

CONFIDENTIAL

Secretary's Minutes  
GOVERNORS CONFERENCE

November 15 and 16, 1932.

Washington, D. C.

FEDERAL RESERVE BANK  
OF CLEVELAND

*[Handwritten scribble]*

December 15, 1932.  
RECEIVED  
SECRETARY TO GOVERNOR  
& DEPUTY GOVERNOR  
FEDERAL RESERVE BANK  
OF ST. LOUIS  
DEC 16 AM 8 43

CONFIDENTIAL

Mr. Wm. McC. Martin, Governor,  
Federal Reserve Bank of St. Louis,  
St. Louis, Mo.

Dear Governor Martin:

There is enclosed for your confidential use a copy of the Secretary's minutes of the Conference of Governors held in Washington on November 15 and 16, 1932.

I had hoped to be able to incorporate the report of the Legislative Committee in the minutes, but as I am informed that this will not be ready soon, I have omitted it from the minutes in order to avoid further delay in distribution.

If you should detect any errors or omissions, or have any changes to suggest, please write me at your convenience.

I want to take this opportunity to wish you and your associates a Merry Christmas and a Happy and Prosperous New Year.

Very truly yours,

*[Handwritten signature: N. H. Strater]*

Secretary,  
Governors' Conference.

encl.

Directed to { General Files  
Library  
F. R. Agent Files

By \_\_\_\_\_  
When initialed  
by those indicated.

- Martin \_\_\_\_\_
- Attebery *[Signature]* \_\_\_\_\_
- McConkey \_\_\_\_\_
- Hall \_\_\_\_\_
- Gilmore \_\_\_\_\_
- Hall \_\_\_\_\_
- Hullocher \_\_\_\_\_
- Philbois \_\_\_\_\_
- Wood \_\_\_\_\_
- Stewart \_\_\_\_\_
- Novy \_\_\_\_\_
- \_\_\_\_\_

FEDERAL RESERVE BANK  
OF CLEVELAND

FEDERAL RESERVE BANK  
OF ST. LOUIS

RECEIVED  
SECRETARY TO GOVERNOR  
& DEPUTY GOVERNOR  
1932 DEC 30 AM 8 41

December 29, 1932.

CONFIDENTIAL


Mr. Wm. McC. Martin, Governor,  
Federal Reserve Bank of St. Louis,  
St. Louis, Mo.

Dear Governor Martin:

At the suggestion of Governor Harrison, I have changed the wording of paragraphs eleven and twelve of the Secretary's minutes of the last Governors' conference, and I am enclosing corrected copies of pages four and five of the minutes which please substitute for pages similarly numbered in the copy of the minutes which you now have.

As these changes do not involve any action taken by the conference, and are merely an improvement in language made in the interest of accuracy, I took the liberty of making the corrections suggested by Governor Harrison without first submitting them to the other Governors for approval.

Very truly yours,



Secretary,  
Governors' Conference.

encls.

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HOWARD BOWMAN  
MADE IN U.S.A.

PROGRAM

CONFERENCE OF THE FEDERAL RESERVE BOARD  
with the  
FEDERAL RESERVE AGENTS AND GOVERNORS  
OF THE FEDERAL RESERVE BANKS  
November 14, 1932.

1. Open market policy.
2. Government securities as collateral to Federal reserve notes under Section 16, as amended by the Act of February 27, 1932.
  - a. Policy
  - b. Question of extension of authority beyond March 3, 1933.
3. Activities of Banking and Industrial Committees.
4. Proposals for changes in banking laws and for reorganization of banking system.
5. Status of report of System Committee on Branch, Group, and Chain Banking.
6. Status of report of System Committee on Reserves.
7. Policy and procedure in granting permits under the provisions of the Clayton Act relating to interlocking directorates.
8. Loans by Federal reserve banks under Sections 10-a and 10-b of the Federal Reserve Act, as amended by the Act of February 27, 1932.
  - a. Experience and policy.
  - b. Question of extension of authority under Section 10-b beyond March 3, 1933.
9. Discounts for individuals, partnerships, and corporations under Section 13, as amended by the Act of July 21, 1932.
  - a. Experience and policy.
  - b. Question of amendment so as to require endorsement or other security in connection with such paper rather than both.
10. Proposed study of acceptance practice.
11. Finance company paper.

