

UNITED STATES GOVERNMENTEXECUTIVE OFFICERS

President	-	Herbert Clark Hoover (elected Nov. 1928, Inaugurated March 4, 1929)
Secretary of Treasury	-	Andrew W. Mellon (appointed March 4, 1921, served until Feb. 12, 1932)
Comptroller of Currency	-	J. W. Pole (date of appointment Nov. 21, 1928, resigned Sept. 20, 1932)
Secretary of State	-	Henry L. Stimson
Secretary of War	-	Patrick J. Hurley
Secretary of Navy	-	Charles F. Adams
Secretary of Interior	-	Ray L. Wilbur
Secretary of Agriculture	-	Arthur M. Hyde
Secretary of Commerce	-	Robert P. Lamont
Secretary of Labor	-	William N. Doak
Postmaster General	-	Walter F. Brown
Attorney General	-	William D. Mitchell

U. S. G O V E R N M E N T

S E N A T E

Banking and Currency Committee

72nd Congress

Republicans

NORBECK, Peter
 BROOKHART, Smith W.
 GOLDSBOROUGH, Phillips Lee
 TOWNSEND, Jr. John G.
 WALCOTT, Frederic C.
 BLAINE, John J.
 CAREY, Robert D.
 DAVIS, James J.

South Dakota
 Iowa
 Maryland
 Delaware
 Connecticut
 Wisconsin
 Wyoming
 Pennsylvania

Democrats

FLETCHER, Duncan U.
 GLASS, Carter
 WAGNER, Robert F.
 BARKLEY, Alben W.
 CONNALLY, Tom
 BULKLEY, Robert J.
 MORRISON, Cameron

Florida
 Virginia
 New York
 Kentucky
 Texas
 Ohio
 N. Carolina

1931

December

U.S. G O V E R N M E N T

HOUSE OF REPRESENTATIVES

Banking and Currency Committee

71st Congress

Republicans

McFADDEN, Louis T.
STRONG, James G.
LUCE, Robert
(FENN, E. Hart)
CAMPBELL, Guy E.
BEEDY, Carroll L.
HOOPER, Joseph L.
GOODWIN, Godfrey G.
(LETTIS, F. D.)
(FORT, Franklin W.)
GOLDER, Benjamin M.
SEIBERLING, Francis
PRATT, Ruth
(DUNBAR, James W.)

Pennsylvania
Kansas
Massachusetts
Connecticut
Pennsylvania
Maine
Michigan
Minnesota
Iowa
New Jersey
Pennsylvania
Ohio
New York
Indiana

Democrats

STEAGALL, Henry B.
BRAND, Charles H.
STEVENSON, William F.
GOLDSBOROUGH, T. Alan
PRALL, Anning S.
BUSBY, Jeff
REILLY, Michael K.

Alabama
Georgia
South Carolina
Maryland
New York
Mississippi
Wisconsin

Names in brackets () will not be Members of Seventy-second Congress.

Ex Officio Members

A. W. Mellon,
 Secretary of the Treasury
 Chairman
 J. W. Pole, Comptroller of the Currency

Eugene Meyer, Governor
 _____, Vice Governor
 Floyd R. Harrison, Asst. to Gov.
 (appointed on Sept. 16)

Adolph C. Miller
 Charles S. Hamlin
 George R. James
 Wayland W. Magee, (appointed May 5)

Secretary's Office

Walter L. Eddy, Secretary (resigned May 31)
 Chester Morrill, Secretary (effective Oct. 7)
 E. M. Mc Clelland, Asst. Secretary
 J. C. Noell, Asst. Secretary

Counsel's Office

Walter Wyatt, General Counsel

Fiscal Agent

W. M. Imlay, Fiscal Agent

Division of Research and
 Statistics

E. A. Goldenweiser, Director
 Carl E. Parry, Asst.
 Director

Division of Examination

_____,
 Chief, and
 Federal Reserve Examiner

Division of Bank Operations

E. L. Smead, Chief

FEDERAL RESERVE SYSTEM
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)	Herbert K. Hallett
District No. 2 (New York)	R. H. Treman
District No. 3 (Philadelphia)	Howard A. Loeb
District No. 4 (Cleveland)	J. A. House
District No. 5 (Richmond)	John Poole
District No. 6 (Atlanta)	*J.B. Butler (resigned)
District No. 7 (Chicago)	*John K. Ottley Melvin A. Traylor, Vice President
District No. 8 (St. Louis)	W. W. Smith, President
District No. 9 (Minneapolis)	Geo. H. Prince
District No. 10 (Kansas City)	W. S. McLucas
District No. 11 (Dallas)	*B. A. McKinney (resigned)
District No. 12 (San Francisco)	*J. H. Frost Henry M. Robinson

