

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, August 19, 1930 at 12:00 o'clock noon.

PRESENT: The Chairman
Governor Young
Mr. Hamlin
Mr. James
Mr. Pole
Mr. McClelland, Asst. Secretary

The Assistant Secretary reported that under the authority granted at the meeting on August 8th Mr. James, as executive officer of the Board, on August 14th approved a rate of 3 1/2% established by the directors of the Federal Reserve Bank of Kansas City on all classes of paper of all maturities effective August 15th.

Telegram dated August 13th from the Chairman of the Federal Reserve Bank of Boston, letter dated August 14th from the Assistant Secretary of the Federal Reserve Bank of New York and telegram dated August 14th from the Deputy Chairman of the Federal Reserve Bank of Richmond, 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.

Memorandum dated August 13th from the Assistant Director of the Division of Research and Statistics, recommending the temporary appointment of Mr. Morris A. Copeland to the staff of the Division for one month beginning August 18th at a salary of \$600 for the month.

Approved.

Memorandum dated August 15th from the Assistant Director of the Division of Research and Statistics, recommending acceptance of the resignation of Miss Katharine Lewis as clerk in the Division, effective at the close of business

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September 15th.

Accepted.

Letter dated August 7th from the Acting Comptroller of the Currency, advising of the resignation of Mrs. May LaPorte Moore, temporary clerk in the Federal Reserve Issue and Redemption Division, effective at the close of business August 4th.

Noted.

Report of Committee on Salaries and Expenditures on letter dated August 14th from Deputy Governor Gilbert of the Federal Reserve Bank of New York, requesting approval of the creation of two new positions under the personnel classification plan of the bank; the Committee recommending approval.

Approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Kansas City and San Francisco, of employees for whom the directors of those banks authorized 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 Committee recommending approval of the salary payments involved.

Approved.

Memorandum dated August 14th from the Assistant Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of July and for the seven months ending July 31st.

Ordered circulated.

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Matter approved on initials on August 14th, namely, changes in the inter-district time schedule requested by the Federal Reserve Banks of Boston and Dallas, as follows:

From Boston	to Dallas	From 4 days to 3 days
From Dallas	to Kansas City	From 2 days to 1 day
From Dallas	to Memphis	From 2 days to 1 day
From Dallas	to Charlotte	From 3 days to 2 days
From Dallas	to Detroit	From 3 days to 2 days
From Dallas	to Pittsburgh	From 3 days to 2 days
From Dallas	to Boston	From 4 days to 3 days
From Dallas	to Helena	From 4 days to 3 days
From Dallas	to New Orleans	From 2 days to 1 day
From Houston	to Jacksonville	From 3 days to 2 days
From San Antonio	to Birmingham	From 3 days to 2 days
From San Antonio	to Nashville	From 3 days to 2 days
From Dallas	to Salt Lake City	From 4 days to 3 days
From Dallas	to Portland	From 5 days to 4 days
From Dallas	to Seattle	From 5 days to 4 days
From Dallas	to Spokane	From 5 days to 4 days
From Houston	to Seattle	From 6 days to 5 days

Formally approved.

Matter approved on initials on August 11th, namely, recommendation of the Federal Reserve Agent at Boston that Mr. Royal W. Gilson be designated as Acting Assistant Federal Reserve Agent for the period up to August 25th, and that Mr. William D. McRae be so designated for the period from August 25th to September 4th.

Formally approved.

Matter approved on initials on August 11th, namely, letter dated August 9th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of a salary of \$8400 per annum, effective August 1st, for Mr. H. C. Frazer, appointed Manager of the Havana Agency to succeed Mr. L. L. Magruder, deceased, and a salary of \$6300 per annum for Mr. A. H. Alston who will succeed

Mr. Frazer as Assistant Manager of the Agency.

Formally approved.

