

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, May 26, 1930 at 11:00 a.m.

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

The Governor reported that the Committee on Banking and Currency of the House of Representatives is today considering several bills recommended by the Board, particularly that giving the Board discretion in the matter of charges for examinations of member banks, and that Mr. Platt, with Mr. Wyatt, is attending the meeting.

The minutes of the meetings of the Federal Reserve Board held on May 19th and 20th were then read and approved.

The minutes of the meetings of the Federal Reserve Board held on May 21st were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board with the Open Market Policy Conference held on May 22nd were read, but action was deferred until after Mr. Miller and Governor Harrison have had an opportunity to review certain statements credited to them therein.

The minutes of the meeting of the Federal Reserve Board held on May 22nd were then read and approved.

At this point, Mr. Vest, Assistant Counsel was called into the meeting.

Memorandum dated May 24th from Counsel, submitting letter dated May 23rd from Rushmore, Bisbee and Stern, attorneys for "The Chase Bank", recently organized under Section 25 (a) of the Federal Reserve Act, advising of officers chosen at the organization meeting of the Corporation.

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Noted.

Memorandum dated May 24th from Counsel, with reference to letter dated May 22nd from the Federal Reserve Agent at New York, transmitting and recommending approval of an application of the Chase National Bank of the City of New York for permission to acquire the capital stock (20,000 shares) of the Equitable Eastern Banking Corporation, organized under the laws of the State of New York, the stock of which is now owned by the Equitable Trust Company; Counsel stating that the corporation has heretofore executed the agreement with the Board required as a condition precedent to investment in its stock by National banks and as the amount of the proposed investment of the Chase National Bank is less than 10% of its capital and surplus, he knows of no legal reason why the application should not be granted.

Upon motion, the purchase of the stock in the Corporation by the Chase National Bank was approved.

Memorandum from Counsel dated May 24th, with regard to letter dated May 23rd from Rushmore, Bisbee and Stern, requesting approval for Messrs. Winthrop W. Aldrich, Frank W. Black, H. D. Campbell, Howard E. Cole, Richard R. Hunter, S. Stern and John H. Raffensperger, directors, officers or employees of the Equitable Eastern Banking Corporation, to serve as directors, officers or employees of the Chase National Bank of the City of New York; Counsel stating that if approval for these interlocking directorates is given it should be made effective as of the date on which the Chase National Bank actually acquires the stock of the Equitable Eastern Banking Corporation.

Upon motion, service as officers, directors and employees of the Chase National Bank of the City of New York by the officers, directors and employees of

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the Equitable Eastern Banking Corporation was approved, effective if and when the bank actually acquires the stock of the Corporation.

Memorandum from Counsel dated May 24th, with regard to application of the Chase National Bank of the City of New York for permission to establish a branch in London, England, to conduct the business now handled by the London Branch of the Equitable Trust Company of New York; Counsel stating that the application is signed merely by the Vice President of the bank, with no evidence that the board of directors or executive committee of the bank has authorized it, and suggesting that if the application is granted, it be made conditional on the ratification of the application by the board of directors before the actual establishment of the branch.

After discussion, upon motion, the following was ordered spread upon the minutes, Mr. Cunningham voting "no":

"WHEREAS, The Chase National Bank of the City of New York, has made application, pursuant to the provisions of Section 25 of the Federal Reserve Act for permission to establish a branch in the City of London, England, and it appearing that this application is properly made under the law and should be granted;

"NOW, THEREFORE, IT IS ORDERED that the said application be, and it hereby is, approved and that The Chase National Bank of the City of New York be and it hereby is authorized to establish a branch in the City of London, England."

The Assistant Secretary was directed, in advising The Chase National Bank of the Board's action, to state that it is conditional upon ratification by the board of directors of the bank of the action taken in making application for the branch.