Walter Lichtenstein, Secretary

(over)

NOTE:- The above list is correct as of December 31, 1931. In the earlier part of the year Mr. B. A. McKinney was president of the council and representative of the eleventh Federal Reserve district, but in November, 1931, he became governor of the Federal Reserve Bank of Dallas, Tex., and therefore severed his relations with the Federal Advisory Council. Prior to this the executive committee was composed of Messrs. B. A. McKinney, W. W. Smith, H. A. Loeb, M. A. Traylor, G. H. Prince, and W. S. McLucas. Another change was due to the fact that Mr. J. P. Butler, representative of the sixth Federal reserve district, resigned during the year and his place was taken by Mr. Ottley

FEDERAL RESERVE SYSTEM

OPEN MARKET POLICY CONFERENCE

Composed of 12 Governors of Federal Reserve Banks:

- | | | | |
|-------------------|------------------|---------------------|--|
| 1. Boston - | Roy A. Young | 7. Chicago - | J. B. McDougal |
| 2. New York - | G. L. Harrison | 8. St. Louis - | William Mc. Martin |
| 3. Philadelphia - | George W. Norris | 9. Minneapolis - | W. B. Geery |
| 4. Cleveland - | E. R. Fancher | 10. Kansas City - | W. J. Bailey |
| 5. Richmond - | George J. Seay | 11. Dallas - | Lynn P. Talley (to Oct. 1)
B. A. McKinney |
| 6. Atlanta - | Eugene R. Black | 12. San Francisco - | John U. Calkins |

Federal Reserve Bank of Boston (Dist. 1)

OFFICERS

Governor	-	Roy A. Young
Deputy Governors	-	W. W. Paddock
Chairman and Federal Reserve Agent	-	Frederic H. Curtiss
Deputy Chairman	-	Owen D. Young

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
CHAMBERLAIN, Frederick S. (New Britain, Conn.)	1931
RIPLEY, Alfred L. (Boston, Mass.)	1932
KENNARD, Edward S. (Rumford, Me.)	1933 (re-elected)
 <u>Class B</u>	
BOWMAN, Albert C. (Springfield, Vt.)	1931
ALLEN, Philip R. (East Walpole, Mass.)	1932
BEMIS, Albert Farwell (Boston, Mass.)	1933 (re-elected)
 <u>Class C</u>	
MERRIMAN, Chas. H. (Providence, R. I.)	1931
CURTISS, Frederic H. (Boston, Mass.) Chairman and FR Agent	1932
HOLLIS, Allen (Concord, N.H.) Deputy Chairman	1933 (re-appointed)

Federal Reserve Bank of New York (Dist. 2)

OFFICERS

Governor	-	George L. Harrison	
Deputy Governors	-	W. R. Burgess	E. R. Kenzel
		J. E. Crane	Walter S. Logan
		A. W. Gilbert	L. R. Rounds
		L. F. Sailer	
Chairman and Federal Reserve Agent	-	J. Herbert Case	
Deputy Chairman	-	Owen D. Young	

1931

Federal Reserve Bank of NEW YORK (Dist. 2)DIRECTORS

<u>CLASS A</u>	<u>Term Began</u>	<u>Dec. 31 Term Ended</u>
MITCHELL, Charles E. (New York)	1/1/29	1931
STEPHENS, Thomas W. (Montclair)	1/1/30	1932
WARNER, David C. (Endicott)	1/1/31	1933
<u>CLASS B</u>		
WOODIN, William H. (New York)	1/1/29	1931
WHITMARSH, Theodore F. (New York)	1/1/30	1932
REYBURN, Samuel W. (New York)	1/1/31	1933 (reelected)
<u>CLASS C</u>		
YOUNG, Owen D. (New York)	1/1/30	1932 (Deputy Chairman)
CASE, J. Herbert (Plainfield)	2/27/30	1931 (Chairman)
WOOLLEY, Clarence M. (Greenwich)	1/1/31	1933 (reappointed)

1931

Federal Reserve Bank of Philadelphia (Dist. 3)