Matter approved on initials on August 11th, namely, letter dated August 9th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of action of the board of directors of the bank in voting to grant an extension of the Tampa revolving currency fund for another period of six months from August 15, 1930, under the terms and conditions governing the establishment of the fund; approval having been given with the understanding that the fund is not now operative and if reestablished will not be used by the custodian banks to reduce normal till requirements.

Formally approved.

The Assistant Secretary then reported receipt of oath of office of Mr. Charles H. Merriman, as Class C Director of the Federal Reserve Bank of Boston, qualified so as to set forth that Mr. Merriman is not a director of any other bank except the Morris Plan Company of Rhode Island, Providence, R. I., which, in his opinion, should not be considered a bank within the meaning of the provision of the Federal Reserve Act that no Class C Director shall be an officer, director, employee or stockholder of any bank. The Assistant Secretary stated that Mr. Merriman will furnish the Board with an opinion of his attorney substantiating his view but that if the Board after consideration of this opinion feels that he should resign as director of the Morris Plan Company of Rhode Island, he will do so.

Mr. Hamlin then stated that the opinion of Mr. Merriman's attorney was received this morning and that he discussed it with the Board's Counsel who feels that

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the Morris Plan Company of Rhode Island is not an exception to the prohibition against Class C Directors of Federal Reserve banks serving as directors of other banks.

Mr. Hamlin then moved that the Board advise Mr. Merriman that in its opinion he may not serve as director of the Morris Plan Company of Rhode Island while serving as Class C Director of the Federal Reserve Bank of Boston.

Carried.

Letter dated August 15th from the Governor of the Federal Reserve Bank of New York, submitting the regular monthly compilation of the amount of short term funds held in New York for foreign account, aggregating \$2,671,317,000, as of July 31st.

Noted.

Letter dated August 14th from Deputy Governor Rounds of the Federal Reserve Bank of New York, with reference to conditions and operations in the bill and Government securities markets during the preceding week.

Noted.

Letter dated August 7th from the Assistant Federal Reserve Agent at Dallas, reporting reserve deficiencies of the Anson State Bank, Anson, Texas, for six consecutive months up to June 30th; the Assistant Federal Reserve Agent recommending, in view of conditions set out in his letter, that no action be taken by the Board, affecting the membership of the bank, pending further developments in its affairs.

Noted, with approval.

Memorandum dated August 15th from the Comptroller of the Currency, recommending approval of an application of the First National Bank of Butte, Nebraska, for permission to reduce its capital from \$50,000 to \$25,000, on

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condition that no money be returned to the shareholders, but that so much of the reduction as may be necessary be applied in removing losses, other real estate owned and all paper classified as doubtful, and that the balance remaining, except such as the directors may desire to add to surplus, be used in removing tax sale certificates and certain loans classified as slow. The Assistant Secretary reported that while the original recommendation of the Federal Reserve Agent at Kansas City on this application was adverse, Mr. James, after discussing it with the Comptroller's office, took the matter up with the Federal Reserve Agent over the telephone with result that he changed his position and has written the Board recommending approval of the application.

Upon motion, the reduction was approved, subject to the conditions recommended by the Comptroller of the Currency.

Memorandum from Counsel dated August 12th, with regard to notice of voluntary withdrawal from the Federal Reserve System filed by the State Bank of Anoka, Anoka, Minn., with the request that the Board waive the usual six months' requirement and permit withdrawal immediately, approval of which request is recommended by the Federal Reserve Agent at Minneapolis.

Upon motion, the requirement of six months' notice was waived and immediate withdrawal of the State member bank was authorized.

Memorandum from Counsel dated August 12th, regarding Clayton Act permits previously granted by the Board covering directors of the Central National Bank of Philadelphia, Pa. and the Penn National Bank of Philadelphia, which banks have recently consolidated to form the Central-Penn National Bank; the memorandum submitting draft of letter to the Federal Reserve Agent at Phila-

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delphia, advising that the Board understands that in his opinion it will not be incompatible with the public interest for the directors concerned to continue to serve the consolidated institution and the other banks covered by the permits heretofore issued by the Board and the Board has determined that it will not take any steps at this time to revoke these Clayton Act permits.