Memoranda from Counsel dated May 22nd and May 23rd, submitting draft of reply to letter dated May 20th from Rushmore, Bisbee and Stern, requesting on behalf of "The Chase Bank" approval of the Board for the establishment of

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a branch at Calle Condesa #3, Mexico City, Mexico and at 31 Avenue Georges V, Paris, France; the proposed reply advising (1) that the establishment of the branch in Paris is approved by the Board; and (2) that the establishment of a branch in Mexico City is approved on the assumption that the requirement of Mexican laws of an allocation of capital in the amount of \$250,000 for the proposed branch, means merely that "The Chase Bank" shall invest in assets located in Mexico the amount of \$250,000 and that as to such assets Mexican creditors will have a preferred claim in the event of insolvency or dissolution of the corporation, to which the Board has no objection, provided, of course, that such assets are of a character which are lawful for investment by a corporation organized under Section 25 (a).

After discussion, upon motion, the establishment of the Paris branch was approved, Mr. Cunningham voting "no".

Upon motion, the establishment of the branch in Mexico City was approved in accordance with the understanding as to the allocation of capital set out in the letter submitted by Counsel.

On this motion, Mr. Cunningham also voted "no".

Letter dated May 20th from the Federal Reserve Agent at Dallas, advising of the establishment of the following schedule of rates for purchases of bankers acceptances:

1 to 90 days	-	2 1/2%
91 to 120 days	-	2 5/8%
121 to 180 days	-	3%
Repurchase	-	2 1/2%

Without objection, noted with approval.

Letter dated May 22nd from the Secretary of the Federal Reserve Bank of New York, telegram dated May 23rd from the Chairman of the Federal Reserve

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Bank of Chicago and telegram dated May 22nd from the Chairman of the Federal Reserve Bank of San Francisco, all advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Report of Executive Committee on letter dated May 22nd from the Comptroller of the Currency, recommending approval of a salary of \$2700 per annum for National Bank Examiner John D. Spires, Junior Grade, assigned to the Eighth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Draft of reply, prepared by the Director of the Division of Research and Statistics, to letter dated May 2nd from the Assistant Federal Reserve Agent at St. Louis, submitting draft of a proposed revision of a pamphlet issued some years ago, entitled "Benefits of the Federal Reserve System"; the proposed reply advising that the proposed pamphlet has been read in the Division, and upon whose recommendation the Board approves its publication.

Approved.

Letter dated May 22nd from Deputy Governor Burgess of the Federal Reserve Bank of New York, with regard to the conditions in the bill and Government securities markets during the week ending May 22nd.

Noted.

Letter dated May 22nd from the Federal Reserve Agent at Dallas, advising of receipt from the Cochise County State Bank of Tombstone, Arizona,

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of notice of intention to withdraw from the Federal Reserve System; the Agent recommending, however, in view of the condition of the bank, that under the recent amendment to Section 9 of the Federal Reserve Act, the six months' notice be waived and the withdrawal of the bank be permitted at once.

Approved.

Memorandum from Counsel dated May 21st, submitting draft of letter to the Federal Reserve Agent at Chicago, regarding his suggestion that the Board request the Comptroller of the Currency to make an effort to secure applications for the cancellation of Federal Reserve bank stock held by the Farmers National Bank of Princeton, Illinois, the Merchants National Bank of Burlington, Iowa, and the American National Bank of Kewanna, Indiana; the proposed reply stating that six months have not yet elapsed from the date upon which any of the banks named was placed in liquidation or a receiver appointed for it, that under the circumstances it is suggested that the Federal Reserve Agent again communicate with each of the banks and endeavor to obtain an application for the cancellation of Federal Reserve bank stock, and that if an application is not received within six months from the date such bank was placed in liquidation or a receiver was appointed for it, the Federal Reserve Agent should report the facts involved in the particular case to the Board in accordance with the provisions of Regulation I, and give the Board a definite recommendation as to the action it should take at that time.

After discussion, upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated May 25th, with regard to cancellation

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of Federal Reserve bank stock standing in the name of the Second National Bank of Freeport, Illinois, the First National Bank of Charleston, Illinois and the First National Bank of Guthrie Center, Iowa, which are closed but which have not been placed in liquidation nor have receivers been appointed for them; Counsel submitting drafts of letters to the Comptroller of the Currency recommending in each case that unless the bank is placed in liquidation within a short time it is desirable that a receiver be appointed for it under the provisions of the recent amendment to Section 6 of the Federal Reserve Act, and a letter to the Federal Reserve Agent at Chicago advising him accordingly.