OFFICERS

Governor - George W. Norris

Deputy Governor - William H. Hutt

Chairman and Federal
Reserve Agent - R. L. Austin

Deputy Chairman - Alba B. Johnson

DIRECTORS

Term Expires

Dec. 31Class A

COSGROVE, John C. (Hastings, Pa.)	1931
WAYNE, Jos. (Jr.) Philadelphia, Pa.)	1932
REILY, Geo. W. (Harrisburg, Pa.)	1933 (re-elected)

Class B

DORRANCE, A. C. (Camden, N.J.)	1933 (re-elected)
STOUT, C. F. C. (Philadelphia, Pa.)	1931
SEWALL, Arthur W. (Philadelphia, Pa.)	1932

Class C

JOHNSON, Alba B. (Philadelphia, Pa.) Deputy Chairman	1933 (re-appointed)
CANNON, H. L. (Bridgeville, Del.)	1931
AUSTIN, R. L. (Philadelphia, Pa.) Chairman and FR Agent	1932

Federal Reserve Bank of Cleveland (Dist. 4)

OFFICERS

Governor	-	E. R. Fancher
Deputy Governors	-	M. J. Fleming Frank J. Zurlinden
Chairman and Federal Reserve Agent	-	George De Camp
Deputy Chairman	-	L. B. Williams

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
LAMBERTON, Chess (Franklin, Pa.)	1931
WARDROP, Robert (Pittsburgh, Pa.)	1932
SAMS, O. N. (Hillsboro, Ohio)	1933 (re-elected)
 <u>Class B</u>	
WRIGHT, R. P. (Erie, Pa.)	1931
CRABSS, George D. (Cincinnati, Ohio)	1932
GALVIN, J. E. (Lima, Ohio)	1933 (re-elected)
 <u>Class C</u>	
WILLIAMS, L. B. (Cleveland, Ohio) Deputy Chairman	1931
DeCAMP, Geo (Cleveland, Ohio) Chairman and FR Agent	1932
KNIGHT, W.W. (Toledo, Ohio)	1933

OFFICERS

Governor	-	George J. Seay
Deputy Governors	-	R. H. Broaddus C. A. Peple
Chairman and Federal Reserve Agent	-	William W. Hoxton
Deputy Chairman	-	Frederic A. Delano

Federal Reserve Bank of Richmond (Dist. 5)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
BRASWELL, James C. (Rocky Mount, N.C.)	1931
JOHNSON, L. E. (Alderson, W.Va.)	1932
RIEMAN, Charles E. (Batlimore, Md.)	1933 (re-elected)
 <u>Class B</u>	
GRAHAM, Edwin C. (Washington, D. C.)	1931
COKER, D. R. (Hartsville, S.C.)	1932
ADDISON, W. M. (Richmond, Va.)	1933 (re-elected)
 <u>Class C</u>	
LASSITER, Robt. (Charlotte, N.C.)	1931
HOXTON, Wm. W. (Richmond, Va.) Chairman and FR Agent	1932
DELANO, Frederic A. (Washington, D.C.) Deputy Chairman	1933 (re-appointed)

Federal Reserve Bank of Atlanta (Dist. 6)

OFFICERS

Governor	-	Eugene R. Black
Deputy Governors	-	W. S. Johns H. F. Conniff
Chairman and Federal Reserve Agent	-	Oscar Newton
Deputy Chairman	-	W. H. Kettig

Federal Reserve Bank of Atlanta (Dist. 6)

DIRECTORS

<u>Class A</u>		<u>Term Expires</u> <u>Dec. 31</u>
MELVIN, E.C. (Selma, Ala.)		1931
WARE, G. G. (Leesburg, Fla.)		1932
YOUNG, H. Lane (Atlanta, Ga.)		1933 (re-elected)
 <u>Class B</u>		
HILL, J. B. (Nashville, Tenn.)		1931
SIMON, Leon C. (New Orleans, La.)		1932
McCRARY, J. A. (Decatur, Ga.)		1933 (re-elected)
 <u>Class C</u>		
KETTIG, W. H. (Birmingham, Ala.)	Deputy Chairman	1931
NEWTON, Oscar (Atlanta, Ga.)	Chairman and FR Agent	1932
HARRIS, George S. (Atlanta, Ga.)		1933 (re-appointed)

Federal Reserve Bank of Chicago (Dist. 7)

