

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, April 8, 1930 at 11:00 a.m.

PRESENT: Vice Governor Platt
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Cunningham
 Mr. McClelland, Asst. Secretary

The committee, consisting of Messrs. Hamlin and Miller, appointed at the meeting yesterday, to prepare a memorial regarding the death of Governor Harding, submitted the following which was unanimously adopted and ordered spread upon the minutes:

"The death of William P. G. Harding on April 7, 1930, at Boston has removed one of the leading and great figures associated with the Federal Reserve System through its whole existence.

"Called to membership on the Federal Reserve Board at the time of its organization in 1914, he served until the expiration of his term in 1922. During six years of this period he was Governor of the Board. Shortly after his retirement he became Governor of the Federal Reserve Bank of Boston - the position he held until the day of his death.

"The variety and range of his experience, first, as a commercial banker in the South, next, as the head of the most important body dealing with banking administration, then, as the executive head of one of the largest of the Reserve banks, provided the basis in an exceptional degree for broadly based judgments on questions of Federal Reserve policy, and made his attitude one of the most important influences in shaping the development of the Federal Reserve System. As such, he had a unique position in the history of the System and will forever be gratefully remembered by those who were associated with him. These know how zealously he devoted himself to work of the Federal Reserve Board and of the Federal reserve banks, his indefatigable industry, his capacity for sustained study, his mastery of Federal Reserve banking, his unselfish pursuit of duty, and his independence and courage in performing his duty.

"Born in the South, Governor Harding was of New England ancestry, and his outward nature had something of the austerity of the traditional Puritan. This was the side which he showed to the world and in the performance of duties of office. Those who were close to him knew how deep and tender was his nature and how sincere and candid his spirit.

"His passing is a grievous loss."

As a further tribute to Governor Harding's memory, it was voted that when the Board adjourns it adjourn over Wednesday, the day of the funeral.

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The minutes of the meeting of the Federal Reserve Board held on April 4th were read and approved, as amended.

The minutes of the meeting of the Federal Reserve Board held on April 7th were then read and approved.

Discussion ensued regarding the letter from the Chairman of the Federal Reserve Bank of New York ordered circulated at the meeting on April 7th, enclosing copies of cables exchanged with Governor Harrison regarding a request received from the Undersecretary of State for an expression of Governor Harrison's opinion as to the size of any reparations bond issue in this country.

Mr. James moved that in view of the situation developing by reason of the conflicting information coming to the Federal Reserve Board regarding the activities of the Bank for International Settlements and the proposed sale of reparation bonds in this country, the Chairman of the Federal Reserve Board be requested to advise the Board as to the status of such affairs and the position occupied by the Board, in the minds of the administration, as to responsibility in the premises.

Mr. Hamlin moved, as a substitute for Mr. James' motion, that the Chairman of the Board be advised that the reading of the cables above referred to leaves the Board in doubt as to whether it has any responsibility in the premises and it will appreciate if he, as its Chairman, will give it any information he may have that will throw light on the matter.

Mr. Hamlin's substitute motion, being put by the Chair, was carried, Mr. Cunningham voting "no".

Mr. Cunningham made the following statement:

"The cables between the Federal Reserve Bank of New York and Governor Harrison on the question of the flotation of reparation bonds in this country in the near future, which are now in circulation among the members of the Board, have not as yet come to me and, consequently, I have not had an opportunity to consider them.

"Verbal representations on this subject, made at this meeting, are rather confusing and raise the question in my mind as to what prompted the submission of this matter to

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"the Federal Reserve Board, in view of Governor Harrison's apparently definite commitment. Personally, I do not care to be committed to the approval of the distribution of reparation bonds in this country and I, therefore, vote 'no' on the resolution before us."

The Assistant Secretary then reported that under authority previously granted by the Board the Governor yesterday approved a discount rate of 4% established by the board of directors of the Federal Reserve Bank of Dallas on all classes of paper of all maturities, effective today.

Upon motion, the rate of 4% established by the Dallas directors was formally approved, Mr. Platt voting "no".

