

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, November 7, 1930, at 11:15 a. m.

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

The minutes of the meeting of the Federal Reserve Board held on October 30th were read and approved.

The minutes of the meeting of the Executive Committee held on November 3rd were read and upon motion, the action recorded therein was ratified.

Letters dated October 30th and November 6th from the Secretary and Assistant Secretary of the Federal Reserve Bank of New York and telegrams dated November 5th from the Governor of the Federal Reserve Bank of Boston; November 6th from the Chairman of the Federal Reserve Bank of Philadelphia; November 5th from the Chairman of the Federal Reserve Bank of St. Louis; November 7th from the Chairman of the Federal Reserve Bank of Kansas City and November 6th 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.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston and St. Louis of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of October, 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.

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Reports of Committee on Salaries and Expenditures on letters dated October 17th and 25th from Deputy Governor Gilbert of the Federal Reserve Bank of New York, October 29th from the Secretary of the Federal Reserve Bank of Cleveland and October 28th from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of changes in the salary classification plans of the respective banks; the Board's Committee recommending approval in each instance.

Approved.

Report of Committee on Examinations on letter dated October 30th from the Chairman of the Federal Reserve Bank of New York, transmitting and recommending approval of an application of the Bank of Manhattan Trust Company of New York, New York for permission to merge the American Trust Company of New York; the Board's Committee also recommending approval.

Approved.

Memorandum from the Assistant Secretary dated October 31st with regard to letter dated October 28th from the Federal Reserve Agent at Minneapolis transmitting a notice of intention to withdraw from the Federal Reserve System filed by the First State Bank of Stratford, S. D., and recommending approval of the application of the bank that the Board waive the customary six months' requirement and permit immediate withdrawal from the System and cancellation of 20 shares of stock held in the Federal Reserve Bank of Minneapolis; the Assistant Secretary outlining circumstances in connection with the application and recommending that certain technical requirements of Regulation H be waived and the application of the bank for permission to withdraw immediately be approved by the Board.

Upon motion, it was voted to permit immediate withdrawal of the bank.

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Draft of letter to the Chairman of the Federal Reserve Bank of San Francisco acknowledging receipt of final report of the Bank's Building Committee on the construction of the Los Angeles Branch Building, advising that the final complete cost of the building is \$105,835.39 below the total of the bids and allowances previously submitted to and approved by the Board; the letter stating that in accordance with the provisions of S. J. Res. 142 authorizing the construction of the building, the Board has approved the actual expenditures, aggregating \$1,430,754.66, set forth in the report of the Building Committee.

Upon motion, the actual expenditures in connection with the building were approved and the proposed letter was ordered transmitted.

Report of Committee on Examinations on letter dated November 5th from the Chairman of the Federal Reserve Bank of Richmond transmitting and recommending approval of an application of the Bank of Darlington, Inc., Darlington, S. C., for an extension from November 15 to December 15 of the time in which the institution may terminate its membership in the System under the voluntary notice of intention to withdraw filed on March 15, 1930; the Board's Committee also recommending approval.

Approved.

Memorandum dated November 7th from the Chief of the Division of Bank Operations with respect to telegraphic inquiry from the Deputy Governor of the Federal Reserve Bank of Dallas as to whether, under the Board's amended Regulation D, deposits at the opening of business or at the close of business on Saturday should be used in determining required reserves for Sunday; Mr. Smead submitting a proposed telegraphic reply advising that required reserves of member banks on Sundays should be based on deposits at the close of business on Saturdays.

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In his memorandum Mr. Smead also called attention to the fact that in the circular letters of the Federal Reserve Banks of Cleveland and St. Louis, announcing the amendment to Regulation D, it is specified that reserves for Sundays and holidays shall be the same as for the previous business day.

After discussion, upon motion, the proposed telegram to the Deputy Governor of the Federal Reserve Bank of Dallas was approved and the Assistant Secretary was instructed to send similar advice to the Federal Reserve Banks of Cleveland and St. Louis.

Report of Committee on Examinations and Committee on District No. 8 with regard to application of the Mercantile-Commerce National Bank in St. Louis, which on August 1, 1930 moved to a new location in an outlying district, for a reduction in its reserve requirements from 10% to 7% of its demand deposits; the Committee recommending approval of a proposed letter to the Federal Reserve Agent at St. Louis advising that the Board feels that under a fair interpretation of its ruling that applicants for reductions in reserve requirements shall have been in operation as members of the Federal Reserve System for a period of at least one year prior to the date of application, the Mercantile-Commerce National Bank should operate as a neighborhood bank at its new location for a period of at least one year before consideration is given to a reduction in its reserve requirements.

Upon motion, the letter submitted by the Committee was approved.

Draft of proposed reply to letter dated October 31st from the Federal Reserve Agent at Dallas reporting continued reserve deficiencies on the part of the Athens National Bank of Athens, Texas, and recommending that the Board address a letter to the President of the institution advising him that unless

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these violations of law are discontinued it will recommend to the Department of Justice that a suit be filed for the cancellation of the bank's charter; the proposed reply advising that before taking the action suggested by the Federal Reserve Agent, the Board is referring the communication to the Comptroller of the Currency for an expression of his views on the recommendation.