OFFICERS

Governor	-	James B. Mc Dougal
Deputy Governors	-	C. R. Mc Kay John H. Blair J. H. Dillard
Chairman and Federal Reserve Agent	-	Eugene M. Stevens
Deputy Chairman	-	James Simpson

Federal Reserve Bank of Chicago (Dist. 7)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
ESTBERG, Edward R. (Waukesha, Wis.)	1931
SCHALLER, George J. (Storm Lake, Iowa)	1932
REYNOLDS, George M. (Chicago, Ill.)	1933 (re-elected)
 <u>Class B</u>	
CRAPO, Stanford T. (Detroit, Mich.)	1931
FEUSTEL, Robert M. (Fort Wayne, Ind.)	1932
BABB, Max W. (Milwaukee, Wis.)	1933 (re-elected)
 <u>Class C</u>	
BALL, Frank C. (Muncie, Ind.)	1931
SIMPSON, James (Chicago, Ill.) Deputy Chairman	1932
STEVENS, Eugene M. (Chicago, Ill.) Chairman and FR Agent	1933 (re-elected)

OFFICERS

Governor	-	William Mc C. Martin
Deputy Governor	-	O. M. Attebery
Chairman and Federal Reserve Agent	-	John S. Wood
Deputy Chairman	-	John W. Boehne

DIRECTORSClass A

Term Expires
<u>Dec. 31</u>

MARTIN, John C. (Salem, Ill.)	1931
LOWSDALE, John G. (St. Louis, Mo.)	1932
NAHM, Max B. (Bowling Green, Ky.)	1933 (re-elected)

Class B

PLUNKETT, W. B. (Little Rock, Ark.)	1931
STURDIVANT, M. P. (Glendora, Miss.)	1932
HARRIS, James W. (St. Louis, Mo.)	1933 (re-elected)

Class C

DILLARD, Paul (Memphis, Tenn.)	1931
BOEHNE, John W. (Evansville, Ind.) Deputy Chairman	1932
WOOD, John S. (St. Louis, Mo.) Chairman and FR Agent	1933 (re-appointed)

Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

Governor	-	W. B. Geery
Deputy Governors	-	Harry Yaeger H. I. Ziemer
Chairman and Federal Reserve Agent	-	John R. Mitchell
Deputy Chairman	-	Homer P. Clark

Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
LEEMAN, P. J. (Minneapolis, Minn.)	1931
KIBBEE, H.R. (Mitchell, S. Dak.)	1932 (elected)
HANSEN, H. C. (Churchs Ferry, N. Dak.)	1933 (elected)
 <u>Class B</u>	
WASHBURN, W. O. (St. Paul, Minn.)	1931
Ø'CONNELL, J.E. (Helena, Mont.)	1932 (elected)
OWEN, John S. (Eau Claire, Wis.)	1933 (re-elected)
 <u>Class C</u>	
McCORMICK, George W. (Menominee, Mich.)	1931
MITCHELL, John R. (Minneapolis, Minn.) Chairman and FR Agent	1932
CLARK, Homer P. (St. Paul, Minn.) Deputy Chairman	1933 (re-appointed)

Federal Reserve Bank of Kansas City (Dist. 10)

OFFICERS

Governor	-	W. J. Bailey
Deputy Governors	-	C. A. Worthington J. W. Helm
Chairman and Federal Reserve Agent	-	M. L. Mc Clure
Deputy Chairman	-	William L. Petrikin

Federal Reserve Bank of Kansas City (Dist. 10)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
SPONABLE, Frank W. (Paola, Kans.)	1931
MULLANEY, E. E. (Hill City, Kans.)	1932
PARKS, C. C. (Denver, Colo.)	1933 (re-elected)
 <u>Class B</u>	
BERNARDIN, J. M. (Kansas City, Mo.)	1931
PHILLIPS, L. E. (Bartlesville, Okla.)	1932
HOSFORD, Willard D. (Omaha, Nebr.)	1933 (elected)
 <u>Class C</u>	
PETRIKIN, William L. (Denver, Colo.) Deputy Chairman	1931
McCLURE, M. L. (Kansas City, Mo.) Chairman and FR Agent	1932
BROWN, Edward P. (Davey, Nebr.)	1933 (appointed)

Federal Reserve Bank of Dallas (Dist. 11)