PROGRAM  
GOVERNORS CONFERENCE

November 14, 1932

Washington, D. C.

- I. ELECTION OF CHAIRMAN AND SECRETARY FOR YEAR 1933
- II. CREDIT TRANSACTIONS AND POLICIES
- A. Discount rates and open market operations.
    - 1. Report on open market operations. New York
    - 2. Future policy. Chicago
    - 3. Discount rates. New York
  - B. Gold.
    - 1. Review of recent movements and future prospects. New York
  - C. Relations with foreign banks.
    - 1. Report of operations and relations. New York
  - D. General banking situation.
    - 1. Condition of banks and policies of examiners. New York
    - 2. Credit surveys and work of Banking and Industrial Committees. New York
    - 3. Report on banking conditions in each Federal reserve district. Chicago
  - E. Cooperation by Federal reserve banks in furthering the movement for the more general use of Trade Acceptances. Philadelphia
  - F. What has been the experience of each Federal reserve bank in making loans -
    - 1. Under Glass-Steagall Act;
    - 2. Under Emergency Relief Act. Chicago
  - G. Regional Agricultural Credit Corporations. Given authority to rediscount with Federal reserve banks. Chicago
    - 1. Discussion as to procedure and policy.
- III. LEGISLATIVE PROBLEMS
- A. Renewal of Section 3 of Glass-Steagall Bill. New York  
Richmond



III. LEGISLATIVE PROBLEMS (Cont'd)

- B. Proposals for general reorganization of the banking system:
1. Banking unification. New York
  2. Branch banking. New York
  3. Proposals pending before Congress, such as Glass Banking Bill. New York
- C. Amendment to Judicial Code.
1. That the Federal Reserve Board recommend to the Congress at its next session, an amendment to the Judicial Code to restore to the Federal reserve banks the right to sue, or to be sued, in the Courts of the United States. Kansas City
- D. Amendments to Federal Reserve Act.
1. Discuss the advisability of the Federal Reserve Board recommending to Congress an amendment to Section 13 of the Federal Reserve Act by substituting the word "or" for the word "and", so as to read as follows:  
"\*\*\*\*\*to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this Act, when such notes, drafts, and bills of exchange are endorsed OR otherwise secured to the satisfaction of the Federal reserve bank." Kansas City
  2. Recommend to the Federal Reserve Board that it use its best effort to amend the Federal Reserve Act to permit the Federal reserve banks to accept member bank collateral notes secured by eligible paper with a maturity not to exceed ninety days. Kansas City

IV. OPERATION AND ADMINISTRATION

- A. Relations with the Federal Home Loan Banks.
1. Nature and extent of facilities to be extended by Federal reserve banks. Cleveland
- B. Spread-the-Work program. New York
- C. Setting up reserves against possible losses. New York

V. COIN, CURRENCY, AND CIRCULATION

- A. National bank notes.
1. Under the terms of the Federal Reserve Act, can Federal reserve banks restrict the amount of National bank notes which will be accepted from member banks for deposit. If not, can Federal reserve banks forward National bank notes of large denominations to Washington for immediate redemption. Kansas City
- B. Suggested change in denominations of silver certificates.
1. Recommended that the Treasury Department give consideration to allocating \$100,000,000, or thereabouts, of the present silver certificate circulation to bills of \$10 denomination with a corresponding reduction in the \$1 denomination. Cleveland
- C. Coin and currency shipments under new Postal rates. Philadelphia

VI. COLLECTIONS AND CLEARINGS

- A. Report of Standing Committee on Collections.
- B. Reconsideration of Report of Standing Committee on Collections dated July 14, 1932. Minneapolis
- C. Amendment to Regulation J.
1. Recommend to the Federal Reserve Board an amendment to Regulation J, which would provide in effect that member and clearing member banks, by sending items to a Federal reserve bank, agree that such Federal reserve bank, as an agent for collection, shall guarantee all endorsements prior to its own on such items, and that such member and clearing member banks shall indemnify such Federal reserve bank against loss on account of its guarantee of such endorsements. Kansas City