Upon motion, the letters submitted by Counsel were approved.

Memorandum from Counsel dated May 24th, submitting replies received from eight of the Federal Reserve banks to the Board's letter of November 27, 1929 (X-6429), requesting their views on certain suggestions made by Deputy Governor Blair of the Federal Reserve Bank of Chicago regarding the scope of Paragraph 6 of Section V of Regulation J, as amended by the Federal Reserve Board on October 15, 1929, but which never became effective; Counsel recommending that no action be taken on this question at the present time, as it will be given full consideration by the forthcoming conference of Counsel.

Noted.

Memorandum dated May 23rd from Counsel, with regard to certain questions raised by the Cuban Government as to the alleged failure of the Havana Agency of the Federal Reserve Bank of Atlanta to comply with certain laws of the Republic of Cuba, one of which relates to the taxation of the

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excess of exports of currency from the Island over imports, from which the Agency was exempted in 1928 by Presidential decree; Counsel advising that the matter was taken up with the State Department last week by Governor Black of the Atlanta bank, who is to see the American Ambassador in Cuba tomorrow and confer regarding the matter with the Cuban Secretary of the Treasury, by whom the questions are raised.

Noted.

Draft of letter to Assistant Federal Reserve Agent Dillistin at New York, prepared by Counsel, with reference to the service of Mr. Charles E. Mitchell, President and Director of the National City Bank of New York City, as Officer or Director of certain other institutions; the letter pointing out: (1) That the Board has previously approved service by Mr. Mitchell with the International Banking Corporation of New York City, the capital stock of which is owned by the National City Bank; (2) that no permission is necessary in the case of the National City Bank, New York (France) S. A. or the Banque Nationale de la Republique d'Haiti, provided the Board is correct in its understanding that these institutions transact no business in the United States; (3) that the Board previously approved service with the Bank of Haiti, Inc., the stock of which, however, was recently transferred from the National City Bank to the International Banking Corporation, due to which fact information is requested as to what extent, if any, The Bank of Haiti, Inc. does a banking business; (4) that before ruling on the question whether the Corporation Trust Company of New York, N. Y. comes within an exception to the Clayton Act the Board desires certain additional information mentioned; (5) that the Corporation Trust Company of Jersey City,

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N. J., having resources of less than \$5,000,000 and not being located in the same city, with a population of more than 200,000 inhabitants, as the National bank Mr. Mitchell is serving, does not come within the provisions of the Clayton Act; and (6) that Mr. Mitchell's service as Class A director of the Federal Reserve Bank of New York comes within an exception to the Clayton Act.

Upon motion, the above letter was approved.

Memorandum dated May 21st from the Chief of the Division of Bank Operations, submitting statements based upon member bank call reports, with regard to distribution of eligible paper among individual member banks; the Chief of the Division recommending that a copy of the memorandum and accompanying tables be sent to each Governor and Federal Reserve Agent. In this connection, Mr. James suggested that the information might well be published in the Federal Reserve Bulletin.

After discussion, upon motion, it was voted to furnish copies of the memorandum and tables to each Governor and Federal Reserve Agent and to authorize publication of the data in the Federal Reserve Bulletin, after circulation among the members of the Board.

Letter dated May 21st from the Undersecretary of the Treasury, replying to a letter addressed to him at the suggestion of the Committee on Salaries and Expenditures, inquiring whether it will be feasible for the Treasury Department to assign the space in the Treasury Annex Building needed for the use of the Board's Division of Research and Statistics and the Division of Bank Operations; the proposed reply stating that the space proposed for occupancy exceeds by approximately 3,000 square feet

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the amount of 11,000 square feet approved by the Public Buildings Commission, and because of other activities which must be housed in the Annex it will not be possible to allot for the use of the Board's Divisions more than the 11,000 square feet originally requested.

A discussion ensued, during which Mr. James suggested that more definite information that the Treasury can not furnish the space required by the Board's Divisions should be obtained before any decision is made regarding a change in their present location.

After some discussion, the Governor stated that he would take the matter up personally with the Under-Secretary of the Treasury.

