

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, January 4, 1937, at 2:30 p. m.

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

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

Mr. Morrill read a letter received under date of December 31, 1936, from First Vice President Sproul of the Federal Reserve Bank of New York, stating that Governor Norman of the Bank of England had advised that Mr. Mynors, head of the Economics and Statistics Section of the Bank of England, had been invited to spend some time at the Institute For Advanced Study at Princeton University early next year, that Sir Otto E. Niemeyer had been given leave by the Bank of England to come to this country as a member of the British Council of Foreign Bondholders to discuss matters of mutual interest with the Foreign Bondholders Protective Council of this country, that while Sir Otto Niemeyer and Mr. Mynors are in the United States they undoubtedly will wish to spend some time at

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the Federal Reserve Bank of New York, and that the bank had advised Mr. Norman that it would be glad to receive a visit from them. During a discussion of what, if any, action should be taken by the Board with respect to the advice received from Mr. Sproul, it was suggested that, as the Board had approved and sent to all Federal reserve banks a statement of procedure to be followed by them with respect to foreign relationships, the letter should be filed without comment.

This suggestion was approved unanimously.

Consideration was given to what steps might be taken by the Board toward the early enactment by Congress of an amendment to the second paragraph of Section 16 of the Federal Reserve Act extending the authority of the Federal reserve banks to pledge, with the approval of the Board, direct obligations of the United States as collateral for Federal reserve notes.

After a discussion, Counsel was requested to prepare for consideration drafts of various forms of amendments which might be made to extend the authority. Counsel was also requested to prepare a brief statement of reasons why the extension of the authority in some form was desirable.

At this point Mr. Vest withdrew from the meeting.

There followed an informal discussion of the information received by the Board in response to its letter of November 23, 1936, X-9746, with respect to changes in salaries of officers of Federal reserve banks proposed to be submitted to the respective boards of directors of the banks for approval at their meetings in January. During the discussion, the suggestion was made that all officers and

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employees of Federal reserve banks who have reached the age of sixty-five years should be retired.

Upon motion by Mr. McKee the suggestion was unanimously approved that all Federal reserve banks be advised that in future, except in particular cases involving exceptional circumstances which should be submitted to the Board for consideration in advance, the Board would not approve a salary beyond the end of the calendar year in the case of any officer or employee who was or would become sixty-five years or more in age during such year, and that in the opinion of the Board the rules and regulations of the Retirement System of the Federal reserve banks should be amended to provide for that procedure.

The question was also raised and discussed whether as a matter of policy the Federal reserve banks should retain outside counsel or have full time counsel on their staffs.

At the conclusion of the discussion, counsel was requested to submit through the senior staff to Messrs. Broderick and Ransom, for consideration and recommendation to the Board, a memorandum setting forth the points that should be considered in reaching a decision on this matter.

At this point Messrs. Thurston and Smead 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 31, 1936, were approved unanimously.

Telegrams to Messrs. Clark and Powell, Secretaries of the Federal Reserve Banks of Atlanta and Minneapolis, respectively,

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stating that the Board approves the establishment without change by the Atlanta bank on January 2, 1937, and by the Minneapolis bank today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to Mr. Robert Lassiter, class C director of the Federal Reserve Bank of Richmond, reading as follows:

"Board has designated you as chairman and Federal reserve agent at Federal Reserve Bank of Richmond for year 1937 on honorarium basis and has fixed your compensation to be paid by bank at same amount as aggregate of fees payable during same period to any other director for attendance corresponding to yours at meetings of board of directors, executive committee, and other committees of board of directors. Please wire acceptance collect."

Approved unanimously.

Telegram to Mr. Edwin F. Flato, President, Corpus Christi Hardware Company, Corpus Christi, Texas, reading as follows:

"Board of Governors has appointed you director of San Antonio branch of the Federal Reserve Bank of Dallas for three-year term ending December 31, 1939. Please wire acceptance collect."

Approved unanimously.