Upon motion, the letter to the Federal Reserve Agent was approved.

Memorandum from Counsel dated August 5th, with regard to the request of the Lincoln Bank and Trust Company of Louisville, Ky., a member bank, for permission to establish an office at La Grange, Ky.; Counsel submitting draft of a letter to the Federal Reserve Agent at St. Louis, advising that in the opinion of the Board the office in question would constitute a branch within the meaning of Section 9 of the Federal Reserve Act and that the establishment of such office would be in violation of the provisions of that Section.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated August 7th with regard to an inquiry made by the Pittsburgh Branch relative to securing exemption from state taxes on motor fuels; Counsel expressing the opinion that the Federal Reserve banks are exempt from this tax under the provisions of Section 7 and suggesting that the matter be taken up by circular letter with all Federal Reserve banks.

The Governor suggested that the amount involved in payment of the tax does not warrant the action

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suggested by Counsel and, upon motion by him, it was voted not to circularize the Federal Reserve banks regarding the matter.

Report of examination of the Federal Reserve Bank of Cleveland, and its branches, made as at the close of business July 19, 1930.

Referred to the Committee on Examinations and Committee on District #4.

Mr. James then submitted for the information of the Board a letter addressed to him by the Federal Reserve Agent at Kansas City, under date of August 16th, with regard to conditions in the Tenth Federal Reserve District with particular reference to the effect of the drouth.

Noted.

The minutes of the meeting of the Federal Reserve Board held on August 8th were then read and approved.

The Governor then referred to the report made to the Board by the Chairman of the Federal Reserve Bank of New York that the recent purchase of \$25,000,000 of Government securities by the System was approved by all Federal Reserve banks. He stated it has since developed that there was a misunderstanding between Mr. Case and Governor Norris of the Federal Reserve Bank of Philadelphia, who was not in favor of the purchase and that he made this report to clear up the record regarding the matter.

The Assistant Secretary then referred to the applications for stock in the Federal Reserve banks made by newly organized national banks which are now held for approval by the Board. He pointed out that under the Federal Reserve Act all national banks are required to subscribe to Federal Reserve bank stock and that the Board's approval is not necessary, the

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present procedure having been set up as a matter of courtesy and at the request of a former Comptroller of the Currency as a check on payments on capital stock subscriptions of newly organized national banks. He recommended that in order to expedite the handling of these applications the Secretary's office be authorized immediately upon their receipt to advise the office of the Comptroller of the Currency of their approval and whether or not payment on stock has been received by the Federal Reserve bank concerned, submitting the applications subsequently for the formal notice of the Board.

After discussion, upon motion, the procedure suggested by the Assistant Secretary was approved.

REPORTS OF STANDING COMMITTEES:

Dated, August 9th, Recommending changes in stock at Federal Reserve banks
11th, as set forth in the Auxiliary Minute Book of this date.
12th, Recommendations approved.
13th,
14th,
16th,
18th,
19th,

Dated, August 18th, Recommending action on applications for fiduciary
19th, powers as set forth in the Auxiliary Minute Book of
this date.

Recommendations approved.

Dated, August 13th, Recommending approval of the application of Mr. Thomas M. Debevoise, for permission to serve at the same time as director of the Title Guarantee and Trust Company of New York City, as director of the Chase National Bank of New York City, and as director of the Equitable Trust Company of New York City, N. Y.

Approved.

Dated, August 13th, Recommending approval of the application of Mr. E. H. Stuart, for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., and director of the Metropolitan National Bank of Seattle, Wash.

Approved.

REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, August 13th, Recommending approval of the application of Mr. J. F. Douglas for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Washington, and as director of the Metropolitan National Bank of Seattle, Washington.

Approved.