Upon recommendation of the Committee on Examinations and Committee on District No. 11, reference of the matter to the Comptroller of the Currency was approved and the proposed letter to the Federal Reserve Agent at Dallas was ordered transmitted.

Draft of letter to the Federal Reserve Agent at Dallas replying to letters from him dated October 31st reporting reserve deficiencies on the part of the First National Bank of Del Rio, Texas, the American National Bank of Paris, Texas and the First National Bank of Bennington, Oklahoma; the proposed reply stating that in view of the circumstances outlined by the Federal Reserve Agent affecting each case and in line with his recommendation, the Board has voted to take no action at this time regarding the banks named, although it requests that he keep it advised of future developments in each case.

Upon recommendation of the Committee on Examinations and the Committee on District No. 11, the letter to the Federal Reserve Agent was approved and ordered transmitted.

Draft of reply prepared by the Governor to letter dated October 31st from the Governor of the Federal Reserve Bank of New York with further reference to transactions in sterling.

After discussion, the proposed reply was approved in the following form:

"Reference is made to Governor Harrison's confidential letter of October 31st, in which the Board was advised that your Bank had about completed the purchase of £5,000,000 sterling previously authorized by your Board of Directors, all of which had been or was being converted into bills.

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"The Board notes that your Directors have voted to authorize the purchase of an additional \$5,000,000, as and when it seems desirable to do so, in order to support the market for sterling exchange and with a view of avoiding imports of gold and improving generally sentiment regarding the exchange situation. It is noted that such additional purchases will be made cautiously and only as circumstances justify.

"It is understood from Governor Harrison's letter of October 23rd, 1930, that so far as these purchases have any influence upon the money market or money market rates they will be considered by the Open Market Policy Conference, along with all other factors influencing the credit position, in the execution of the policy agreed upon by the Conference and approved by the Federal Reserve Board."

Memorandum from Counsel dated November 6th submitting drafts of letters to Hon. Newton D. Baker and the Governor of the Federal Reserve Bank of Richmond, advising of approval by the Board of Mr. Baker's employment to represent the Federal Reserve System as a whole in the case of the Federal Reserve Bank of Richmond v. Attmore and related litigation, in which all of the Federal Reserve banks have signified their willingness to participate; the proposed letters also stating that in accordance with the usual practice Mr. Baker's compensation may be determined upon after his services have been rendered, with the understanding that any such compensation shall be subject to the approval of the Board.

Upon motion, the proposed letters were approved.

Draft of letter to the Comptroller of the Currency, prepared in accordance with action taken at the meeting on October 30th, requesting that in future cases involving reductions in capital of national banks the Board be furnished with full information as to the reasons for his recommendation and all circumstances involved in the proposed reduction.

Upon motion, the letter was amended and approved and the Assistant Secretary was instructed to forward a copy to the Federal Reserve Agent at Minneapolis.

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Letter dated October 30th, addressed to the Chairman of the Board by the President, with regard to the organization of the Executive Departments and independent establishments of the Government in connection with the forthcoming campaign of the District Community Chest; the plan of organization contemplating the appointment of a chairman to be responsible primarily for supervising the details of organization and for soliciting subscriptions of higher executives.

After discussion, upon motion, Mr. Noell Assistant Secretary of the Board, was designated to serve as chairman of the Board's organization

Memorandum from the Assistant Secretary, dated October 31st, submitting a report, in accordance with instructions given at the meeting on October 22nd, on letter dated October 20th from the Assistant Secretary of State inquiring as to participation by the Board in the exhibit of the Government in the Chicago World Fair of 1933; the report referring to exhibits of certain of the Federal Reserve banks at conventions of the American Bankers' Association which might be used as a basis for a World Fair exhibit and recommending that before any determination is reached by the Board two or three of the Federal Reserve banks which have prepared such exhibits be requested to designate members of a committee, including some one from the staff of the Board, to report on the advisability of a System exhibit and in a general way the scope of such an exhibit.

After discussion, it was voted to advise the Assistant Secretary of State that at this time the Board is inclined to participate in the Government exhibit, and while the scope and details of such exhibit will be referred to a Committee for report, it is now estimated that not more than 10,000 square feet of space will be required by the Board.

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REPORTS OF STANDING COMMITTEES:

Dated, November 3rd Recommending changes in stock at Federal Reserve Banks,  
5th as set forth in the Auxiliary Minute Book of this date.  
6th Recommendations approved.  
7th

Dated, November 6th Recommending approval of the application of Mr. Frank R.  
Loeffler, for permission to serve at the same time as  
officer of the Federal National Bank of Boston, Mass.,  
and director and officer of the Gloucester National Bank  
of Gloucester, Mass.  
Approved.

The meeting adjourned at 12:30 p. m.

C. W. McCalland  
Assistant Secretary.

Approved:

Augustus  
Governor.