

A meeting of the Federal Reserve Board was held in the office of the Governor on Monday, October 13, 1930, at 11:00 a. m.

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

The minutes of the meeting of the Federal Reserve Board held on October 3rd were read and approved.

The minutes of the meeting of the Executive Committee held on October 7th were read and approved, and upon motion, the actions recorded therein were ratified.

The Governor referred to recent discussions regarding the change from demand to time deposits, and read to the Board a report made to him by the Director of the Division of Research and Statistics that from May 4, 1920 to June 30, 1930, the increase in time deposits, as compared to demand, has been such that were present deposits divided in the proportion which existed in 1920, member banks would be required to carry \$350,000,000 additional reserves.

He then referred to the proposed amendment to the by-laws of the Board regarding the adoption of resolutions of a personal character, notice of which was given at the meeting on September 25th.

There was general discussion regarding the alternative amendments submitted by Mr. Miller, and at the conclusion of the discussion, upon motion, it was voted that Section 4 of Article XV of the by-laws be amended by striking out all of Section 4, now reading as follows:

"No resolutions of a personal character, except upon the death of a member of the Federal Reserve Board while serving as such, shall appear in any publication of the Federal Reserve Board."

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and substituting therefor the following:

"No resolutions of a personal character shall be passed by the Board on the termination of the membership of a member of the Board."

Letter dated October 9th from the Secretary of the Federal Reserve Bank of New York and telegrams dated October 8th from the Chairman of the Federal Reserve Bank of Boston; October 10th from the Secretary of the Federal Reserve Bank of Cleveland; October 9th from the Chairman of the Federal Reserve Bank of Richmond; October 10th from the Secretary of the Federal Reserve Bank of Atlanta; October 11th from the Secretary of the Federal Reserve Bank of Minneapolis, and October 8th from the Secretary of the Federal Reserve Bank of Kansas City, all advising that their boards of directors at meetings on the dates stated, made no change in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval

Matter approved on initials on October 8th, namely, letters dated October 7th and 8th from the Comptroller of the Currency recommending approval of salaries of \$2,700 per annum each for National Bank Examiners Max V. Spendrup and Thos. P. McCoy, assigned to the Twelfth Federal Reserve District, and a salary of \$4,500 per annum for National Bank Examiner J. B. Funsten, Jr., assigned to the Tenth Federal Reserve District.

Upon motion, the salaries recommended by the Comptroller were formally approved.

Memorandum dated October 8th, from the Assistant Secretary recommending acceptance, effective at the close of business September 30th, of the resignation of Mr. Joseph L. Durland, former secretary to Mr. Platt.

Accepted.

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Reports of the Board's Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Philadelphia, 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 September, 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.

Letter dated October 10th from the Federal Reserve Agent at Philadelphia requesting approval of the designation as special assistants to examiners of Messrs. Charles A. Shermer, Jr., and Thomas C. Berger, employees of the Transit Department of the bank.

Approved.

Report of Committee on Salaries and Expenditures on letter dated October 7th from the Secretary of the Federal Reserve Bank of Cleveland, requesting approval of a change in the personnel classification plan of the Pittsburgh Branch involving an increase from \$1,750 to \$1,920 per annum in the maximum annual salary under its classification of Assistant Engineers (B-20).

Upon the recommendation of the Committee on Salaries and Expenditures, the change was approved.

Report of Committee on Salaries and Expenditures on letter dated October 9th from the Chairman of the Federal Reserve Bank of Boston, requesting approval of the action of the directors of that bank in voting to reimburse any member bank represented at the stockholders' meeting to be held this year for the amount expended by not more than one representative of such bank for railroad fare and pullman accommodation in attending the meeting;

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the Board's Committee recommending approval.

Approved.

The Assistant Secretary referred to the fact that the Board, at its meeting on January 21, 1930, deferred action on a proposal of the board of directors of the Federal Reserve Bank of Boston to pay to the member of the Federal Advisory Council of that district the sum of \$1,000 to cover his expenses in attending meetings of the Council during the year. He submitted, with the approval of the Committee on Salaries and Expenditures, a letter dated October 9th from the Chairman of the Boston bank advising that the directors have reconsidered their previous action and have voted that the allowance paid to their representative on the Federal Advisory Council be \$200 for each meeting of the Council attended, the same to be in lieu of all other compensation and allowances.

Upon motion, the allowance fixed by the Boston directors was approved.

