A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 19, 1936, at 12:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Broderick
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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 11, 1936, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on December 12, 15, 16, 17 and 18, 1936, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated December 7, 1936, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignations of Messrs. Roger M. Calloway and Earl D. Buck as Federal Reserve Examiners, and of Mr. Floyd W. Bush as an Assistant Federal Reserve Examiner, all effective as of the close of December 31, 1936, and recommending that the resignations be accepted as of that date. The memorandum also recommended that, inasmuch as it was the policy of the Board to give consideration to the granting of a dismissal wage in connection with the involuntary retirement of employees, and since each of the above examiners had been with the Board for three full years, each of them be granted a dismissal wage equivalent...
to three months salary.

The resignations were accepted and the recommendation with regard to the payment of dismissal wages was approved unanimously.

Telegram to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"Your letter December ninth. Board approves appointments of W. D. Shortt and L. B. Armstrong as examiners for Federal Reserve Bank of San Francisco. It is assumed that there are no additional pertinent facts to be added to the information submitted in Mr. Sargent's letter of May 13, 1936, regarding Mr. Armstrong, on basis of which Board approved his appointment as assistant examiner for the examination of the trust department of a particular bank, and that Mr. Armstrong has no outside business connections. Definite advice, however, will be appreciated. Since status of other examiners and assistant examiners listed in your letter remains unchanged and their appointments have already been approved by the Board, not necessary to submit their names for reapproval. Please refer to Board's telegrams of December 14, 1934 and December 18, 1935. As requested in Mr. Paulger's letter of September 26, 1934, please keep him currently advised of any salary adjustments or other changes in examining staff."

Approved unanimously.

Letter to Mr. J. David Stern, Class C Director of the Federal Reserve Bank of Philadelphia, prepared for the signature of Chairman Eccles, and reading as follows:

"The Federal Reserve Bank of Philadelphia has forwarded to the Board of Governors your letter of December 15, 1936, in which you submit your resignation, to be effective immediately, as a Class 'C' director of that bank.

"The Board accepts your resignation with sincere regret, and has asked me to express to you its appreciation of the services you have rendered to the Federal Reserve Bank of Philadelphia during your incumbency."

Approved unanimously.
Letter to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"You are generally familiar with the recent endeavor of the Board to formulate procedure which will enable it to meet its responsibilities under section 14(g) of the Federal Reserve Act and, at the same time, not unduly handicap the Federal Reserve banks in their foreign relationships.

"In this connection, it has recently come to the attention of the Board that your bank is holding certain earmarked silver for the account of the Banco de Mexico. The Board realizes that this undertaking was assumed by your bank in connection with an arrangement between the Federal Reserve Bank of New York, the Treasury, and the Banco de Mexico and that because of such fact and the fact that the Board had approved the arrangement as between the Federal Reserve Bank of New York and the Banco de Mexico, a request for the Board's approval of your bank to act may have been overlooked.

"However, since the silver is apparently being held for the account of the Banco de Mexico under an arrangement entirely between your bank and the Banco de Mexico it would appear that to comply with the provisions of section 14(g) of the Federal Reserve Act your bank should have the permission of the Board to establish and maintain the relationship now existing between it and the Banco de Mexico. Accordingly, in order that there may be no question as to the right of your bank to act and assuming that the terms and conditions upon which you are holding the silver for the Banco de Mexico are substantially the same as previously approved by the Board in connection with the action of the Federal Reserve Bank of New York, the Board is disposed to approve the action of your bank in earmarking and holding silver for the account of the Banco de Mexico. Therefore, before taking any action the Board will appreciate advice as to the terms and conditions of your arrangement with the Banco de Mexico."

Approved unanimously.

Telegram to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"Your wire December 17 inquiring whether it is contemplated that you analyze reports and other available information..."
"to ascertain apparent violations of section 17(c) of Public Utility Act of 1935. Securities and Exchange Commission is charged with administration of this section, and statement regarding it in footnote 1 in Board's Regulation L was inserted merely as a helpful reminder to bankers. Therefore answer to your inquiry is in the negative."

Approved unanimously.

Thereupon the meeting adjourned.

Approved: [Signature]

Chairman.

[Signature]

Secretary.