OFFICERS

Governor	-	Lynn P. Talley (resigned October 1) B. A. McKinney
Deputy Governors	-	R. R. Gilbert R. B. Coleman William A. Day
Chairman and Federal Reserve Agent	-	C. C. Walsh
Deputy Chairman	-	S. B. Perkins

Federal Reserve Bank of Dallas (Dist. 11)

DIRECTORS

<u>Class A</u>	Term Expires <u>Dec. 31</u>
PATRICK, W. H. (Clarendon, Tex.)	1931
WILLIAMS, J. P. (Mineral Wells, Tex.)	1932
HARDING, R. E. (Fort Worth, Tex.)	1933 (elected)
 <u>Class B</u>	
CLEVELAND, A. S. (Houston, Tex.)	1931
CULBERTSON, J. J. (Paris, Tex.)	1932
MILAM, J. R. (Waco, Tex.)	1933 (re-elected)
 <u>Class C</u>	
WALSH, C. C. (Dallas, Tex.) Chairman and FR Agent	1931
BROWN, E. R. (Dallas Texas)	1932
PERKINS, S. B. (Dallas, Texas) Deputy Chairman	1933

OFFICERS

Governor	-	Jno. U. Calkins
Deputy Governors	-	William A. Day Ira Clerk
Chairman and Federal Reserve Agent	-	Isaac B. Newton
Deputy Chairman	-	Walton N. Moore

Federal Reserve Bank of San Francisco (Dist. 12)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
McINTOSH, C. K. (San Francisco, Calif.)	1931
RAMSAY, T. H. (San Francisco, Calif.)	1932
POWELL, Keith (Woodburn, Oreg.)	1933 (elected)
 <u>Class B</u>	
COX, Elmer H. (Madera, Calif.)	1931
DOHRMANN, A. B. C. (San Francisco, Calif.)	1932
McNAGHTON, Malcolm (Los Angeles, Calif.)	1933
 <u>Class C</u>	
SPROULE, William (San Francisco, Calif.)	1931
NEWTON, Isaac B. (San Francisco, Calif.)	Chairman and FR Agent 1932
MOORE, Walton N. (San Francisco, Calif.)	Deputy Chairman 1933

1931

HEARINGS

Jan. 19-23, 26,29,30-
Mar. 2

U.S.Congress. Senate. Committee on banking and currency.	HG 2565
Operation of the National and Federal reserve banking systems: hearings ...71st cong.,3d sess. pursuant to S.Res.71, a resolution to make a com- plete survey of the national and Federal reserve banking systems. Jan. 19-23,26,29,30-Mar.2,1931. 7 pts. Wash., Govt.ptg.off.,1931.	.U21 (1931)
<hr/>	
Testimony: Broderick, Joseph.A. (Supt.ofBanks,N.Y.) Jan.29, pp.271-283	
Case, J.H. (F.R.Bk.,N.Y.)Jan.22,'31	pp.106-121
Hamlin,C.S. (Bd.mbr.) Jan23,'31,	pp. 163-181
F.R.Bd.L. Harrison,G.L.(N.Y.F.R.Bk.) Jan20	pp.31-106
Miller,A.C. pp.123-163	Pole,J.W.(Compt)2-30
Platt,E. pp.209-226	a

1931

HEARINGS

Jan. 27,28,31

Feb. 2,3,5,6,7

U.S.Congress. Senate. Committee on banking
and currency.

HG
2562
.P4U7
(1931)

Nomination of Eugene Meyer to be a member
of the Federal reserve board: hearings ...
71st cong., 3d sess. on Jan 27,28,31, Feb.2,3,
5,6, and 7, 1931. Wash., Govt.ptg.off.,1931.

339 p.

Testi-	Meyer, Eugene Jr.
mony:	Jan.28 pp.79-96
	" 31 "97-131
	Feb. 2 " 133-184
	" 3 " 185-228
	" 5 " 259-262

Feb. 6	pp.270-271
"	" 302-323

F.R.Bd.L.

a

1931-32

HEARINGS

Dec. 18-19,21-22

U.S.Congress. Senate. Banking and currency committee. HJ 259

Creation of a Reconstruction Finance Corporation: .A2
HEARINGS before a subcommittee ... 72nd cong., 1931-32
1st sess. on S.1, a bill to provide emergency financing facilities for banks and other financial institutions and for other purposes... Dec. 18, 19, 21, 22, 1931. Wash., Govt.ptg.off., 1932
229 p.

