A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 23, 1936, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Broderick
Mr. McKee
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Smead, Chief of the Division of Bank Operations
Mr. Vest, Assistant General Counsel
Mr. Wingfield, Assistant General Counsel
Mr. Dreibelbis, Assistant General Counsel

There was presented a letter dated December 19, 1936, which had been addressed to the Board by Mr. H. S. Johnson, President of The Point Pleasant National Bank, Point Pleasant, West Virginia, pursuant to the understanding reached at the hearing before the Board on December 16, 1936. The letter set forth certain questions which Mr. Johnson desired to submit to Messrs. D. O. Starr, National Bank Examiner, and I. I. Chorpening, Chief National Bank Examiner for the Fifth Federal Reserve District. A discussion ensued as to the procedure which should be followed to terminate the hearing and Mr. Dreibelbis expressed the opinion that in order to afford Mr. Johnson a full opportunity to question Messrs. Starr and Chorpening in connection with the answers or information submitted by them in response to the questions set forth in Mr. Johnson's letter, the Board should arrange another session for that purpose at which the hearing should be concluded. Mr. Dreibelbis stated that he had communicated with the office of the Comptroller of the Currency and had ascertained that
Messrs. Chorpening and Starr would be available for a further session of the hearing.

Mr. McKee moved that Mr. Johnson be notified that a hearing would be held in the offices of the Board on Tuesday, December 29, 1936, at 10:30 a.m. for the purpose referred to above, and that the Comptroller of the Currency be advised of the hearing and furnished with a copy of Mr. Johnson's letter.

Carried unanimously.

In accordance with the above action the following letter to Mr. Johnson was approved unanimously:

"Receipt is acknowledged of your letter of December 19th addressed to the Chairman. In response thereto you are advised that the Board has set 10:30 A.M., Tuesday, December 29th, at its offices, as the time and place where the hearing on the matter under consideration will be resumed. Accordingly, the Board has requested Messrs. D. O. Starr and I. I. Chorpening to be present and, at that time, you may appear before the Board for the purpose of interrogating them with respect to such of the questions set out in your letter as may be pertinent and any other matters having a bearing upon the subject. In this connection, the office of the Comptroller of the Currency has been furnished with a copy of your letter in order that Messrs. Starr and Chorpening may produce such of the information requested by you as may be pertinent.

"The hearing upon the matter under consideration will then be concluded."

Reference was then made to a memorandum submitted under date of December 22, 1936, by Mr. Smead with regard to the payment of dividends, the making of certain charge-offs and the setting up of certain reserves by the Federal reserve banks at the end of the year. Copies of the memorandum had been sent to the members of the Board prior to this meeting. In connection with a discussion of the memorandum, Chairman Eccles expressed certain views which he held with respect to what the policy of
the Board should be with respect to charge-offs and additions to reserves by Federal reserve banks and suggested that a brief statement of the financial results of the banks' operations during 1936 be released to the press shortly after the first of the new year concurrently with the release by the banks of their own statements.

Mr. Broderick stated that he had received through President Harrison a request from a committee of the board of directors of the Federal Reserve Bank of New York that the committee be given an opportunity to meet with the Board before the end of the year to discuss certain suggested changes in salaries of officers of the Federal reserve bank, special contributions to the retirement system on behalf of officers who will retire on December 31, 1936, and a suggestion that the maximum salary upon which retirement benefits under the Retirement System of the Federal Reserve Banks may be figured be increased from $12,000 to $18,000. The request was discussed and Mr. Broderick was requested to arrange with Mr. Harrison a date upon which the committee would come to Washington.

At this point Messrs. Smead, Vest, Wingfield and Dreibelbis 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 December 22, 1936, were approved unanimously.

Telegrams to Messrs. Young and Leach, Presidents of the Federal Reserve Banks of Boston and Richmond, respectively, stating that the Board approves the establishment without change by the banks today of the rates
of discount and purchase in their existing schedules.

Approved unanimously.

Telegrams to Mr. Moore, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, authorizing him to issue limited voting permits to the "Old National Corporation", and the "Investment and Securities Co.", both of Spokane, Washington, entitling such organizations to vote the stock which they own or control of "The Old National Bank and Union Trust Company of Spokane", and the "First National Bank in Spokane", both of Spokane, Washington, at any time prior to April 1, 1937, (1) to elect directors of such banks at the annual meetings of shareholders, or any adjournments thereof, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks; and (2) to act upon any amendments to the articles of association and/or by-laws of such banks which may be necessary in connection with the elimination of the stockholders' liability on the stocks of such banks.

Approved unanimously.

Thereupon the meeting adjourned.