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Minneapolis and Dallas, of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of March, where the total of such absences since January 1, 1930 has exceeded thirty days.

Upon recommendation, the salary payments involved in the leaves of absence above referred to were approved.

Report of Committee on Examinations on letter dated April 2nd from the Federal Reserve Agent at Cleveland, requesting permission for a representative of his department to make the usual credit investigations, without charge to the member banks, of the Crawford County Trust Company, Meadville, Pa., and the Security-Peoples Trust Company, Erie, Pa. at the time those institutions are under examination by State authorities.

Upon recommendation of the Committee, the permission requested was granted.

Report of Committee on Examinations on letter dated March 31st from the Federal Reserve Agent at Dallas, requesting permission to make credit investigations, without expense to the member banks, of the Continental Bank

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and Trust Company, Shreveport, La., the Farmers State Guaranty Bank, Valliant, Okla., and the Mimbres Valley Bank, Deming, New Mexico, at the time of examination of the institutions by State authorities.

Upon recommendation of the Committee, the permission requested was granted.

Letter dated April 3rd from the Chairman of the Federal Reserve Bank of Atlanta, advising of the action of the Executive Committee of his bank in voting, subject to approval by the Board, to authorize the Havana Agency to waive, for an additional period of sixty days from April 18th, the usual commission of \$1 per \$1,000 on the exchange of old series Federal Reserve notes of the \$100 denomination for \$100 Federal Reserve notes of the new series; the letter stating that since the original waiver of commission \$1,432,000 of such notes have been exchanged by the Agency.

Approved.

Memorandum from Counsel dated April 5th, with regard to the recent application for fiduciary powers of the American National Bank, Grand Rapids, Michigan, which the Board on March 17th approved as to executor, administrator, guardian of estates and committee of estates of lunatics; Counsel advising that after investigation it is clear that the Board may lawfully grant the American National Bank of Grand Rapids permission to exercise full powers.

Upon recommendation of the Law Committee, it was voted to grant the bank in question permission to act as trustee, registrar of stocks and bonds, assignee, receiver or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National banks are permitted to act under the laws of Michigan, in addition to the powers recently granted.

Memorandum from Counsel dated April 5th, regarding an inquiry made by

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the Manager of the Bond Department of the Second National Bank and Trust Company, Saginaw, Michigan, with reference to the rights of stockholders of the First Federal Foreign Banking Corporation in case of liquidation of this corporation incident to the acquisition of its stock by the Bush Service Corporation.

Upon motion, letters to the Second National Bank and Trust Company and to the First Federal Foreign Banking Corporation, submitted with Counsel's memorandum, were approved.

Draft of letter to the President of the First National Bank of Boston revised in accordance with discussion at the meeting on April 1st, regarding examination of the First National Old Colony Corporation of Boston by examiners of the Board.

Approved.

Draft of letter to the Acting Chairman of the Open Market Policy Conference, advising of the action taken by the Board yesterday regarding the report submitted by the Conference on March 24th.

Approved, as amended.

Report of Committee on Examinations on letter dated April 3rd from the Chairman of the Federal Reserve Bank of Philadelphia, recommending that the Board interpose no objection to the Glenside Bank and Trust Company, Glenside, Pa. carrying in its assets for a reasonable time 557 shares of stock in the Keswick National Bank of Glenside, Pa., which it acquired without first securing the approval of the Board under one of its conditions of membership in the Federal Reserve System.

Upon recommendation of the Committee, it was voted to interpose no objection to the carrying of the stock for a reasonable time in view of the fact that it is the intention of the trust company to eliminate the stock from its assets at the first satisfactory opportunity.

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Letter dated April 2nd from the Governor of the Federal Reserve Bank of Philadelphia, with regard to the interpretation of the condition of membership set out in Regulation H, Series of 1928, under which a bank subject thereto may not acquire an interest in another bank or trust company through the purchase of stock in such other bank or trust company without first securing the approval of the Board; the letter referring particularly to certain small investments made by the Integrity Trust Company of Philadelphia.

Ordered circulated.