VI. COLLECTIONS AND CLEARINGS (Cont'd)

- D. Should inter-district time schedules of reserve banks be based on train schedules between various Federal reserve bank and branch cities, leaving out of consideration direct sendings of member banks. (See Standing Committee on Collections letter of November 25, 1931, to Federal Reserve Board.)
- E. Shipments of checks by express. (See Federal Reserve Board's letter X-7272 of October 15, 1932.) Cleveland
- F. Report of Joint Conference of Counsel and Standing Committee on Collections on October 10 and 11, 1932.
- G. Collection of shipping charges on non-cash collections.
  - 1. The Standing Committee on Collections, in its report to the Conference dated November 2, 1925, recommended that charges on bonds, coupons, and other securities up to 25¢ on individual items be absorbed by the Federal reserve banks. Is it desirable to increase this amount to 50¢? Cleveland

VII. REPORTS OF COMMITTEES

- A. Insurance Committee.
- B. Leased Wire Committee.
- C. Pension Committee.
- D. Sub-committee of General Committee on Bankers Acceptances.
- E. Committee on the Development of Acceptance Practice.

GOVERNORS CONFERENCE

November 15 and 16, 1932.

Washington, D. C.

First Day's Session, Tuesday, November 15.

Morning

The meeting was called to order at 10:00 a. m.

Present: Governor Calkins, Chairman, and  
Governors Young, Harrison,  
Norris, Fancher, Seay,  
Black, McDougal, Martin,  
Geery, Hamilton, and  
McKinney.

Mr. Strater, Secretary.

TOPIC I. ELECTION OF CHAIRMAN AND SECRETARY FOR (1)  
THE YEAR 1933.

VOTED that Governor Calkins be reappointed Chairman  
and Mr. Strater be reappointed Secretary for the calendar year  
1933.

The Chairman announced that the Federal Reserve Board (2)  
would like to have definite recommendations regarding topics  
which were discussed by the Board at the Joint Conference of  
Governors and Federal Reserve Agents held on November 14, and  
appointed a committee consisting of Governors Harrison, Norris,  
and McDougal to confer with a committee of the Conference of  
Federal Reserve Agents. The joint committee is to formulate  
and present a report to each conference on the following topics  
on the Federal Reserve Board's program:

II. Government securities as collateral to Fed- (3)  
eral reserve notes under Section 16 as

amended by the Act of February 27, 1932,  
Question of extension of authority beyond  
March 3, 1933.

VIII. Loans by Federal reserve banks under sections 10-a and 10-b of the Federal Reserve Act as amended by the Act of February 27, 1932. (4)

Question of extension of authority under section 10-b beyond March 3, 1933.

IX. Discounts for individuals, partnerships, and corporations under section 13 as amended by the Act of July 21, 1932. (5)

Question of amendment so as to require endorsement or other security in connection with such paper rather than both.

There followed a discussion of the Federal Reserve Board's TOPIC IX. FINANCE COMPANY PAPER, and it was (6)

VOTED that each Governor express his opinion on the subject, supported by appropriate reasons, in a letter to the Federal Reserve Board.

At 11:00 a. m. the conference adjourned and reconvened immediately as the Open Market Policy Conference, with Governor Harrison presiding. Adjourned at 12:40 p. m. and immediately reconvened as the Governors' Conference.

Mr. Awalt, Acting Comptroller of the Currency, (7)  
together with the members of the Federal Reserve Agents Conference, then entered the meeting. A general discussion followed. Mr. Awalt asked that the conference agree upon an increased fee for reports of examination, and it was

VOTED that the Comptroller's office be paid a

fee of \$10.00 for each report of examination furnished to the Federal reserve banks until December 31, 1933.

At 1:30 p. m. the conference adjourned to reconvene at 2:30 p. m.

First Day's Session, Tuesday, November 15.

Afternoon

The meeting was called to order at 2:35 p. m. Same attendance as at the morning session.

- TOPIC II.      CREDIT TRANSACTIONS AND POLICIES      (8)
1. Report on open market operations.
  2. Future policy.
  3. Discount rates.

As the report on open market operations had been presented to the Open Market Policy Conference and the future policy then discussed, sub-topics 1 and 2 were passed without further discussion.

Discount rates were considered and, after full discussion, it was the sense of the conference that any change in rates at this time would have little or no effect on existing credit conditions.

- TOPIC II.      CREDIT TRANSACTIONS AND POLICIES      (9)
- B. Gold.
1. Review of recent movements and future prospects.

Governor Harrison reviewed briefly the situation as it appeared, and expressed his opinion as to the

trend of future gold movements.

