

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, August 5, 1930 at 12:10 p.m.

PRESENT: Governor Young
Mr. Hamlin
Mr. James
Mr. Noell, Asst. Secretary

Letter dated July 31st from the Secretary of the Federal Reserve Bank of New York and telegram dated July 30th from the Chairman of the Federal Reserve Bank of Boston, both advising that at meetings of their boards of directors on the dates stated no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Matter approved on initials on July 30th, namely, memorandum from the Assistant Director of the Division of Research and Statistics, recommending the temporary appointment of Mrs. Florence M. Hunter to a clerical position in that Division, for the period from July 31st to August 16th, inclusive, the salary for the period to be \$60.

Formally approved.

Report of Executive Committee on letter dated July 30th from the Comptroller of the Currency, recommending approval of a salary of \$4,000 per annum for Mr. W. A. Regan, National Bank Examiner, assigned to the Seventh Federal Reserve District; the Board's Committee recommending approval.

Approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston and St. Louis of employees

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

Approved.

Report of Committee on Salaries and Expenditures on letter dated July 28th from the Acting Secretary of the Federal Reserve Bank of Chicago, submitting a list of employees of that bank and its Detroit Branch, for whom the directors approved leaves of absence with pay, on account of illness, during the period from June 27th to July 24th, where the total of such absences since January 1, 1930 has exceeded thirty days; the Board's Committee recommending approval.

Approved.

Letter dated July 30th from the Comptroller of the Currency, advising of the transfer as of July 1, 1930 of Henry Braxton, messenger, from the Federal Reserve Board payroll to the regular payroll of the office of the Comptroller.

Noted.

Memorandum from Counsel dated July 28th submitting, and recommending that the Board direct payment of bill in the amount of \$750 from Honorable Newton D. Baker for services rendered in connection with the revision of Regulation J, recently adopted by the Board.

Upon recommendation of the Law Committee, it was voted to instruct the Fiscal Agent to pay the bill submitted by Mr. Baker, the fee charged having been previously approved by the Board.

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Memorandum from the Chief of the Division of Bank Operations, submitting statements showing expenditures of Federal Reserve banks during the month of June, and also during the six months' period ending June 30th, for educational and welfare work, membership dues, etc.

Ordered circulated.

Letter dated July 31st from the Federal Reserve Agent at Boston, submitting and recommending approval of the application of the Columbus Exchange Bank, Providence, R. I., a member bank, for permission to exercise trust powers under authority granted by its amended articles of association.

Approved.

Letter dated August 1st from the Federal Reserve Agent at Kansas City advising that the Montgomery County National Bank, Cherryvale, Kansas, was deficient in its reserves during each of the semi-monthly reserve periods from January 1st to July 15th, the Agent recommending that inasmuch as the failure of the bank to maintain the required reserve appears to be due to financial difficulties rather than to a disregard of the provisions of the Federal Reserve Act, no action be taken at this time looking toward the forfeiture of the charter of the bank.

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

Memorandum dated July 10th from the Chief of the Division of Bank Operations and Assistant Chief of the Division of Research and Statistics, submitted in response to instructions of the Board on March 17, 1930, and recommending that hereafter in the consolidated call reports published by the Board, a full classification of security loans be made so as to show

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(1) loans to brokers and dealers in securities in New York City, (2) loans to brokers and dealers in securities outside of New York City, and (3) loans to others; the effect of the proposed change being to make public for the first time the last two items.

Recommendation approved.

Letter dated August 1st from the Assistant Cashier of the Federal Reserve Bank of Kansas City, with further reference to the Board's letter of July 22nd, regarding the handling of bill of lading drafts for the Exchange National Bank of Ardmore, Okla., and submitting copy of a letter from the Exchange National Bank advising that it has recently had no complaint from its customer regarding the service it has been able to give in connection with the handling of these bill of lading items.

Noted.

Letter dated July 28th from the Federal Reserve Agent at Boston, replying to the Board's letter of July 25th with regard to the stock in the Atlantic Corporation now held by the Atlantic National Bank of Boston, the Agent's letter stating that he has been assured by the officers of the Atlantic National Bank that they are working on a change in this situation which they believe will be satisfactory to the Federal Reserve Board and about which they hope to be able to advise within a short time.

Noted.

