

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, December 15th, 1930, at 11:30 a. m.

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

Matter approved on initials of the Executive Committee on December 12, namely, memorandum from the Assistant Secretary reporting telephone advice from the Federal Reserve Agent at Richmond that the custody arrangement for holding unissued Federal Reserve notes at the Charlotte and Baltimore Branches of the bank is not sufficiently flexible just at this time to meet the requirements; the Agent requesting the Board to approve the temporary designation of Mr. Robert Lee Honeycutt, Manager of the Charlotte Clearing House Association, as Acting Assistant Federal Reserve Agent at the Charlotte Branch at a salary of \$35.00 per month. The memorandum further stated that the Federal Reserve agent will desire approval of the designation of an Acting Assistant Federal Reserve agent at Baltimore as soon as a satisfactory person can be determined upon.

Upon motion, the action of the Executive Committee in approving the temporary designation of Mr. Honeycutt as an Acting Assistant Federal Reserve agent at the Charlotte Branch at a salary of \$35.00 per month was formally approved.

Matter approved on initials on December 13th, namely, telegraphic request of the Federal Reserve Agent at Richmond for approval of the temporary designation of Mr. Henry Schutz as Acting Assistant Federal Reserve Agent at the Baltimore Branch; Mr. Schutz to resign his position as Custodian of Bank Securities at the branch upon his appointment to the Agent's Department, his salary of \$3,420 per annum to remain unchanged.

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Upon motion, the temporary designation of Mr. Schutz as Acting Assistant Federal Reserve Agent at the Baltimore Branch was formally approved.

Matter approved on initials on December 12th, namely, report of Committee on District No. 6 on letter dated December 10th from the Federal Reserve Agent of the Federal Reserve Bank of Atlanta recommending that the Board waive the usual requirement of six months' notice of intention to withdraw from membership in the Federal Reserve System and permit immediate withdrawal by the Bank of Portal, Portal, Georgia, under a voluntary notice of intention to withdraw filed on December 10, 1930; the Agent's letter stating that the bank is in an unsatisfactory condition and has decided upon a plan of liquidation, having obtained accommodation with which to liquidate its indebtedness to the Reserve Bank; the Board's Committee also recommending approval.

Upon motion, the immediate withdrawal of the Bank of Portal, Portal, Georgia from membership in the Federal Reserve System was formally approved.

Matter approved on initials on December 13th, namely, Report of Committee on Salaries and Expenditures on letter dated December 8th from the Deputy Governor of the Federal Reserve Bank of St. Louis, requesting approval of a change in the personnel classification plan at that bank; the Board's Committee recommending approval.

Formally approved.

Letter dated December 11th from the Assistant Secretary of the Federal Reserve Bank of New York and telegram dated December 12th from the Secretary of the Federal Reserve Bank of Atlanta, 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.

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Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Atlanta of employees 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.

The Assistant Secretary then presented a letter dated December 12 from the Governor of the Federal Reserve Bank of Minneapolis stating that he has had requests from the United States Daily and other papers for a year-end statement and asking advice as to whether the Board would care to have such a statement sent.

After discussion, upon motion, it was voted to advise the Governors of all Federal Reserve banks that the Board understands they are being requested to furnish the United States Daily with a review of 1930 banking and business operations in their respective districts with some reference to the outlook for 1931, and that the members of the Board are still of the attitude expressed in the Board's letter of December 10, 1928 (X-6194).

Mr. Miller then stated that Mr. A. R. Jacobs had declined appointment by the Board as a director of the Helena Branch of the Federal Reserve Bank of Minneapolis, and he submitted a report recommending the appointment of Mr. W. R. Strain of Great Falls, Montana, as a director of the Helena Branch for a term of two years beginning January 1, 1931.

Upon motion, Mr. Strain was appointed a director of the Helena Branch for the term recommended.

Letters dated December 12th from the Chairman of the Federal Reserve Bank of Atlanta advising of appointments to the directorates of the branches of the Atlanta Bank as follows:

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BIRMINGHAM

A. E. Walker, Managing Director  
W. E. Henley

TERM EXPIRES

December 31, 1931  
December 31, 1933

JACKSONVILLE

W. S. McLarin, Jr., Managing Director  
Arthur F. Perry

December 31, 1931  
December 31, 1933

NASHVILLE

Joel B. Fort, Jr., Managing Director  
C. A. Craig  
Frank J. Harle  
C. W. Bailey

December 31, 1931  
December 31, 1933  
December 31, 1931  
December 31, 1932

NEW ORLEANS

Marcus Walker, Managing Director  
J. D. O'Keefe

December 31, 1931  
December 31, 1933

Noted.

Draft of reply to letter dated December 4th from the Federal Reserve Agent at Dallas requesting instructions as to whether his recommendations with regard to the continuance of membership of state banks should be submitted in every case to the Governor of the bank for his concurrence before transmission to the Federal Reserve Board; the proposed reply stating that where an analysis of a report of examination clearly indicates a sound condition and there are no serious criticisms it is not necessary for the Agent to submit his recommendation to any other official of the bank; that where an analysis discloses a state bank to be in an unsatisfactory condition or reflects unsound tendencies or violations of law, etc., his recommendation should be submitted either to the Governor or to the Executive Committee of his bank, and where it is wished to make a formal recommendation that action be taken to discontinue membership, it is desired that the recommendation be submitted to the full board of directors of the bank for approval.