TOPIC II. CREDIT TRANSACTIONS AND POLICIES (10)  
C. Relations with foreign banks.  
1. Report of operations and relations.

Governor Harrison outlined the status of existing Foreign Central Bank credits and relations with those banks and the Bank for International Settlements.

In considering the possibility that there might (11)  
be some losses in connection with some of the Foreign Central Bank credits, the question was raised as to the advisability of setting up a specific reserve for such possible losses, or making an appropriate increase in a general reserve for undetermined losses to provide for them. It was understood that the Federal Reserve Bank of New York would consider the subject and communicate with each of the other reserve banks expressing its views.

TOPIC II. CREDIT TRANSACTIONS AND POLICIES (12)  
D. General banking situation.  
1. Condition of banks and policies of examiners.

Governor Harrison explained his reasons for placing this topic on the program and stated that as this topic had already been discussed at the Joint Conference with the Comptroller of the Currency no action was necessary, and the topic was accordingly passed without action.

TOPIC II. CREDIT TRANSACTIONS AND POLICIES (13)  
D. General banking situation.  
2. Credit surveys and work of Banking and Industrial Committees.

After discussion of the expenses incurred by

these committees and their sub-committees, the topic was passed as having been otherwise adequately covered in the discussion at the Joint Conference on the previous day, with the understanding that the Federal reserve banks should continue to pay reasonable expenses incurred by the committees in carrying out the constructive work they are doing.

TOPIC II.      CREDIT TRANSACTIONS AND POLICIES      (14)  
                                 General banking situation.  
                                 3. Report on banking con-  
   ditions in each Feder-  
   al reserve district.

There followed a discussion of banking conditions generally.

TOPIC II.      CREDIT TRANSACTIONS AND POLICIES      (15)  
                                 E. Cooperation by Federal re-  
   serve banks in furthering  
   the movement for the more  
   general use of Trade Ac-  
   ceptances.

In the discussion which followed it was pointed out that the reserve banks have consistently advocated the general use of Trade Acceptances for legitimate transactions, and that they were freely accepted for rediscount when offered. It was the consensus of opinion that preferential rates would not be effective except in those centers where there was an active acceptance market, and that in those centers a preferential buying rate might stimulate their use.



- TOPIC II.      CREDIT TRANSACTIONS AND POLICIES      (16)  
F.    What has been the experience  
of each Federal reserve  
bank in making loans -  
1.    Under Glass-Steagall  
Act;  
2.    Under Emergency Re-  
lief Act.

This topic was passed as having been adequately covered in the discussion at the joint conference on the previous day.

- TOPIC II.      CREDIT TRANSACTIONS AND POLICIES      (17)  
G.    Regional Agricultural Credit  
Corporations.  
Given authority to rediscount  
with Federal reserve banks.  
1.    Discussion as to pro-  
cedure and policy.

At the request of the Chairman, the Secretary read a letter from Governor Geery of the Federal Reserve Bank of Minneapolis to the Federal Reserve Board, dated October 13, 1932 (Exhibit A) and the Board's reply of October 25, 1932 (Exhibit B).

There followed a general discussion of the advisability of Regional Agricultural Credit Corporations rediscounting with the Federal reserve banks, and if such rediscounts were made what the rate should be. Governor Hamilton asked that the conference go on record on this subject. Thereupon it was

VOTED that the Federal Reserve Board be requested to outline the procedure to be followed by the Federal reserve banks if and when they are asked to rediscount for Regional Agricultural Credit Corporations.

Governors Harrison and Calkins voted in the negative. Governor Black was absent.

At 5:45 p. m. the conference adjourned to reconvene at 10:00 a. m. on Wednesday, November 16, 1932.

Second Day's Session, Wednesday, November 16, 1932

Morning

The meeting was called to order at 10:20 a. m.

Same attendance as at the previous day's session.

Governor Harrison reported that the committee appointed by the Chairman at the previous day's session, after meeting with a committee of the Conference of Federal Reserve Agents, was in favor of (18)

- (a) Extending the authority to pledge Government securities as collateral to Federal reserve notes granted under Section 16 of the Federal Reserve Act as amended by the Act of February 27, 1932, and
- (b) Extending the authority to make loans under Section 10-b of the Federal Reserve Act as amended by the Act of February 27, 1932.