Memorandum dated August 2nd from the Chief of the Division of Bank Operations, submitting replies from nine Governors and ten Federal Reserve Agents to the Board's letter of June 24, 1930 (X-6640) with regard to H. R. 10211, introduced by Congressman Steagall, and providing for a

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change in the distribution of the earnings of Federal Reserve banks; the memorandum stating that while the bill has some merit it is not believed to be a practicable one because (1) it is too indefinite regarding the method of determining the earnings derived from the issuance of Federal Reserve notes and (2) it does not provide for a pooling of the earnings of the Federal Reserve banks; the memorandum also suggesting certain provisions which would seem to be desirable if Section 7 of the Federal Reserve Act is to be amended so as to provide for the distribution of excess earnings of Federal Reserve banks among the member banks.

Ordered circulated.

Memorandum from Assistant Counsel dated July 26th, with regard to letter dated July 21st from the Federal Reserve Agent at St. Louis, submitting and recommending approval of the request of the Natural Bridge Bank and Trust Company, St. Louis, Mo. for waiver by the Board of the requirement of six months' notice of intention to withdraw and for permission to withdraw from membership immediately; Counsel's memorandum stating that the Board may legally grant the request.

Upon recommendation of the Law Committee, it was voted to waive the six months' notice as requested by the bank and to authorize immediate cancellation of the Federal Reserve bank stock held by it.

Memorandum from Assistant Counsel dated July 28th, with regard to letter dated July 22nd from the Assistant Federal Reserve Agent at San Francisco, submitting and recommending approval of the request of the Farmers Commercial and Savings Bank of Oakley, Idaho, for waiver by the Board of the requirement of six months' notice of intention to withdraw and for

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permission to withdraw from membership immediately, Counsel's memorandum stating that there is no legal reason why the Board should not authorize immediate withdrawal of the bank.

Upon recommendation of the Law Committee, it was voted to grant the bank's request and authorize immediate cancellation of the Federal Reserve bank stock held by it.

Memorandum from Counsel dated July 30th, submitting the organization papers and articles of association filed with the Board on behalf of certain persons desiring to organize a corporation under Section 25 (a) of the Federal Reserve Act, for the purpose of engaging in international or foreign banking, under the title of "American Banking and Industrial Corporation for the Near East"; the memorandum also submitting draft of a letter to the Federal Reserve Agent at New York requesting that he investigate and report to the Board as to the character and financial responsibility of the organizers of the proposed corporation and their qualifications for the operation of a corporation engaged in the business contemplated, and draft of a letter to the Secretary of State requesting him to advise the Board whether Mr. Paul Knabenshue, the principal person promoting the organization, is qualified to organize and become president of such a corporation, whether in the opinion of the Department conditions in the Near East are such as to afford a reasonable opportunity for the successful operation of a corporation of this character, whether the Department knows of any reason why it would not be in the public interest to permit the organization of the corporation, and whether the term "Near East" has a definite meaning and is generally understood by well informed persons as embracing certain specified countries;

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the memorandum further recommending that the Board take no action with regard to the approval of the articles of association and organization certificate of the corporation until replies have been received from the Federal Reserve Agent at New York and the Secretary of State, and until possible defects in the organization papers have been cleared up or remedied.

After discussion, upon motion, the letters submitted by Counsel were approved and action on the application for the reservation of title and on the articles of association and organization certificate of the proposed corporation was deferred until replies to these letters are received by the Board, and defects in the organization papers are removed.

Mr. Hamlin then stated that in accordance with the authority granted at the meeting on July 22nd the Committee on District #1 had conferred with Mr. Charles H. Merriman of Providence, R. I. as to his willingness to accept the appointment of Class C Director of the Federal Reserve Bank of Boston to succeed Mr. Charles H. Manchester, deceased. Mr. Hamlin stated that after careful consideration Mr. Merriman has indicated his willingness to accept the appointment. He also stated that in view of the unanimous authorization to confer with Mr. Merriman granted at the meeting on July 22nd, he feels the Executive Committee could very well act on the appointment.

After some discussion, during which the opinion was expressed that it would be advisable to withhold action for a regular meeting of the Board, it was understood that Mr. Hamlin would request the Federal Reserve Agent at Boston to advise Mr. Merriman that because of the absence of members of the Board from Washington it would be impossible to act on the appointment before Friday of this week.

At this point, Mr. Pole joined the meeting.

Letter dated July 31st from Deputy Governor Burgess of the Federal Reserve Bank of New York, outlining conditions and operations in the Government security and bill markets for the period from July 24th to July 31st.

Noted.

