

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 15, 1930 at 12:30 p.m.

PRESENT: The Chairman  
Vice Governor Platt  
Mr. James  
Mr. Cunningham  
Mr. Pole  
Mr. Noell, Asst. Secretary

Mr. Platt stated that replies have now been received from the Federal Reserve Agents of New York and Richmond in response to the letters ordered transmitted to them at the meeting on July 8th, with regard to the organization of a proposed corporation under Section 25 (a) of the Federal Reserve Act under the title "Federal International Banking Corporation." He stated that the Federal Reserve Agent at Richmond has replied that he has no statement to make to the Board with regard to the organization of the proposed corporation, and that the Federal Reserve Agent of the Federal Reserve Bank of New York has investigated the organizers of the proposed corporation and believes that they are of a character and responsibility entitling them to favorable consideration by the Board in granting of a charter. Mr. Platt also called attention to the fact that Counsel, in his memorandum of July 3rd, stated that the organization certificate and articles of association of the proposed corporation are in proper form and that there is no legal reason why they should not be approved and a preliminary permit issued authorizing the completion of the organization of the corporation.

After some discussion, upon motion by Mr. Platt, it was voted to approve the organization certificate and articles of association, as submitted, and to issue a preliminary permit authorizing the completion of the organization of the corporation, Mr. Cunningham voting "no".

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Memorandum from Counsel dated July 11th, submitting draft of a reply to a letter from the Comptroller of the Currency, submitting a plan of uniform trusts which the trust department of the First and Merchants National Bank of Richmond, Virginia proposes to put in operation, and requesting advice whether or not the proposed plan would violate the regulations of the Federal Reserve Board with respect to the operations of trust departments of National banks; the proposed reply stating that the Board has reached the conclusion that the plan does not contravene any of the provisions of the Federal Reserve Act or of the Board's Regulations.

After some discussion, upon motion, it was voted to circulate Counsel's memorandum and the proposed letter among the members of the Board after which the matter will again be submitted to the Board for action.

Mr. Platt then reported that in accordance with the instructions of the Board on June 16th, he approved on July 11th for the Federal Reserve Bank of Atlanta, a rediscount rate of 3 1/2% on all classes of paper of all maturities, effective July 12th.

In this connection, the Assistant Secretary called attention to the fact that the telegram from the Chairman of the Federal Reserve Bank of Atlanta advising of the establishment of a rediscount rate of 3 1/2% also advised that the Board of Directors of the bank had voted to establish a rate of 3 1/2% for the purchase of Government securities under resale agreement which rate was approved on initials on July 11th.

Formally approved.

Letter dated July 10th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors of that bank, at its regular

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meeting on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated July 10th from the Secretary of the Federal Reserve Bank of Kansas City, advising that due to lack of a quorum, the regular meeting of the board of directors of that bank was not held on that date and no change was made in the bank's existing schedule of rates of discount and purchase.

Noted.

Matter approved on initials on July 14th, namely, application of the Commercial Bank, Spanish Fork, Utah, for permission to consolidate with the First National Bank of Spanish Fork.

Formally approved.

Matter approved on initials on July 11th, namely, letter dated July 11th from the Comptroller of the Currency, recommending approval of increases in the salaries of National Bank Examiners C. F. Wilson and Gail W. Crossen from \$6,000 to \$6,500 per annum and from \$6,500 to \$7,000 per annum, respectively.

Formally approved.

Report of Executive Committee on letters dated July 10th from the Comptroller of the Currency, recommending approval of a salary of \$4,500 per annum for Mr. William M. Morgan and for Mr. J. M. Logan, National Bank Examiners assigned to the Third and First Federal Reserve Districts, respectively; the Board's Committee recommending approval.

Approved.

Reports of Committee on Salaries and Expenditures on reports submitted by the Federal Reserve Banks of Cleveland, Atlanta and Kansas City of employees



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for whom the directors approved leaves of absence with pay, on account of illness, during the month of June, where the total of such absences since January 1, 1930, has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Report of Committee on Salaries and Expenditures on letter dated July 12th from the Secretary of the Federal Reserve Bank of Atlanta, advising that the board of directors of the bank has granted Mr. Marcus Walker, Managing Director of the New Orleans Branch, a vacation of four weeks with full pay, in lieu of the regular vacation period of three weeks; the Board's Committee recommending approval of the salary payment involved.

Approved.

Report of Committee on Examinations on letter dated July 12th from the Federal Reserve Agent at Cleveland, requesting permission to make the usual investigation of the Ambridge Savings and Trust Company, Ambridge, Pa., without cost to the member bank, at the time it is under examination by State authorities.

Upon recommendation of the Committee, it was voted to interpose no objection to the making of the investigation.