The committee recommended that the Federal Reserve Board be asked to recommend to the Congress, at the appropriate time, that these provisions be extended for a period of at least one year beyond their expiration date - March 3, 1933.

The committee also recommended that no change be made at this time in the provisions of Section 13 of the Federal Reserve Act as amended by the Act of July 21, 1932, governing discounts for individuals, partnerships, and corporations.

VOTED that the report of the committee be accepted and approved.

TOPIC III. LEGISLATIVE PROBLEMS (19)  
A. Renewal of Section 3 of the Glass-Steagall Bill.

This topic was passed as having been covered by the committee's report recorded in the preceding paragraphs.

TOPIC III. LEGISLATIVE PROBLEMS (20)  
B. Proposals for general reorganization of the banking system:

1. Banking unification.
2. Branch banking.
3. Proposals pending before Congress, such as Glass Banking Bill.

After a general discussion, it was

VOTED that the Chairman appoint a committee of five Governors to consider the various problems incident to proposed legislation affecting a reorganization of the banking system, and submit its recommendations relating to banking legislation to the conference. The committee is to be a continuing one to consider bank legislation.

Thereupon, the Chairman appointed the following committee: Governor Young, Chairman, and Governors Harrison, Norris, McDougal, and Black.

TOPIC III.      LEGISLATIVE PROBLEMS      (21)

C.      Amendment to Judicial Code.

1.      That the Federal Reserve Board recommend to the Congress at its next session, an amendment to the Judicial Code to restore to the Federal reserve banks the right to sue, or to be sued, in the Courts of the United States.

After discussion of a memorandum written by General Counsel for the Federal Reserve Board, it was

VOTED to recommend to the Federal Reserve Board that it have prepared and submitted to the Congress, an amendment to the Judicial Code permitting the Federal reserve banks to sue, or to be sued, in Federal Courts.

TOPIC III.      LEGISLATIVE PROBLEMS      (22)

D.      Amendments to Federal Reserve Act.

1.      Discuss the advisability of the Federal Reserve Board recommending to Congress an amendment to Section 13 of the Federal Reserve Act by substituting the word "or" for the word "and", so as to read as follows:      "\*\*\*\*\* to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this Act when such notes, drafts, and bills of exchange are endorsed OR otherwise secured to the satisfaction of the Federal reserve bank."

This topic was passed as having been covered by the report of the committee previously recorded.

TOPIC III. LEGISLATIVE PROBLEMS

(23)

D. Amendments to Federal Reserve Act.

2. Recommend to the Federal Reserve Board that it use its best efforts to amend the Federal Reserve Act to permit the Federal reserve banks to accept member bank collateral notes secured by eligible paper with a maturity not to exceed ninety days.

The Secretary read a memorandum (Exhibit C) outlining the Federal Reserve Board's efforts to obtain such an amendment, and after discussion it was

VOTED that this conference renew its recommendation that the Federal Reserve Board continue its efforts to obtain an amendment to the Federal Reserve Act increasing from 15 to 90 days the maximum maturity of advances to member banks on their promissory notes secured by eligible paper.

Governor McKinney asked to be recorded as not voting. Governors Calkins and Fancher were absent.

TOPIC IV. OPERATION AND ADMINISTRATION

(24)

A. Relations with Federal Home Loan Banks.

1. Nature and extent of facilities to be extended by Federal reserve banks.

As the Home Loan Bank Act authorizes the Federal Reserve banks to act in certain capacities for the Federal Home Loan Banks in the general performance of their powers under the Home Loan Bank Act, it was understood that each

Federal reserve bank would decide this matter for itself.

TOPIC IV.     OPERATION AND ADMINISTRATION                     (25)  
                  B.    Spread-the-Work program.

There was a general discussion, and Governors Harrison, Norris, and Hamilton outlined the plans contemplated or adopted by their several banks. No action was taken.

TOPIC V.       COIN, CURRENCY, AND CIRCULATION                     (26)  
                  A.    National bank notes.

1. Under the terms of the Federal Reserve Act, can Federal reserve banks restrict the amount of National bank notes which will be accepted from member banks for deposit. If not, can Federal reserve banks forward National bank notes of large denominations to Washington for immediate redemption.

There was a general discussion as to the policy of Federal reserve banks receiving on deposit uncirculated National bank notes, especially those of large denominations, and methods of disposing of them if they are received.