Report of Committee on Examinations on application for membership in the Federal Reserve System and for 2400 shares of stock in the Federal Reserve Bank of St. Louis, filed on behalf of the new Franklin-American Trust Company, St. Louis, Mo., to be formed through consolidation of the existing Franklin-American Trust Company, a member, and the Phoenix Trust Company, a nonmember.

Upon recommendation of the Committee, the application was approved subject to the regular conditions of membership set out in Regulation H and the following special conditions:

(1) That the new Franklin-American Trust Company, St. Louis, Mo. shall at the first meeting of its board of directors ratify the action taken in its behalf by the old Franklin-American Trust Company in applying for stock in the Federal Reserve Bank of St. Louis and in accepting the conditions of membership imposed by the Federal Reserve Board, and the board of directors of the new Franklin-American Trust Company shall pass a resolution accepting such conditions of membership.

(2) That at the time the Franklin-American Trust Company is authorized to commence business its proposed capital of \$2,600,000 and surplus of \$1,400,000 shall be fully paid in.

(3) Except after applying for and receiving the permission of the Federal Reserve Board, the Franklin-American Trust Company shall not exercise the powers, to guarantee special deposits; to conduct a fidelity insurance business; to conduct a surety business; to guarantee the principal or interest of securities; to

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guarantee titles to real estate; to execute and issue notes and debentures secured by mortgages or other securities; and to buy and sell stocks.

Application of the present Franklin-American Trust Company, St. Louis, Mo. for the surrender of 1800 shares of stock in the Federal Reserve Bank of St. Louis, together with a recommendation by Counsel that if the Board approves the application, it do so only upon the condition that before the stock is actually cancelled the application made on authority of a resolution of the executive committee of the member bank shall be ratified by the board of directors of the consolidated institution.

Upon motion, the application was approved in accordance with Counsel's suggestion.

REPORTS OF STANDING COMMITTEES:

Dated, April 5th, Recommending approval of the application of Mr. W. E. Harber for permission to serve at the same time as director and officer of the First National Bank of Seminole, Okla., as director of the Liberty National Bank of Oklahoma City, Okla.; and as director and officer of the Farmers National Bank of Holdenville, Okla.

Approved.

Dated, April 5th, Recommending approval of the application of Mr. F. A. Irish for permission to serve at the same time as director of the First National Bank in Moorhead, Minn., and as director and officer of the First National Bank & Trust Company of Fargo, N. D.

Approved.

Dated, April 7th, Recommending approval of the application of Mr. Charles F. Cutler for permission to serve at the same time as director of the Atlantic National Bank of Boston, Mass. and as director of the Cohasset National Bank of Cohasset, Mass.

Approved.

Dated, April 7th, Recommending approval of the application of Mr. Lee M. Friedman for permission to serve at the same time as director of the Atlantic National Bank of Boston, Mass. and as director of the Rockland Trust Company of Rockland, Mass.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, April 7th, Recommending approval of the application of Mr. George Watson for permission to serve at the same time as director and officer of the National City Bank of New Rochelle, N. Y. and as director of the Westchester Title & Trust Company of White Plains, N. Y.

Approved.

Dated, April 7th, Recommending approval of the application of Mr. Hugh Bancroft for permission to serve at the same time as director of the Atlantic National Bank of Boston, Mass., and as director and officer of the Cohasset National Bank of Cohasset, Mass.

Approved.

Dated, April 7th, Recommending approval of the application of Mr. E. W. Backus for permission to serve at the same time as director of the Northwestern National Bank of Minneapolis, Minn. and as director of the First National Bank of International Falls, Minn.

Approved.

Dated, April 7th, Recommending approval of the application of Mr. Frank Phillips for permission to serve at the same time as director and officer of the First National Bank in Bartlesville, Okla., as director of the Chatham Phenix National Bank & Trust Company, New York City, N. Y., and as director of the First National Bank in St. Louis, Mo.

Approved.

The meeting adjourned at one o'clock until Thursday, April 10th.

C. W. McClelland
Assistant Secretary.

Approved:

Edmund Platt
Vice Governor.