Report of Committee on Examinations on letter dated July 11th from the Assistant Federal Reserve Agent of the Federal Reserve Bank of Cleveland, submitting and recommending approval of the application of the Central Trust Company, Cincinnati, Ohio, for permission to purchase the assets and assume the liabilities of the Brotherhood of Railway Clerks National Bank, Cincinnati; the Board's Committee recommending approval.

Approved.

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Letter dated July 14th from the Secretary of the Open Market Policy Conference, submitting copy of the revised minutes of the meeting of the Executive Committee of the Open Market Policy Conference held in Washington on June 23rd.

Ordered circulated.

Letter dated July 10th from the Governor of the Federal Reserve Bank of Dallas, calling to the Board's particular attention three National banks in the Eleventh District which have been indebted to the Federal Reserve Bank of Dallas for some time, two of which have liquidated their indebtedness, the third expecting to do so probably by November 1st.

Ordered circulated.

Letter dated July 11th from Deputy Governor Burgess of the Federal Reserve Bank of New York, outlining conditions and operations in the Government securities and bill markets for the week ending with that date.

Noted.

Memorandum, dated July 15th, from the Chief of the Division of Bank Operations regarding the redemption of Canadian currency under the plan made effective on April 15, 1930.

Ordered circulated.

Letter dated July 11th from the Federal Reserve Agent of the Federal Reserve Bank of St. Louis, advising that the First National Bank of Ullin, Illinois, had an average deficiency in reserves during the sixteen consecutive semi-monthly periods between October 15, 1929 and June 15, 1930, that the matter has been the subject of considerable correspondence with the bank, that very little improvement can be hoped for until after the present cropping season, and recommending, inasmuch as the management seems to be giving

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closer attention to the bank's affairs and a few reductions in loans have been obtained, that the Federal Reserve Board defer taking action with regard to the forfeiture of the bank's charter until October 31st.

Noted with approval, and copy of the Agent's letter ordered transmitted to the Comptroller of the Currency for his information.

Memorandum from Counsel dated July 9th, submitting draft of a reply to a telegram from the Governor of the Federal Reserve Bank of San Francisco which raises the question whether a note evidencing a loan made by a Federal Intermediate Credit Bank direct to a livestock loan company or an agricultural credit corporation would be eligible for rediscount at a Federal Reserve bank; the proposed reply stating that the answer to this question depends upon the purpose for which the note is issued or its proceeds used.

A discussion followed, at the conclusion of which it was voted to defer action on the matter for a later meeting of the Board.

Memorandum from Counsel dated July 9th, submitting draft of a letter to the Federal Reserve Agent of the Federal Reserve Bank of St. Louis, with regard to the application made by the Natural Bridge Bank and Trust Company of St. Louis for cancellation of the Federal Reserve bank stock held by it; the proposed letter stating that under the provisions of the Act dated April 23rd, the Board is authorized to forfeit the membership of a State bank only after a hearing and is not authorized under the provisions of this Act to cancel the stock held by the member bank, as recommended by the Agent, merely upon the application of the member bank, the proposed letter also suggesting that the Natural Bridge Bank and Trust Company may prefer to withdraw from membership under the provisions of the Act of April 17th, 1930.



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Upon recommendation of the Law Committee, the proposed letter was approved.

Memorandum from Counsel dated July 9th giving the status of all legislation which the Federal Reserve Board has recommended to the 71st Congress.

Upon motion, a copy of this memorandum was ordered furnished to each member of the Federal Reserve Board.

The reading of the minutes of the meeting of the Federal Reserve Board held on July 10th was dispensed with.

REPORTS OF STANDING COMMITTEES:

Dated, July 11th, Recommending changes in stock at Federal Reserve Banks as  
12th, set forth in the Auxiliary Minute Book of this date.  
14th, Recommendations approved.  
15th,

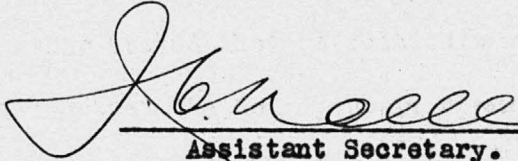
Dated, July 12th, Recommending approval of the application of Mr. D. W. Johnston for permission to serve at the same time as director of the Pacific National Bank of San Francisco, California, and as director of the First National Bank of Los Altos, California.

Approved.

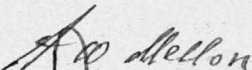
Dated, July 14th, Recommending approval of the application of Mr. F. C. Schwalbe for permission to serve at the same time as officer of the Florida National Bank of Jacksonville, Fla., and as director of the First National Bank of Panama City, Fla.

Approved.

The meeting adjourned at 1:30 p.m.

  
Assistant Secretary.

Approved:

  
Chairman.  