Testimong: Meyer, Eugene Dec. 18, pp. 6-37
Harrison, G.L. Dec. 19? pp. 66-75
Mills, Ogden (SecTreas) Dec. 19, pp. 39-66

F.R.Bd.L.

a

1931-2

HEARINGS

Dec. 18, 1931
Jan. 5-7, 1932

U.S. Congress. House. Banking and currency
committee.

HJ

259

Reconstruction finance corporation: HEARINGS

.A2

...72nd cong., 1st sess. on the bills H.R. 5060
and H.R. 5116, to provide emergency financing
facilities for banks and other financial insti-
tutions and for other purposes, Dec. 18, 1931
and Jan. 5, 6, 7, 1932. Wash. Govt. ptg. off., 1932.

1931-2

186 p.

Testimony: Meyer, Eugene Dec. 18 pp. 10-64

F.R.Bd.L.

a

13.202. Federal Reserve bank as agent of forwarding bank.—A State member bank, in possession of the State Secretary of Banking,

brought suit against a national bank to recover the amount of a deposit made by the former bank with the latter. Defendant claimed the right to set off the amount of checks drawn on the plaintiff bank and deposited with the defendant for collection. The checks had been forwarded to the Federal Reserve bank by the defendant for collection and the latter bank had presented them to the plaintiff for payment, and had accepted, as payment therefor, a draft of the plaintiff on a national bank. The draft was dishonored as a result of the closing of the plaintiff bank. Meanwhile, however, the defendant bank had charged the deposit account of the plaintiff bank with the total of the checks deposited with the defendant for collection and such credit had been made before the closing of the plaintiff bank. Plaintiff contended that its only live obligation was the draft sent by it to the Federal Reserve bank and that consequently the Reserve bank and not the defendant could make a claim. It was held, however, that by virtue of Regulation J, Series of 1924, the Reserve bank acted as defendant's collecting agent; that the defendant was the principal, though not named, and could assert its right notwithstanding the agency, no subsequent superior rights having intervened; and that therefore the defendant was properly entitled to charge the deposit account of the plaintiff bank with the total of the checks presented to that bank before its closing and was therefore justified in setting off the amount of such checks against the plaintiff's deposit account. *Peoples Bank v. McDowell National Bank*, 307 Pa. 247, 161 Atl. 203 (1932), affirming 103 Pa. Super. 241, 158 Atl. 293 (1931).

NOTE.—For other decisions holding the Federal Reserve banks to be agents in collection transactions, see 13.561; 13.562; 13.703; 13.706.

13.603. State statute allowing preference for items "not treated as dishonored."—Checks received by the Federal Reserve Bank of New York for collection were forwarded to a national bank and by that bank presented to the drawee bank for payment. The drawee bank charged the checks to the account of the respective makers and remitted a draft on another bank in payment. The draft was indorsed by the collecting national bank to the Federal Reserve bank but was dishonored when presented for payment. Thereupon the Federal Reserve bank charged the items back to the accounts of the respective banks from which the checks had been received, but did not cause any item to be protested nor demand nor attempt to obtain the return of any of the items. In liquidation proceedings, the Federal Reserve bank filed a claim with the State Superintendent of Banks for a preference against the assets of the closed bank for the amount of the checks. Such a preference was allowed by State statute except in cases where the items were treated as dishonored by nonpayment. It was held that the act of the Federal Reserve bank in charging back the checks to the forwarding banks did not constitute an election to treat the items as dishonored by nonpayment; and that therefore the Federal Reserve bank, under the statute, was entitled to a preferred claim. *In re Jayne & Mason*, 140 Misc. 822, 251 N.Y. Supp. 768 (1931).

13.2761. **Defense of set-off properly stricken.**—In a suit by a Federal Reserve bank upon certain promissory notes executed by the defendant and indorsed by a national bank to the plaintiff, it was alleged by the plaintiff that it was a holder in due course and for value. In his answer, defendant maintained that he had received no consideration for one of the notes in question and that he was entitled to a set-off or counterclaim with respect to the other note. Upon the motion of the plaintiff, these defenses were stricken from the answer; and defendant appealed. It was held that if the Federal Reserve bank was, as alleged in the complaint, a holder in due course, such defenses would be unavailable; and that therefore they were properly stricken from the answer as irrelevant and immaterial. Accordingly, the order of the trial court granting the plaintiff's motion to strike was affirmed. *Federal Reserve Bank of Richmond v. Atmore*, 200 N.C. 437, 157 S.E. 129 (1931).

