

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 1, 1936, at 10:30 a. m.

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

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Thomas, Assistant Director of the
Division of Research and Statistics

Mr. Ransom stated that there had been placed in circulation among the members of the Board a draft of a reply to a letter received under date of July 8, 1936, from the Acting Assistant Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, transmitting copies of correspondence with a national bank relating to the question whether an exception should be made to subsection (a) of section 11 of the Board's Regulation F, Trust Powers of National Banks, to permit national banks in Pennsylvania to invest trust funds in mortgages purchased from their commercial departments to the extent authorized by the provisions of the Pennsylvania Banking Code providing for the earmarking of assets for future trust investment; that he was studying the opinion prepared by counsel's office which accompanied the draft of letter and, if in agreement therewith, he would forward the file to the other members of the Board; and that, as the matter was of considerable importance, he felt that the opinion and draft of letter should be carefully considered by the members of the Board.

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Mr. Wyatt reported briefly on his attendance at the annual meeting of the American Bar Association held in Boston on August 24-28, 1936, and stated that, in accordance with the action taken at the meeting of the Board on August 4, 1936, he was preparing a memorandum regarding the matter which would be submitted to the Board in due course.

At this point Messrs. Wyatt and Thomas 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 31, 1936, were approved unanimously.

Telegram to Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, 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 August 31, 1936, from Mr. Carpenter, Assistant Secretary, stating that space had been provided in the Board's new building so that the official files and records of the Board can be centralized under a single supervision; that the heads of the various divisions of the Board's staff at a meeting early this year with Dr. Miller had agreed that a centralization of the official files and records of the Board in the new building would be highly desirable as it would eliminate the duplication in files resulting from the main-

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tenance of separate file rooms; and that accordingly it was recommended, with the concurrence of Mr. Morrill, that all official files and records of the Board (including all official correspondence relating to the business of the Board, all reports and statements received from the Federal reserve banks, member banks and others, examination reports, application files, etc., but excluding division intra-office memoranda and copies of correspondence, memoranda, and documents retained in the division for follow-up or reference purposes by the personnel of the division) be placed under the supervision of a Chief File Clerk who will be attached to the Secretary's office, this change to become effective as soon as the necessary arrangements could be made after the Chief File Clerk, whose appointment was being recommended, assumed her duties. The memorandum also recommended, that, for the reasons stated therein, the Board approve the appointment of Miss Edna Betz Poeppel as Chief File Clerk, with salary at the rate of \$2,600 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. The memorandum stated that it was contemplated that this salary would be regarded as an entrance salary only and that, if Miss Poeppel's work was as satisfactory as her record would indicate, an adjustment in her salary would be considered at the end of the year.

Approved unanimously.

Memorandum dated August 31, 1936, from Mr. Thomas, Assistant

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Director of the Division of Research and Statistics, recommending, with the approval of Mr. Goldenweiser, Director of the Division, that the temporary appointment of Mr. William J. Carson as a research assistant in the Division, which expires at the close of business on September 7, 1936, be extended through September 30, 1936, with no change in his present salary at the rate of \$600 per month.

Approved unanimously.

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

"Receipt is acknowledged of your telegram of August 6, 1936, advising that the non-statutory duties of the Federal Reserve Agent were transferred to the Federal Reserve Bank of Chicago as of August 6, 1936. Receipt is acknowledged also of your letter of August 8, 1936, advising that on August 6, 1936, Messrs. Bernard L. Raether and Carl Schelling assumed their duties as Assistant Federal Reserve Agents at your Detroit branch and head office, respectively, and that Mr. W. R. Diercks probably will have no duties to perform as Alternate Assistant Federal Reserve Agent except when Mr. Schelling is on his vacation.

"In your letter, you inquired as to whether the forms used for applications for increase and decrease of stock holdings in your bank by member banks should be changed so as to be signed in the future by you as Vice President in charge of Bank Examinations and Reports instead of by the Assistant Federal Reserve Agent as heretofore. In this connection, there are five forms prescribed as a part of the Board's Regulation I, all of which provide for the signature of an Assistant Federal Reserve Agent. Since you have advised that the non-statutory duties of the Federal Reserve Agent have already been transferred to your bank and since the duty of signing such forms is non-statutory, the Board believes that in the future such forms may properly be signed by any officer of the bank."

Approved unanimously.

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

"Your telegram August 31. Board approves appointment of W. D. Shortt as Assistant Federal Reserve Agent, and H. A. Sonne as Alternate Assistant Federal Reserve Agent, effective as of September 1, 1936. Before entering upon their duties they should each execute usual oath of office and surety bond in the amount of \$50,000 which should be examined by counsel for your bank to see that it is executed in accordance with rules printed on reverse side of form of bond 182 and thereupon bonds should be forwarded to Board promptly for approval. It is noted from your telegram that Messrs. Sargent and Wheeler are submitting their resignations as Assistant Federal Reserve Agents effective today, and it is assumed transfer of nonstatutory duties of agent will be effective today. Please advise when you have accepted resignations of Sargent and Wheeler and whether there is any objection to cancellation of their bonds."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that 'The Mount Clemens Savings Bank', Mount Clemens, Michigan, became a member of the Federal Reserve System on August 31, 1936, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and

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- "6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

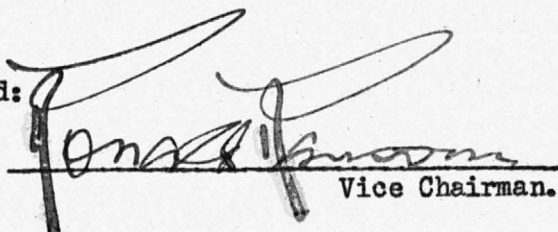
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.