The Governor then referred to the statement made by him at the meeting on May 21st, which included certain views with reference to the position of the Administration regarding the Bank for International Settlements and which was submitted to the Secretary of the Treasury in accordance with the action taken by the Board. He stated that the Secretary has returned the statement with a notation that as he understands it, the Administration's position was correctly stated.

Noted.

The Governor then submitted a letter dated May 19th from the Federal Reserve Agent at Philadelphia, referring to previous correspondence with the Chief of the Division of Bank Operations on the subject of a change in the Board's form of condition report of State member banks. The Governor stated that he took exception to the tenor of the letter, which is addressed to the attention of Mr. Smead, and wished to have it considered by the Board.

He instructed the Assistant Secretary to furnish copies of the letter to the members of the Board and stated that it will be brought up for action at a later meeting.

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Memorandum dated May 21st from the Board's Examiner in Charge, submitting report of examination of the Federal Reserve Bank of St. Louis and its branches, made as at the close of business March 29, 1930.

Referred to Committee on Examinations and
Committee on District #8.

REPORTS OF STANDING COMMITTEES:

- Dated, May 23rd, 24th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, May 23rd, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, May 21st, Recommending action on an application for admission of a State bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, May 20th, Recommending approval of the application of Mr. Bernard Q. Bond for permission to serve at the same time as director of the Rochester Trust Company, Rochester, N. H., as director of the Wolfeboro National Bank, Wolfeboro, N. H., and as director and officer of the Third National Bank & Trust Company, Springfield, Mass.
Approved.
- Dated, May 22nd, Recommending approval of the application of Mr. Eugene F. Kinkead for permission to serve at the same time as director of the Hibernia Trust Company, New York, N. Y., and as director of the Hudson County National Bank, Jersey City, N. J.
Approved.
- Dated, May 22nd, Recommending approval of the application of Mr. William G. Park for permission to serve at the same time as director and officer of the Thames Bank & Trust Company, Norwich, Conn., and as director of the First National Bank, Plainfield, Conn.
Approved.
- Dated, May 22nd, Recommending approval of the application of Mr. J. Frank Matchett for permission to serve at the same time as director of the Midland National Bank of Midland, Tex., as officer of the Exchange National Bank of Tulsa, Okla., and as director of the National Bank of Commerce, Wetumka, Okla.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, May 22nd, Recommending approval of the application of Mr. Charles Hayden for permission to serve at the same time as director of The Chase National Bank of the City of New York, New York, N. Y., as director of The New York Trust Company, New York, N. Y., and as member of the firm of private bankers of Hayden, Stone & Company, New York, N. Y.

Approved.

Dated, May 24th, Recommending approval of the application of Mr. John W. Black for permission to serve at the same time as director of the Richfield National Bank, Minneapolis, Minn., as director of the Harriet State Bank, Minneapolis, Minn., and as director of the Produce State Bank, Minneapolis, Minn.

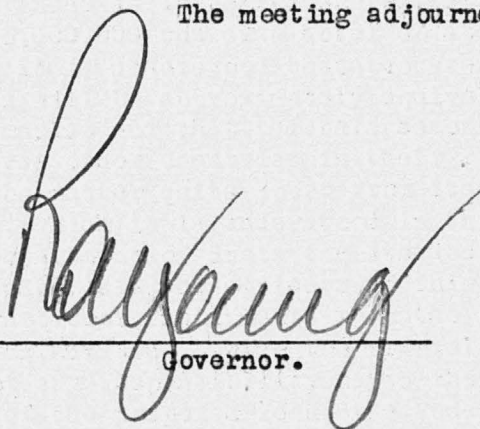
Approved.

Dated, May 24th, Recommending approval of the application of Mr. B. J. Schwoeffermann for permission to serve at the same time as director of the Richfield National Bank, Minneapolis, Minn., and as director of the Harriet State Bank, Minneapolis, Minn.

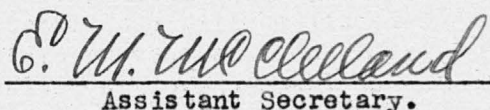
Approved.

The meeting adjourned at 12:45 p.m.

Approved:



 Governor.



 Assistant Secretary.