RS-5242.101. Participation by Reserve bank in receipt of preference.—Certain checks drawn on a national bank and deposited with the Federal Reserve Bank of Minneapolis for collection were forwarded to the drawee bank for payment. The latter bank sent to the Federal Reserve bank in part payment thereof two drafts drawn on and payable to the Reserve bank. For the purpose of building up its reserve account with the Reserve bank in order to meet the drafts, the national bank also sent certain collection items and currency to the Reserve bank. Prior to these remittances, the directors of the national bank had passed a resolution calling for the suspension of the bank. The receiver of the national bank, after its insolvency, brought an action against the Reserve bank for the amount of the collection items and currency on the ground that they constituted unlawful preferences under section 5242 of the Revised Statutes. It was held that the passage of the resolution by the directors of the bank constituted an act of insolvency; and therefore the remittances to the Reserve bank should be regarded as having been made in contemplation of insolvency and as void within the statute. The court dismissed the contention that the checks sent by the Reserve bank to the national bank for collection became a trust fund, since all of such checks were drawn on the national bank and did not augment its assets. The court also dismissed the contention that the Reserve bank should be relieved of liability for the preference because it had acted merely as agent in forwarding the checks for collection and in receiving payment. On the contrary, it was held that the Reserve bank had participated, with full knowledge of all the essential facts, in violating the provisions of the statute, and the judgment of the lower court for the Reserve bank was therefore reversed. *Hirning v. Federal Reserve Bank of Minneapolis*, 52 Fed.(2d) 382 (C.C.A. 8th, 1931).

11.643. **Qualification as executor where testator died after consolidation.**—The plaintiff and a State bank were nominated as joint executors in a will. Before the death of the testator, the State bank was consolidated with the defendant national bank. Upon the death of the testator, both the plaintiff and the national bank were permitted to qualify as executors; and the plaintiff brought error. It was held that upon the consolidation, the State bank ceased to exist as a bank and that at the date of the consolidation, since the testator was still alive, the State bank had nothing to which the national bank could succeed. On this ground, the case was distinguished from the Worcester County Bank Case (See 11.642) in which the testator's death had occurred before the consolidation and the State bank had qualified as executor before the consolidation took place. It was held, therefore, that in the present case the consolidated national bank was not entitled to qualify as executor and that the decision of the trial court should be reversed. *Hofheimer v. Seaboard Citizens' National Bank of Norfolk*, 154 Va. 392, 153 S. E. 656 (1930), *aff'd.*, 154 Va. 896, 156 S.E. 581 (1931), *cert. den.*, 283 U. S. 855 (1931).

1931

FEDERAL RESERVE SYSTEM

POLICY ACTION

January 1931 to August 1931

Apparent Intent - Expansionary

- Open Market Operations - Bought \$130 million of Government securities (June-August).
Buying rate on bankers' acceptances reduced (January-May).
- Discount Rate - Reduced from range of 2-3 1/2 to 1 1/2-3 percent at 11 Banks*
(January-May).
- Surrounding Circumstances - Production declining sharply after partial recovery; stock,
speculative bond, and commodity prices declining further;
credit liquidation increased and currency hoarding develop-
ing; increasing bank failures in United States and begin-
ning of banking crises in Europe.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 218.

*No change at Federal Reserve Bank of Minneapolis, where rate remained at 3 1/2 percent.

1931

October 1931 to November 1931

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - For other purposes

- Open Market Operations - Bought large amount of bankers' acceptances at increased rates.
- Discount Rate - Raised from range of 11/2-3 percent at 11 Banks* to 31/2-4 percent at all Banks. Federal Reserve Banks loaned freely to member Banks at the higher discount rates.
- Surrounding Circumstances - Gold outflow after England abandoned gold standard; declining gold reserves (due to gold outflow of \$725 million in 7 weeks), increasing note circulation, and collateral requirements for notes prevented large purchases of United States securities to ease reserve position of member banks and necessitated higher rates to check withdrawals of foreign balances; notwithstanding stock, bond, and commodity prices declining sharply; acceleration of currency hoarding, credit liquidation, and bank failures.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 218.

*No change at Federal Reserve Bank of Minneapolis, where rate remained at 31/2 percent.

1931

England went off the gold standard on the 21st of September