Upon motion, the proposed letter was approved.

Draft of reply to letter dated December 4th from the Federal Reserve Agent

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at Dallas, inquiring as to the wishes of the Board in the matter of having submitted to it analyses of reports of credit investigations conducted by the bank's examiners; the proposed reply stating that when such investigations are conducted concurrently with examinations by State authorities the analyses submitted to the Board should cover both the state examination and the credit investigation, and where conditions are such that it is advisable to conduct an independent credit investigation, the Board would like to have the examiners' findings transmitted to it with such recommendation as the Agent may feel justified in making.

Upon motion, the proposed letter was approved.

Letter dated December 12th from the Lincoln National Bank, Lincoln, Ill., suggesting the advisability of the Federal Reserve banks purchasing anticipation warrants issued by taxing bodies such as the County Boards of Supervisors, Directors of School Districts and Township Highway Commissioners.

After discussion, upon motion, it was voted to refer the letter to the Federal Reserve Bank of Chicago as a matter of regional policy and to advise the Lincoln National Bank accordingly.

Letter dated December 11th from the Chairman of the Federal Reserve Bank of Minneapolis advising that on October 8th, after five years of negotiation, a stipulation agreement was signed by the authorities of the City of Minneapolis and the Federal Reserve Bank under which the bank will get a gradual reduction in valuation for tax purposes of the Minneapolis Bank property dating back to 1927, by which the bank will save over the period from 1927 to 1936 approximately \$135,000.

Noted.

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Memorandum from Counsel dated December 8th with regard to certain amendments to Section 25(a) of the Federal Reserve Act, proposed by the organizers of the Federal International Banking Corporation, to which the Board has issued a preliminary permit to complete its organization.

Ordered circulated.

Memorandum from Counsel dated December 13th calling attention to S-5109, "a bill to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce and industry."

Ordered circulated.

The Governor then referred to the present condition of political unrest existing in Cuba and to the fact that the Havana Agency of the Federal Reserve Bank of Atlanta carries approximately twenty million dollars in cash at the Agency, which is covered by a banker's blanket bond for \$500,000 against loss from infidelity of employees, burglary, robbery, misplacement, forgery, etc., and insurance in the amount of one and one half million dollars for burglary and one and one half million dollars for robbery.

Discussion was had as to the safety of the funds of the Agency and the Governor stated that he would take the matter up with the Assistant Secretary of State.

The Assistant Secretary presented a letter dated December 5th from the Federal Reserve Agent at St. Louis complying with a request for a short outline of the procedure in effect at the branches of the St. Louis Bank covering the receipt of Federal Reserve notes shipped from Washington which are issued to the Bank on the date that the shipment leaves Washington; the Federal Reserve Agent's letter stating that in accordance with a suggestion received from the Board under date of December 31, 1918, his Department had followed the arrangement whereby a person was authorized at each branch to receipt in the

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name of the Federal Reserve Agent for notes shipped direct to the Branches and that since November 15, 1930, in emergencies, the representative is authorized to accept from the Branch and hold for the account of the Agent in joint custody with the Branch, Federal Reserve notes returned by the Branch and to reissue them when requested.

After some discussion of the desirability and legality of this arrangement, upon motion by Mr. James, action was deferred pending a more settled condition in the banking and currency situation in the St. Louis district.

The Assistant Secretary then called attention to a notation by Mr. James on the summary statement relating to deficient reserves of member banks for the third quarter of 1930, submitted by the Chief of the Division of Bank Operations; the notation stating that inasmuch as 20% of the member banks were subject to a penalty for deficient reserves on one or more reserve computation periods during the third quarter of 1930, something should be done looking toward a correction of the situation.

After some discussion as to what steps the Board might take to correct the situation indicated in the report, action on the matter was deferred.

Memorandum dated December 10th from the Examiner in Charge submitting a report of examination of the Federal Reserve Bank of Atlanta as at the close of business October 4, 1930.

Ordered circulated.

The minutes of meetings of the Federal Reserve Board held on November 25th and December 11th were read and approved.

The minutes of the meetings of the Executive Committee held on November 28th, December 2nd, 6th and 9th were read and approved and the actions recorded therein were ratified.

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REPORTS OF STANDING COMMITTEES:

- Dated, December 12th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, December 12th Recommending action on applications for fiduciary powers  
13th as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, December 11th Recommending approval of the application of Mr. Harold C. Payson, for permission to serve at the same time as a director of the First National Bank, Lewiston, Maine and as a director of the Casco-Mercantile Trust Company of Portland, Maine.  
Approved.
- Dated, December 13th Recommending approval of the application of Mr. F. P. Johnson, for permission to serve at the same time as a director of the First National Bank of Comanche, Oklahoma, and as a director and officer of the First National Bank and Trust Company of Oklahoma City, Oklahoma.  
Approved.
- Dated, December 13th Recommending approval of the application of Mr. Robert R. M. Carpenter, for permission to serve at the same time as a director of the Girard Trust Company of Philadelphia, Pennsylvania and as a director of the Philadelphia National Bank of Philadelphia, Pennsylvania.  
Approved.

The meeting adjourned at 12:45 p. m.

C. W. Woodland  
Assistant Secretary

Approved:

Eugene Keight  
Governor