The Chairman appointed Governor Young a committee of one to discuss with the Acting Comptroller of the Currency, the possibility of discouraging National banks from taking out unnecessary amounts in large denominations.

Governor Young later reported that he had conferred with Acting Comptroller of the Currency Awalt who agreed to issue a circular to National banks calling attention to this matter.

At 1:00 p. m. the conference adjourned to reconvene at 2:15 p. m.

Second Day's Session, Wednesday, November 16, 1932.

Afternoon

Meeting was called to order at 2:20 p. m.

Same attendance as at previous sessions.

TOPIC IV. OPERATION AND ADMINISTRATION (27)  
C. Setting up reserves against possible losses.

After a short discussion, Governor Harrison agreed to send each of the Governors a memorandum on the subject.

TOPIC V. COIN, CURRENCY, AND CIRCULATION (28)  
B. Suggested change in denominations of silver certificates.  
1. Recommended that the Treasury Department give consideration to allocating \$100,000,000, or thereabouts, of the present silver certificate circulation to bills of \$10 denomination with a corresponding reduction in the \$1 denomination.

There was a general discussion of this subject during which Governor Harrison called attention to the possible effect on the Silver situation if the Treasury were to issue silver certificates in the ten dollar denomination. No action was taken.

TOPIC V. COIN, CURRENCY, AND CIRCULATION (29)  
C. Coin and currency shipments under new Postal rates.

There followed a short discussion as to whether or not the Federal reserve banks are to continue to absorb shipping charges both ways. No action was taken.

TOPIC VI. COLLECTIONS AND CLEARINGS (30)  
A. Report of Standing Committee on Collections.

VOTED that the report be received and approved.

TOPIC VI. COLLECTIONS AND CLEARINGS (31)  
E. Reconsideration of report of Standing Committee on Collections dated July 14, 1932.

There was a general discussion with reference to policies of the various Federal reserve banks in handling items drawn by the makers on themselves, after which it was

VOTED that when such items are received from other Federal reserve banks or branches as non-cash items, they will be handled by the collecting Federal reserve bank or branch in accordance with the instructions of the sending Federal reserve bank or branch.

TOPIC VI. COLLECTIONS AND CLEARINGS (32)  
C. Amendment to Regulation J.

1. Recommend to the Federal Reserve Board an amendment to Regulation J, which would provide in effect that member and clearing member banks, by sending items to a Federal reserve bank, agree that such Federal reserve bank, as an agent for collection, shall guarantee all endorsements prior to its own on such items, and that such member and clearing member banks



shall indemnify such Federal reserve bank against loss on account of its guarantee of such endorsements.

Governor Hamilton explained that the suggested amendment to Regulation J would eliminate the question of the effect and application of state statutes of limitations on action of guarantees of prior endorsements, in so far as the right of recovery of Federal reserve banks is concerned. Under the present status of the law, a serious question exists as to whether the statute of limitation commences to run at the time a guarantee of endorsement is made. As a result an action against endorsers, or some of them, may be barred before it can be established that a forgery exists. If the contract, however, is made one of indemnity, in so far as the Federal reserve banks are concerned, the right of action on such a contract would not accrue until a loss has been suffered and paid, so that the statute of limitations under the laws of any state would not commence to run against a Federal reserve bank on such a contract until an actual loss had occurred.

After discussion it was

VOTED to refer this question to the Standing Committee on Collections jointly with counsel from three of the Federal reserve banks to be named by the Chairman of the Standing Committee on Collections, for study and report to the Governors' Conference.

It was suggested that counsel for the Federal reserve bank of Kansas City be one of the three selected, and that the committee be advised that a report be delayed to await the outcome of pending litigation in which the Kansas City reserve bank is involved.

At this point Governor Hamilton retired from the conference. (33)

TOPIC VI. COLLECTIONS AND CLEARINGS (34)

D. Should inter-district time schedules of reserve banks be based on train schedules between various Federal reserve bank and branch cities, leaving out of consideration direct sendings of member banks. (See Standing Committee on Collections letter of November 25, 1931, to Federal Reserve Board.)

After discussion it was

VOTED that the views of the Standing Committee on Collections, as expressed in a letter from its Chairman dated November 25, 1931, addressed to the Federal Reserve Board (Exhibit D), be adopted and approved.