Dated, August 15th, Recommending approval of the application of Mr. B. B. Wilbanks for permission to serve at the same time as officer of the Merchants & Planters National Bank of Sherman, Texas, and as director of the Whitesboro National Bank of Whitesboro, Texas.

Approved.

Dated, August 15th, Recommending approval of the application of Mr. Avery D. Andrews for permission to serve at the same time as director of the Central-Penn National Bank of Philadelphia, Pa., and as director of the Irving Trust Company of New York.

Approved.

Dated, August 15th, Recommending approval of the application of Mr. C. B. Dorchester for permission to serve at the same time as director of the Merchants & Planters National Bank of Sherman, Texas, as director of the Whitesboro National Bank of Whitesboro, Texas, and as director of the Madill National Bank of Madill, Okla.

Approved.

Dated, August 15th, Recommending approval of the application of Mr. C. B. Bryant for permission to serve at the same time as director of the Merchants & Planters National Bank of Sherman, Texas and as director of the First National Bank of Whitewright, Texas.

Approved.

Dated, August 15th, Recommending approval of the application of Mr. Kay Kimbell for permission to serve at the same time as director of the Merchants & Planters National Bank of Sherman, Texas and as director of the First National Bank of Whitewright, Texas.

Approved.

Dated, August 15th, Recommending approval of the application of Mr. F. Z. Edwards for permission to serve at the same time as director of the Merchants & Planters National Bank of Sherman, Texas and as director of the First National Bank of Bells, Texas.

Approved.

Dated, August 18th, Recommending approval of the application of Mr. Albert B. Dick, Jr. for permission to serve at the same time as director of the Northern Trust Company of Chicago, Ill., as director of the First National Bank of Lake

REPORTS OF STANDING COMMITTEES: (Cont'd)

Forest, Illinois, and as director of the Mercantile Trust & Savings Bank of Chicago, Ill.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. William P. Hart for permission to serve at the same time as director of the Atlantic National Bank of Boston, Mass., and as director of the Bank of Commerce and Trust Company of Boston, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Arthur H. Lowe for permission to serve at the same time as director of the Worcester County National Bank, Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Burton H. Wright for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Ernest H. Vaughan for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Frederick Wallace for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. F. H. Willard for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Walter Tufts for permission to serve at the same time as director and officer of the Worcester County National Bank of Worcester, Mass., and as director and officer of the Worcester Bank & Trust Company, Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. John E. White for permission to serve at the same time as director and officer of the Worcester County National

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Bank of Worcester, Mass., as director and officer of the Worcester Bank and Trust Company of Worcester, Mass., and as director and officer of the Martha's Vineyard National Bank of Tisbury, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Charles L. Allen for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Harding Allen for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., as director of the Worcester Bank & Trust Company of Worcester, Mass., and as director and officer of the Second National Bank of Barre, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Douglas Crocker for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., as director of the Merchants National Bank of Boston, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Richard C. Cleveland for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Chandler Bullock for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Albert S. Heywood for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Homer Gage for permission to serve at the same time

REPORTS OF STANDING COMMITTEES: (Cont'd)

as director of the Worcester County National Bank of Worcester, Mass., as director of the First National Bank of Boston, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Theodore T. Ellis for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass. and as director of the Worcester Bank and Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Albert J. Gifford for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. George Crompton for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. John F. Tinsley for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., as director of the Second National Bank of Boston, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Willard E. Swift for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Alvan T. Simmonds for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, August 19th, Recommending approval of the application of Mr. Maurice F. Reidy for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Robert S. Parks for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Wallace T. Morley for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. J. Lovell Johnson for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., as director of the Merchants National Bank of Boston, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. George N. Jeppson for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Aldus C. Higgins for permission to serve at the same time as director of the Worcester County National Bank of Worcester, Mass., and as director of the Worcester Bank & Trust Company of Worcester, Mass.

Approved.

The meeting adjourned at one o'clock.

Approved:

[Signature]

[Signature]

Chairman.

[Signature]
Assistant Secretary.