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

"Referring telegram to you of this date. In accordance with usual procedure it will be necessary for you to execute usual oath of office and corporate surety bond in amount of \$100,000. When executed bond should be examined by counsel for Federal Reserve Bank of Richmond to see that it is executed in accordance with rules

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"printed on reverse side of form of bond 181 and sent to Board promptly for approval."

Approved unanimously.

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

"In accordance with usual procedure it will be necessary for you to execute usual oath of office and corporate surety bond in amount of \$100,000. When executed bond should be examined by counsel for Federal Reserve Bank of San Francisco to see that it is executed in accordance with rules printed on reverse side of form of bond 181 and sent to Board promptly for approval."

Approved unanimously.

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

"Board approves reappointment of I. A. Thornton, W. R. Young and J. C. Clark, Jr., as Acting Assistant Federal Reserve Agents at the Omaha, Denver and Oklahoma City Branches, respectively."

Approved unanimously.

Memorandum from Mr. Carpenter, Assistant Secretary, stating that the recent elections at Federal reserve banks resulted in the election of the following Class A and B directors, each for a term of three years beginning January 1, 1937:

Class A Directors

<u>Name</u>	<u>Business Affiliation</u>	<u>Bank</u>
Leon A. Dodge	President, The First National Bank of Damariscotta, Damariscotta, Maine	Boston

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Class A Directors (Cont'd)

<u>Name</u>	<u>Business Affiliation</u>	<u>Bank</u>
William F. Ploch	President, The National City Bank of Long Beach, Long Beach, New York	New York
*George W. Reilly	President, Harrisburg National Bank, Harrisburg, Pennsylvania	Philadelphia
*Ben R. Conner	President, The First National Bank of Ada, Ada, Ohio	Cleveland
*Charles E. Rieman	President, Western National Bank, Baltimore, Maryland	Richmond
*R. G. Clay	President, Fulton National Bank, Atlanta, Georgia	Atlanta
Walter J. Cummings	Chairman, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois	Chicago
*Max B. Nahm	Vice President, Citizens National Bank, Bowling Green, Kentucky	St. Louis
*H. C. Hansen	President, First National Bank, Churchs Ferry, North Dakota	Minneapolis
*C. C. Parks	Vice President, The First National Bank, Denver, Colorado	Kansas City
Ed H. Winton	Vice President, Continental National Bank, Fort Worth, Texas	Dallas
*Keith Powell	President, Salem Federal Savings and Loan Association, Salem, Oregon	San Francisco

Class B Directors

*Edward J. Frost	Vice President and Director, Wm. Filene's Sons Company, Boston, Massachusetts	Boston
*Robert T. Stevens	President, J. P. Stevens & Co., Inc., New York, New York	New York
*J. Carl DeLaCour	Vice President, Wm. S. Scull Company, Camden, New Jersey	Philadelphia
*John E. Galvin	President, Ohio Steel Foundry, Lima, Ohio	Cleveland
*Charles C. Reed	Vice President, Williams & Reed, Inc., Richmond, Virginia	Richmond
*J. A. McCrary	Vice President and Treasurer, J. B. McCrary Company, Inc., Atlanta, Georgia	Atlanta
*Max Wellington Babb	President, Allis-Chalmers Manufacturing Company, Milwaukee, Wisconsin	Chicago

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Class B Directors (Cont'd)

<u>Name</u>	<u>Business Affiliation</u>	<u>Bank</u>
*James W. Harris	President, Harris-Polk Hat Co., St. Louis, Missouri	St. Louis
*Albert P. Funk	President, LaCrosse Rubber Mills Company, LaCrosse, Wisconsin	Minneapolis
*Willard D. Hosford	Vice President, John Deere Plow Company, Omaha, Nebraska	Kansas City
*J. R. Milan	Vice President, The Cooper Company, Inc., Waco, Texas	Dallas
*Malcolm McNaghten	President and Director, Broadway Department Store, Inc., Los Angeles, California	San Francisco

* Reelected

Noted.

Thereupon the meeting adjourned.

Robert Morice
Secretary.

Approved:

W. S. ...
Chairman.