

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, December 6, 1930, at 11:10 a. m.

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

PRESENT ALSO: Mr. E. R. Black, Governor of the Federal Reserve Bank of Atlanta.

Letter dated December 4th from the Assistant Secretary of the Federal Reserve Bank of New York and telegrams dated December 3rd from the Chairman of the Federal Reserve Bank of Boston, December 3rd from the Chairman of the Federal Reserve Bank of Philadelphia, December 5th from the Secretary of the Federal Reserve Bank of Cleveland, December 4th from the Chairman of the Federal Reserve Bank of Richmond, December 3rd from the Chairman of the Federal Reserve Bank of St. Louis, December 4th from the Chairman of the Federal Reserve Bank of Kansas City and December 4th from the Chairman of the Federal Reserve Bank of San Francisco, all 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.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston, Philadelphia, Richmond, St. Louis and Dallas of employees of those banks and their branches for whom the directors approved leaves of absence with pay, on account of illness, during the month of November, 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 November 24th from the Deputy Governor of the Federal Reserve Bank of New York and November 26th from the Deputy Governor of the Federal Reserve Bank of St. Louis, requesting approval of certain changes in the personnel classification plans at those banks; the Board's Committee recommending approval.

Approved.

Letter dated December 4th from the Chairman of the Federal Reserve Bank of Richmond, advising of the reappointment of Mr. John Poole as a member of the Federal Advisory Council representing the Fifth District for the year 1931 with Mr. Charles E. Rieman as alternate, and the reappointment of directors at the Baltimore and Charlotte Branches of the bank as follows:

BALTIMORE

Mr. A. H. Dudley, Managing Director
Col. H. B. Wilcox

TERM EXPIRES

December 31, 1931
December 31, 1933

CHARLOTTE

Mr. Hugh Leach, Managing Director
Mr. Robert Gage

December 31, 1931
December 31, 1933

Noted.

Report of Executive Committee on letter dated December 2nd from the Comptroller of the Currency, recommending approval of the application of the First National Bank in Harper, Kansas, for permission to reduce its capital stock from \$50,000 to \$25,000; the Board's Committee recommending approval on condition that the reduction be used to eliminate other real estate in the amount of \$6,500, and to effect a reduction of \$9,801.65 in loans and discounts, cash in the amount of only \$8,698.35 to be returned to the shareholders.

Approved.

Letter dated December 2nd from the Federal Reserve Agent of the Federal Reserve Bank of Dallas, advising that the Madison National Bank, Tallulah, La.,

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was deficient in its reserves for a period of six months from May 16th to November 15, 1930; the Agent recommending that inasmuch as satisfactory assurances have been received that the reserves of the bank will have proper attention in the future, the Board take no action pending further developments in connection with the bank's reserve position.

Upon motion, it was voted to approve the Federal Reserve Agent's recommendation and to request him to follow the matter closely and communicate with the Board if future developments are unsatisfactory.

Copy of the Federal Reserve Agent's letter was also ordered transmitted to the Comptroller of the Currency for his information.

Letters dated December 2nd from the Federal Reserve Agent of the Federal Reserve Bank of Dallas, advising that the First National Bank of Hemphill, Texas, and the First National Bank of Jayton, Texas, were deficient in their reserves for the six months' period from May 16th to November 15, 1930 and recommending that the matter be brought to the attention of the Comptroller of the Currency with a view of enlisting the cooperation of his examiners in correcting the delinquencies.

Upon motion, it was voted to refer the matter of reserve deficiencies of the two member banks to the Comptroller of the Currency, in accordance with the Federal Reserve Agent's recommendation, with the request that when a report is received from the examiner the Comptroller advise the Board as to the result of his efforts.

Matter approved on initials of the Executive Committee on December 3rd, namely, memorandum from Counsel, dated December 1st, submitting draft of reply to letter dated November 24th from the Federal Reserve Agent of the Federal Reserve Bank of Dallas, with regard to the disposition of the trust business of

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the First National Bank of McKinney, Texas, which is now in receivership; the proposed reply stating that the trusts should be closed up in accordance with Section XIII of the Board's Regulation "F", which provides that whenever a national bank exercising fiduciary powers becomes insolvent and a receiver is appointed therefor by the Comptroller of the Currency, such receiver, pursuant to instructions of the Comptroller of the Currency and to orders of the Court, will proceed to close the trust estates promptly and to transfer to substitute fiduciaries such trust estates as cannot be closed promptly. The memorandum also submitted draft of a letter to the Comptroller of the Currency enclosing copies of the correspondence with the Agent at Dallas in order that he may give appropriate instructions to the receiver of the bank for the winding up of its trust business.

Upon motion, the letters submitted by Counsel were formally approved.

