A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, January 9, 1957, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

Mr. Morrill called attention to the fact that the contract covering the construction of the Board's new building provides that partial payments shall be made as the work progresses and that in making such partial payments the Board shall retain 10% of the estimated amount until final completion and acceptance by the Board of all work covered by the contract; provided that the Board, at any time after 50% of the work has been completed, if the Board finds that satisfactory progress is being made, may make any of the remaining partial payments in full.

Mr. Morrill stated that Mr. Kramer, the Board's Superintendent of Construction, had estimated conservatively that the work is at least 65% completed, and that inasmuch as the Board would be able, in connection with further payments, to consider further the question whether it would retain 10% of the amount due, and as the Board is protected by a performance bond in the amount of $871,000, it was recommended, with the approval of Mr. Miller, that the Board authorize, in connection with the payment of the amount due for December, the payment of the total estimated value of the work completed during December ($278,000) less
$14,700, which would make the total amount retained to date $175,000, or approximately 5% of the total contract price.

Mr. Morrill's recommendation was approved unanimously.

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 January 8, 1937, were approved unanimously.

Bond in the amount of $100,000, executed under date of January 6, 1937, by Mr. Robert Lassiter as Federal Reserve Agent at the Federal Reserve Bank of Richmond.

Approved unanimously.

Letter to Mr. Gidney, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of December 11, 1936, transmitting the application of the 'Bank of Yorktown', New York, New York, for permission to create acceptance liability on drafts or bills of exchange to an amount not exceeding at any one time in the aggregate one hundred per centum of its capital and surplus.

"Pursuant to the provisions of Section 13 of the Federal Reserve Act, the Board of Governors of the Federal Reserve System authorizes the Bank of Yorktown, New York, New York, to accept drafts or bills of exchange to an amount (which amount shall include any drafts and bills of exchange accepted by other banks for its account) not exceeding at any one time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus, subject to the provisions of the Federal Reserve Act, the Board's Regulation C issued pursuant thereto, and condition numbered 8.
"prescribed by the Board at the time the bank was admitted to membership in the Federal Reserve System. Please advise the Bank of Yorktown of the Board's action in the premises."

Approved unanimously.

Telegram to Mr. Dawes, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"Your letter January 2 re applicability of Regulation U to loan by bank to enable person to purchase new stock of Sears, Roebuck and Co. pursuant to warrant. It is understood that although the new stock to be purchased by holder of warrant is underwritten by a group of dealers which includes certain members of national securities exchanges and whose compensation is based partly on the total number of shares offered, these underwriters are merely to purchase such stock as is not previously subscribed by warrant holders, and purchaser of stock pursuant to warrant would purchase stock directly from company without interposition of any member of a national securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member. It is understood that payment for the shares is made to the Chase National Bank of New York which acts as agent for the company to receive such payments. Based on these facts Board agrees with the view of you and your counsel that loan by a bank for the purpose of enabling the warrant holder to make such purchase of stock is exempt from Regulation U under section 2(e) of the Regulation."

Approved unanimously.

Letter to Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your letter of December 28, 1936, together with inclosures, setting out the terms and conditions under which your bank is holding ear-marked silver for the account of Banco de Mexico."

"In response, you are advised that the Board, after reviewing the same, has approved the existing arrangement subject to the usual conditions set out in the Board's
"recent statement of procedure with respect to foreign relationships, (X-9774)."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chairman.

Secretary.