REPORTS OF STANDING COMMITTEES:

Dated, July 31st, Recommending changes in stock at Federal Reserve banks
August 4th, as set forth in the Auxiliary Minute Book of this date.
5th, Recommendations approved.

Dated, July 29th, Recommending action on an application for fiduciary
powers as set forth in the Auxiliary Minute Book of
this date.

Recommendation approved.

Dated, August 4th, 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, August 1st, Recommending approval of the application of Mr. Joseph
L. Rehme for permission to serve at the same time as
director and officer of the Bank of Maplewood & Trust
Company, Maplewood, Mo., as director and officer of
the Lafayette South Side Bank & Trust Company, St.
Louis, Mo., and as officer of the South Side National
Bank, St. Louis, Mo.

Approved.

Dated, August 1st, Recommending approval of the application of Mr. William
J. Dean for permission to serve at the same time as
director of the First National Bank of St. Paul, Minn.,
and as director of the State Savings Bank of St. Paul,
Minn.

Approved.

Dated, August 4th, Recommending approval of the application of Mr. James J.
Fagan for permission to serve at the same time as director
of the Crocker First National Bank, San Francisco, Cal.,
as director of the First National Bank of San Mateo County,
Redwood City, Cal., and as director of the San Mateo
County Bank, Redwood City, Cal.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, July 31st, Recommending approval of the application of Mr. J. Andrews Harris, Jr., for permission to serve at the same time as director of the Real Estate Trust Company of Philadelphia, Pa., and as director and officer of The Philadelphia National Bank, Philadelphia, Pa.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. Benjamin Sommers for permission to serve at the same time as director of the First National Bank of St. Paul, St. Paul, Minn., and as director of the State Savings Bank of St. Paul, Minn.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. Frank Schlick for permission to serve at the same time as director of the First National Bank of St. Paul, St. Paul, Minn., and as director of the State Savings Bank of St. Paul, Minn.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. Jule M. Hannaford for permission to serve at the same time as director of the First National Bank of St. Paul, St. Paul, Minn. and as director of the State Savings Bank of St. Paul, Minn.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. Albert J. Robertson for permission to serve at the same time as director of the Iowa-Des Moines National Bank and Trust Company of Des Moines, Iowa and as director of the Poweshiek County National Bank of Grinnell, Iowa.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. Frank J. Ottis for permission to serve at the same time as director of the First National Bank of St. Paul, St. Paul, Minn. and as director of the State Savings Bank, St. Paul, Minn.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. W. H. Brenton for permission to serve at the same time as director of the Iowa-Des Moines National Bank & Trust Company of Des Moines, Iowa, as director of the First National Bank of Perry, Iowa and as director of the Poweshiek County National Bank of Grinnell, Iowa.
Approved.
- Dated, July 31st, Recommending approval of the application of Mr. Clyde E. Brenton for permission to serve at the same time as director of the Iowa-Des Moines National Bank and Trust

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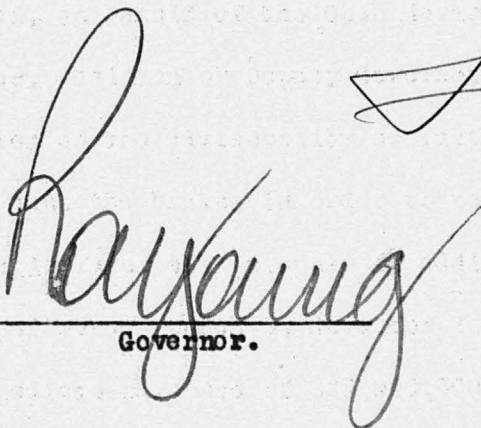
REPORTS OF STANDING COMMITTEES: (Cont'd)

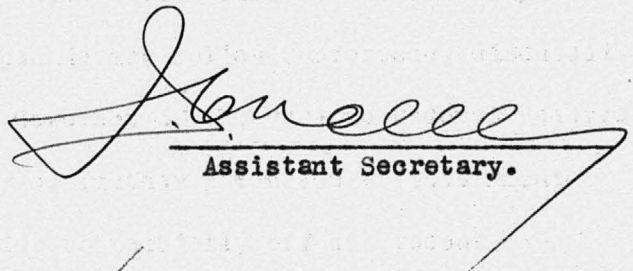
Company of Des Moines, Iowa, as director of the First National Bank of Perry, Iowa and as director of the Poweshiek County National Bank of Grinnell, Iowa.

Approved.

The meeting adjourned at 12:40 p.m.

Approved:


Governor.


Assistant Secretary.