He then referred to the fact that on January 21 the Board also deferred action on a letter from the Chairman of the Federal Reserve Bank of Philadelphia requesting approval of payment to the member of the Federal Advisory Council of that district, in lieu of expenses, of \$100 for each meeting of the Council attended.

Upon recommendation of the Committee on Salaries and Expenditures, the allowance fixed by the Philadelphia directors was approved.

Letter dated October 9th from the Federal Reserve Agent at Minneapolis with further reference to the reserve deficiency of the First National Bank of Garrison, N. D.; the Agent stating that the matter has been discussed with the Chief National Bank Examiner, who will soon make another examination of the institution, and that since it appears that the bank has some chance

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to work out of its difficulty, he recommends that the Board take no action in the case at this time.

The recommendation of the Federal Reserve Agent was noted with approval and a copy of the letter was ordered transmitted to the Comptroller of the Currency for his information.

Memorandum from Counsel dated October 6th with regard to the Clayton Act permits previously issued by the Board involving the First National Bank and the Eighth National Bank of Philadelphia, Penn., which recently consolidated; Counsel submitting draft of a letter to the Federal Reserve Agent at Philadelphia stating that the Board understands that in his opinion it will not be incompatible with the public interest for certain of the directors in question to continue to serve the consolidated national bank and the other banking institutions covered by the permits heretofore issued, and that in view of his advice in the matter, the Board has determined that it will not take any steps at this time to revoke the permits.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated September 29th with regard to applications of the First National Bank of Boston for permission to establish certain branches in the City of Buenos Aires in the Argentine Republic and certain branches in the Republic of Cuba, which were opened on different dates during the past few years without application first being made to the Board because the bank was under the impression that authority for the establishment of certain other branches in these countries given by the Board some years ago was broad enough to cover these branches; Counsel stating that he knows of no legal reason why the Board should not grant authority, to take effect retroactively to the respective dates on which the branches were established, as

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requested by the bank.

The Assistant Secretary reported that the applications have been referred to the Comptroller of the Currency and the Federal Reserve Agent, both of whom advise that they know of no reason why they should not be approved by the Board.

Upon motion, the following were adopted and ordered spread upon the minutes, Mr. Cunningham not voting.

"THE FIRST NATIONAL BANK OF BOSTON, having on or about September 26, 1930, filed an application with this Board for the purpose of obtaining permission to establish certain branches in the Republic of Cuba in addition to the branch of said bank in Havana, Cuba, heretofore authorized by this Board, as follows: Two of said proposed branches in Havana, one in Cienfuegos, one in Santiago, and one in Sancti Spiritus; and the said application having been considered; and it appearing that the said application is properly made under the laws of the United States of America and should be granted; NOW, THEREFORE, IT IS

"ORDERED that said application be and it is hereby approved and that the said bank be and it hereby is authorized to establish a branch on Avenida de Italia in Havana, Cuba, as of August 23, 1926, a branch on Maximo Gomez in Havana, Cuba, as of February 1, 1927, a branch at Cienfuegos, Cuba, as of October 1, 1928, a branch at Santiago, Cuba, as of October 8, 1928, and a branch at Sancti Spiritus, Cuba, as of April 1, 1929."

"THE FIRST NATIONAL BANK OF BOSTON, having on or about September 26, 1930, filed an application with this Board for the purpose of obtaining permission to establish certain branches in the City of Buenos Aires in the Argentine Republic in addition to the branch of said bank in said city in the Argentine Republic heretofore authorized by this Board; and the said application having been considered; and it appearing that said application is properly made under the laws of the United States of America and should be granted; NOW, THEREFORE, IT IS

"ORDERED that said application be and it is hereby approved and that the said bank be and it hereby is authorized to establish three additional branches in the City of Buenos Aires in the Argentine Republic as follows: Alsina as of June 18, 1928, Once as of August 1, 1928, and Callao as of April 5, 1929."

Report of Committee on District No. 7, signed by Messrs. Cunningham and Miller, as follows:

"At a meeting of the Federal Reserve Board held on May 20th, 1930, Mr. Cunningham Chairman of the Seventh District Committee, raised the question

"of the appointment of a Class C Director, Chairman and Federal Reserve Agent at the Federal Reserve Bank of Chicago, which appointment will come before the Board at the end of the current year.

'A discussion followed during which it was indicated that the members of the Board were willing to approve a change if recommended by the committee and upon motion, the committee was authorized to canvass the situation with regard to a Class C Director, Chairman and Federal Reserve Agent at the Federal Reserve Bank of Chicago, and report back to the Board its recommendations.'