TOPIC VI. COLLECTIONS AND CLEARINGS (35)

E. Shipments of checks by express.

This topic, after discussion, was passed without action

TOPIC VI. COLLECTIONS AND CLEARINGS (36)  
F. Report of Joint Conference of  
Counsel and Standing Commit-  
tee on Collections on Octo-  
ber 10 and 11, 1932.

The Chairman reported that as a result of that meeting, a letter had been written to the Secretary of the Treasury proposing a conference to bring about an understanding, and that negotiations will continue.

TOPIC VI. COLLECTIONS AND CLEARINGS (37)  
G. Collection of shipping charges  
on non-cash collections.  
1. The Standing Committee on  
Collections, in its re-  
port to the conference  
dated November 2, 1925,  
recommended that charges  
on bonds, coupons, and  
other securities up to  
25¢ on individual items  
be absorbed by the Feder-  
al reserve banks. Is it  
desirable to increase  
this amount to 50¢?

After a short discussion it was

VOTED to refer this question to the Standing Committee on Collections for study and report. It was the sense of the conference that any Governor should feel free to submit similar questions direct to the committee for study and report without the formality of first presenting them to the Conference of Governors.

TOPIC VII. REPORTS OF COMMITTEES (38)  
A. Insurance Committee.

VOTED that the report be received and filed with the understanding that each Federal reserve bank will give it consideration.

TOPIC VII. REPORTS OF COMMITTEES (39)  
B. Leased Wire Committee.

VOTED that the report be accepted, approved, and filed.

TOPIC VII. REPORTS OF COMMITTEES (40)  
C. Pension Committee.

After a general discussion of the urgent need of some sort of benefit for officers and employees of the Federal Reserve System, it was

VOTED that it is the sense of the conference that the report of this committee dated February 11, 1932, as well as the supplementary report dated November 7, 1932, be approved by this conference, and that the report be re-submitted formally to the Federal Reserve Board with the request that the Federal Reserve Board advise the conference which form of organization outlined in the plan submitted to the Board in the committee's memorandum of February 11, 1932, it would approve and support.

TOPIC VII. REPORTS OF COMMITTEES (41)  
D. Sub-committee of General Committee on Bankers Acceptances.

VOTED to approve the report.

TOPIC VII. REPORTS OF COMMITTEES (42)  
E. Committee on the Development of Acceptance Practice.

VOTED that the report be approved and that Mr. Kenzel, Chairman, be requested to furnish each Federal reserve bank with a list of accepting banks to which the

suggested questionnaire should be addressed.

At 4:30 p. m. the conference adjourned.

H. F. STRATER

Secretary.

HONORABLE BOARD  
FEDERAL RESERVE BANK  
ST. LOUIS

FEDERAL RESERVE BANK  
OF MINNEAPOLIS

October 13, 1932.

Federal Reserve Board,  
Washington, D. C.

Gentlemen:

Under the Act of Congress providing for the organization of the Regional Agricultural Credit Corporations, they are given the right of rediscount with the Federal reserve bank. Would it be expected that they would rediscount only with the Federal reserve bank located in the district in which they are situated?

What prompts this inquiry is the question as to whether, in case the Regional Agricultural Credit Corporation of Spokane desired to rediscount paper taken through its branch in Helena, they would be expected to offer it to the Federal Reserve Bank of San Francisco or to this bank, and whether the Regional Agricultural Credit Corporation located in Minneapolis would expect to rediscount paper taken in Southern Michigan with us or with the Federal Reserve Bank of Chicago.

Very truly yours,

(Signed) W. B. Geery,  
Governor.

FEDERAL RESERVE BOARD

October 25, 1932.

Mr. W. B. Geery, Governor,  
Federal Reserve Bank of Minneapolis,  
Minneapolis, Minnesota.

Dear Governor Geery:

Reference is made to your letter of October 13, 1932, referring to the authority of the Regional Agricultural Credit Corporations created by the Reconstruction Finance Corporation pursuant to the provisions of Section 201(e) of the Emergency Relief and Construction Act of 1932 to rediscount paper with the various Federal reserve banks, and inquiring whether a Regional Agricultural Credit Corporation located in one Federal reserve district and having a branch in another Federal reserve district would be expected to rediscount paper acquired through such branch with the Federal reserve bank of the district in which the head office of the corporation is located, or with the Federal reserve bank of the district in which the paper has originated.