Matter approved on initials of the Executive Committee on December 5th, namely, letter to the Federal Reserve Agent of the Federal Reserve Bank of Dallas, in reply to his letter of December 2nd, advising that inasmuch as his Executive Committee believes there is no need at the present time for establishing a stock of unissued Federal reserve notes at branches of the Dallas Bank, the Board feels that it would be better not to have any agreement in effect which does not actually cover an established custody of unissued Federal Reserve notes, the letter suggesting that the board of directors of the bank authorize the Governor to enter into an agreement with the Federal Reserve Agent on behalf of the Bank, if and when the establishment of reserve stocks of unissued Federal Reserve notes at any of its branches is deemed advisable.

Formally approved.

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Letter dated November 21st from Deputy Governor Crane of the Federal Reserve Bank of New York, enclosing copy of letter sent to the Governors of all Federal Reserve banks, with regard to the program of the New York Bank for the purchase of sterling exchange.

The letter having previously been circulated among the members of the Board, was noted.

Letter dated November 25th from Deputy Governor Burgess of the Federal Reserve Bank of New York, enclosing copy of a letter to the Governors of all Federal Reserve banks, with regard to the proposed merger of the Manufacturers' Trust Company, the Public National Bank and Trust Company, the Bank of United States and the International Trust Company; also letter, dated November 26th, from Mr. Case, Chairman of the New York Bank, setting forth the circumstances which induced him to accept the position of executive head of the institution resulting from the merger of the four New York City banks referred to.

The letters having previously been circulated among the members of the Board, were noted.

Memorandum dated December 4th from Mr. Smead, with regard to the question raised by certain Federal Reserve banks in connection with the calculation of reserves of member banks for Sundays and holidays; the memorandum recommending that the Board approve reference of this question to the System Committee on Reserves, which will meet in Washington on Monday, December 8th, for recommendation and preparation of drafts of suggested replies to letters received from the Federal Reserve Banks of St. Louis and Philadelphia regarding the matter.

Upon motion, the procedure recommended by Mr. Smead was approved.

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Governor Black then took up with the Board a request which has been made that the Atlanta Bank, through its New Orleans Branch, act as custodian of warehouse receipts covering cotton pledged to secure a loan to the American Cooperative Cotton Association which is being made by Federal Intermediate Credit Banks. He expressed his own opinion that the circumstances of this custodianship would be in the nature of competition with certain member banks which have acted for the Intermediate Credit Banks in other instances and that he had come to Washington for the purpose of discussing the matter with the members of the Board and to get their advice.

Governor Meyer suggested that members of the Federal Farm Loan Board be invited to participate in the discussion and Messrs. Bestor, Cooksey and Harrison, together with Mr. Chester Morrill, Secretary and General Counsel of the Federal Farm Loan Board, later joined the meeting. The discussion brought out that a loan of \$10,000,000 has been made to the American Cotton Cooperative Association by a consortium of Federal Intermediate Credit Banks and that it is the desire of the committee in charge for the Intermediate Credit Banks to have the warehouse receipts held by the Federal Reserve banks. The members of the Federal Farm Loan Board stated that it is their desire, as a general policy, to have the Federal Reserve banks and branches act as custodians for the Intermediate Credit Banks wherever feasible for them to do so and that they would like to have the New Orleans Branch act in the case under discussion since no other arrangement has been made. It was pointed out that existing custodianships on the part of commercial banks will not be interfered with, but that these custodians will hold the receipts involved in that portion of the loan to the American Cotton Cooperative Association which is being advanced by commercial institutions.

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The members of the Board present concurred in the opinion that it would be well for the Federal Reserve banks to act for the Federal Intermediate Credit Banks wherever practicable and Governor Black stated that he would lay the request of the Federal Farm Loan Board before his Executive Committee on Monday, advising that it is concurred in by the Executive Committee of the Board.

REPORTS OF STANDING COMMITTEES:

Dated, December 2nd Recommending changes in stock at Federal Reserve banks,
4th as set forth in the Auxiliary Minute Book of this
5th date.

6th Recommendations approved.

Dated, December 2nd Recommending approval of the application of Mr. Shirley S. Ford, for permission to serve at the same time as a director of the Great Falls National Bank of Great Falls, Montana, and as an officer and director of the United States National Bank of Omaha, Nebraska.

Approved.

Dated, December 2nd Recommending approval of the application of Mr. Edward Ball, for permission to serve at the same time as director of the Florida National Bank of Jacksonville, Florida, and as director of the Florida National Bank at St. Petersburg, St. Petersburg, Florida.

Approved.

The meeting adjourned at 12:45 p. m.

E. W. McClelland
Assistant Secretary.

Approved:

W. G. Black
Governor.