"Pursuant to the above instruction your committee decided to invite Mr. James Simpson, Class C Director and Deputy Chairman of the Federal Reserve Bank of Chicago, to assist in making a survey of the district in order to determine whether a banker of outstanding position could be found who would be available.

"Your committee held a conference with Mr. Simpson at his office in Chicago, at which time Mr. Simpson advised the committee that he had given serious consideration to the contemplated changes at the Federal Reserve Bank of Chicago and also to the question of a successor to Mr. Heath as Class C Director, Chairman and Federal Reserve Agent at the Chicago Bank. Mr. Simpson at that time suggested the name of Mr. Eugene Stevens, President of the Continental Illinois Bank and Trust Company, Chicago, Illinois, for the appointment of Class C Director at the Chicago Bank to succeed Mr. Heath at the expiration of his term. Mr. Simpson advised the committee further that he had not discussed the question of the appointment with Mr. Stevens as he had not been authorized by the committee to do so and therefore was not in a position to express an opinion as to how the suggestion would be regarded by Mr. Stevens. Your committee attach hereto a biographical sketch of Mr. Stevens for the information of the Board.

"The committee, on September 18th, invited the appointive members of the Board to an informal conference in the office of Mr. Cunningham. At that time the committee informed the members present as to what had been done pursuant to the authority given them by the Board. There is attached hereto for the information of the Board the minutes of that conference.

"All further negotiations with Mr. Simpson on this subject took place by telephone. Memoranda giving in substance these telephone conversations of September 19th, October 3rd, and October 7th, are attached hereto for the information of the Board.

"Recommendation: Your committee recommend the adoption of the following resolution by the Board regarding the appointment of a Class C Director, Chairman and Federal Reserve Agent at the Federal Reserve Bank of Chicago, effective January 1st, 1931:

"BE IT RESOLVED, That the Federal Reserve Board hereby authorizes Mr. James Simpson, of Chicago, Illinois, to offer to Mr. Eugene Stevens, of Chicago, for and on behalf of the Board appointment as Class "C" Director of the Federal Reserve Bank of Chicago, with designation as Chairman of the Board of Directors

"of the said Bank and Federal Reserve Agent, at a salary not to exceed \$35,000 per annum, said appointment to be effective as of January 1, 1931.

"BE IT FURTHER RESOLVED, That in the event that Mr. Stevens accepts the offer so tendered by Mr. Simpson, on behalf of the Board, the Federal Reserve Board will appoint Mr. Stevens as Class "C" Director of the Federal Reserve Bank of Chicago and will designate him as Chairman of the Board of Directors of said Bank and Federal Reserve Agent, effective January 1, 1931, at a salary not to exceed \$35,000 per annum.

"BE IT FURTHER RESOLVED, That the Seventh District Committee be requested to communicate to Mr. Simpson the substance of this resolution."

After discussion, upon motion, the resolution recommended by the Committee was adopted.

REPORTS OF STANDING COMMITTEES:

Dated, October 9th Recommending changes in stock at Federal Reserve Banks, 10th as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, October 7th Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

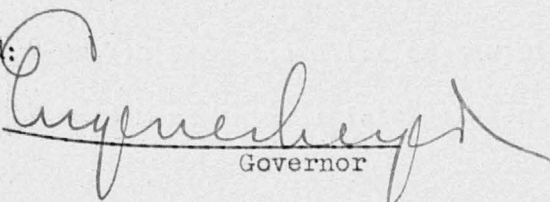
Dated, October 8th Recommending approval of the application of Mr. Charles J. Lamb, for permission to serve at the same time as an officer and director of the Utica Trust & Deposit Company of Utica, N. Y., and as a director of the National Bank of Clayville, Clayville, N. Y.
Recommendation approved.

Dated, October 8th Recommending approval of the application of Mr. George Stuart Patterson, for permission to serve at the same time as director of the Bank of Manhattan Trust Company of New York, N. Y., and as director of the Central-Penn National Bank, Philadelphia, Pa.
Recommendation approved.

Dated, October 8th Recommending approval of the application of Mr. James R. Cray, for permission to serve at the same time as an officer and director of the First National Bank and Trust Company, Waynesburg, Pa., and as director of the National Bank & Trust Co., Connellsville, Pa.
Recommendation approved.

The meeting adjourned at 12:50 p. m.

Approved:


Governor


Assistant Secretary