The Regional Agricultural Credit Corporations are authorized under the law to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal Intermediate Credit Banks any paper that they acquire which is eligible for such purpose, and it is assumed that the corporations, before requesting the Federal reserve banks to rediscount their paper, will consult with the Reconstruction Finance Corporation and also will utilize their authority to rediscount with the Federal Intermediate Credit Banks. In the event that it should become desirable for the Federal reserve banks to rediscount paper for these corporations, there are a number of questions to be considered with a view to obtaining some uniformity of policy and procedure among the Federal reserve banks in accepting such paper for rediscount.

Replying to your specific inquiry, it is the view of the Federal Reserve Board that, if and when the Federal reserve banks are requested to rediscount paper for the Regional Agricultural Credit Corporations, the offering in each case should be made to the Federal reserve bank of the district in which the head office of the offering corporation is located, unless exceptional circumstances are presented which might render it desirable to follow some other course of procedure.

Very truly yours,

(Signed) Chester Morrill,  
Secretary.

MEMORANDUM FROM ASSISTANT SECRETARY  
FEDERAL RESERVE BOARD

November 8, 1932.

An amendment to the Federal Reserve Act increasing from 15 to 90 days the maximum maturity of advances by Federal reserve banks to member banks on their promissory notes secured by eligible paper, was recommended to Congress by the Federal Reserve Board in its annual reports for the years 1927, 1928, and 1929, and in letters addressed to the Chairman of the Banking and Currency Committee of the House of Representatives under date of January 16, 1926, April 24, 1928, and March 6, 1930, and in a letter addressed to the Chairman of the Banking and Currency Committee of the Senate under the latter date.

The recommendation was again made in the memorandum submitted by the Board with its letter of March 29, 1932, containing its comments and suggestions with regard to Senate Bill 4115, the so-called Glass Bill. The Board again called attention to the recommendation in its letter of June 3, 1932, to the Chairman of the Senate Banking and Currency Committee suggesting a further amendment to the Glass Bill in order to retain the amendment to Section 13 of the Federal Reserve Act making debentures of Federal Intermediate Credit Banks which are eligible for purchase by Federal reserve banks eligible also as security for advances made by them to their member banks.

In a letter prepared for the Secretary of the Treasury and dispatched over his signature to the Chairman of the Banking and Currency Committee of the Senate under date of August 29, 1932, with regard to Senate bills 546 and 547, attention was directed to the recommendation made in the Board's letters of March 6, 1930, and March 29, 1932.



FEDERAL RESERVE BANK  
OF RICHMOND

November 25, 1931.

Federal Reserve Board,  
Washington, D. C.

Gentlemen:      ATTENTION:      Mr. E. M. McClelland, Asst. Secy.

Referring to the question in connection with inter-district time schedules, which arose out of a difference of opinion between the Federal Reserve Banks of Boston and Richmond, and which was referred to the Standing Committee on Collections by the Chairman of the Governors' Conference at the request of the Federal Reserve Board, the committee, as requested in your letter of October 28, 1931, has given consideration to the question of whether the inter-district time schedules of Federal reserve banks should be based on train schedules between the various Federal reserve bank and branch cities, leaving out of consideration the direct sendings of member banks.

The committee is unanimously of the opinion that the inter-district time schedule of each Federal reserve bank or branch should be based upon mail train schedules from it to the other Federal reserve banks and branches, and should not take into consideration the direct sendings to the other Federal reserve banks and branches by its member banks. In other words, the deferred credit time as shown on the inter-district time schedule of Federal reserve bank or branch "A" for checks on the city of Federal reserve bank or branch "B" should represent the actual time required to receive credit for such checks after dispatch by "A" to "B" and should not be affected at all by the direct sendings of member banks in the district of Federal reserve bank "A" to Federal reserve bank or branch "B". The deferred credit time for the direct sendings of a member bank in one Federal reserve district to the other Federal reserve banks and branches, to which it desires to route direct, should be based upon mail train schedules from the town in which the direct sending member bank is located to the other Federal reserve banks and branches, and should make such items available for reserve purposes when collected without regard to the regular inter-district time schedule of its Federal reserve bank or branch.

Respectfully,

STANDING COMMITTEE ON COLLECTIONS

(S) J. S. Walden, Jr.  
Chairman

