamilton with respect to the proposed transfer of duties is attached."

Approved unanimously, together with a letter to Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, reading as follows:

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"Reference is made to your letter of July 22, 1936, regarding the transfer of the nonstatutory duties of the Federal Reserve Agent at the Federal Reserve Bank of Kansas City to the bank.

"For your information there is attached a copy of a letter which has today been sent to Mr. Thomas from which it will be noted that the Board desires that these functions be transferred from the Federal Reserve Agent to the bank as soon as practicable. At the Federal Reserve Bank of Minneapolis, to which you refer as a comparable situation, the transfer has already taken place.

"It has been noted from the report of the survey of the organization of the bank that it is proposed to appoint Mr. A. M. McAdams a vice president and to place him in charge of the examination and the research work. The Board approves the designation of Mr. McAdams as vice president in charge of the examination and the research work, and his appointment as an examiner for the Federal Reserve Bank of Kansas City. It is understood that it is the intention of your board of directors to pay Mr. McAdams the same salary as vice president (\$12,500) as he now receives as Assistant Federal Reserve Agent and if so, the Board approves such a salary for him as vice president for the remainder of the present year, effective as of the date he assumes that office.

"Please advise the Board of the effective date of transfer to the bank of the examination and the research functions."

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

"Referring your August 8 letter, Board accepts resignation of Mr. Evans as Assistant Federal Reserve Agent, effective as of close of business August 15, 1936, and approves transfer of non-statutory duties of Agent to bank, effective same time. Advice of approval of salary fixed for Mr. Evans as Assistant Vice President in charge of examinations and of his appointment as examiner being telegraphed to President McKinney today."

Approved unanimously, together with a telegram to Mr. McKinney, President of the Federal Reserve Bank of Dallas, reading as follows:

"Referring your August 8 letter, Board has notified Mr. Walsh of acceptance of resignation of Evans as Assistant Federal Reserve Agent, effective as of close of business August 15, 1936, and approval of transfer of non-statutory duties of Agent to bank as of same time. Board notes with approval appointment of Evans as Assistant Vice President in charge of examinations

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"and approves his appointment as examiner and salary at rate of \$8,500 fixed for him in the new position, all effective as of close of business August 15, 1936. Board notes that Evans as Assistant Vice President in charge of examinations will report directly to President and that he will also handle work under Securities Exchange Act. Board approves appointment of Morgan H. Rice as Manager of Research and Statistical Department pending further consideration at September meeting your directors. Pending approval of your revised personnel classification Board approves salary at rate of \$4,000 per annum for Mr. C. C. True as Manager Auditing Department."

Letter to Mr. Walter Lichtenstein, Secretary of the Federal Advisory Council, Chicago, Illinois, reading as follows:

"Your letter of August 6, 1936, requesting a list of the topics which the Board desires the Federal Advisory Council to discuss at its meeting in Washington on September 9 and 10, 1936, has been brought to the attention of the Board, and I have been requested to advise you that at the present time the Board does not have any topics to suggest.

"The Board will be pleased to meet with the Council on the morning of September 10, as suggested in your letter, to take up any matters which the Council may wish to present."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie

Secretary.

Approved:

Frank J. Munster
Vice Chairman.