

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, December 18, 1930, at 11:45 a. m.

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

Letter dated December 16th from the Deputy Governor of the Federal Reserve Bank of Chicago, requesting a ruling by the Board on the propriety of a subscription by the Chicago Bank to an unemployment fund being raised by the State of Illinois. Attention was called to the fact that, while the Board has never ruled on an identical subscription, practically the same question was presented in 1925 by the Federal Reserve Bank of Dallas, and in 1928 by the Federal Reserve Bank of Minneapolis, when they requested permission to make contributions to local Community Chest Funds; in both instances the Board ruled that it could not authorize expenditures of Federal Reserve funds by way of donations to further purposes, no matter how worthy, which were not directly related to the conduct of the affairs of the banks.

A discussion ensued during which Mr. Wyatt, the Board's General Counsel, was called in the meeting and advised the Board that, while he has not looked into the matter recently, he is familiar with several court decisions to the effect that national banks cannot use their funds for making gifts of any kind and that in his opinion the same rule would apply with even greater force to the funds of Federal Reserve banks.

Accordingly it was voted to advise the Federal Reserve Bank of Chicago along the lines of the Board's previous position, expressing at the same time the Board's sympathy with the movement referred to and its regret at being unable to authorize a contribution by the Federal Reserve Bank.

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The Assistant Secretary then referred to the action of the Board on November 17th in citing the First State Bank of Abernathy, Texas, to show cause why its membership in the Federal Reserve System should not be terminated because of its failure to maintain the reserves required by the Federal Reserve Act. He stated that no representative of the First State Bank of Abernathy appeared at the time set by the Board for hearing - eleven o'clock yesterday, December 17, 1930, the bank having waived its right to appear before the Board and appeared instead before the Federal Reserve Agent at Dallas at a hearing conducted by him on December 10th.

He presented a memorandum dated December 16th from Counsel submitting testimony presented at the hearing before the Federal Reserve Agent and calling attention to the fact that the board of directors of the Federal Reserve Bank of Dallas, which made the recommendation that the Board institute proceedings against the First State Bank of Abernathy, has not had an opportunity to consider the additional information submitted to the Federal Reserve Agent by the member bank.

After discussion, upon motion, it was voted, in view of the assurances given by the member bank at the hearing before the Federal Reserve Agent that if permitted to remain a member of the System in the future it would keep the reserve required by law, to ask the Federal Reserve Agent to submit the record of the hearing to his directors at their next meeting with a request that the Board be advised whether in their opinion the member bank should be given an opportunity to demonstrate its intention and ability to so operate as to maintain required reserves or whether they desire to continue their previous recommendation that the membership of the bank be terminated.

Matter approved on initials by the Executive Committee yesterday, namely, telegram dated December 16th from the Federal Reserve Agent at San Francisco,

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recommending approval of the action of the Bank of Wasco, Wasco, Oregon, a member bank, in consolidating with the Bank of Commerce of Wasco, a nonmember institution, under the charter of the member bank.

Formally approved.

Telegrams dated December 17th from the Chairmen of the Federal Reserve Banks of Boston, Philadelphia and St. Louis, all advising that their boards of directors at meetings on the date stated made no change in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated December 15th, approved by the Assistant Secretary, recommending that in accordance with a suggestion of the Federal Reserve Agent at Minneapolis the Board issue an order, under the provisions of Section II, Paragraph (C) of Regulation I, for the cancellation of 18 shares of stock in the Federal Reserve Bank of Minneapolis standing in the name of the New First National Bank of Howard, South Dakota, which went into voluntary liquidation, effective May 12, 1930, but from whose liquidating agent no application for cancellation of stock has been received.

Upon motion, cancellation of the stock in question was approved.

Memorandum dated December 15th from the 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 November and for the eleven months ending November 30th.

Ordered circulated.

Bonds in the amount of \$50,000 each, executed under date of December 13,

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1930 by Messrs Robert L. Honeycutt and Henry Schutz, recently designated as Acting Assistant Federal Reserve Agents at the Charlotte and Baltimore Branches of the Federal Reserve Bank of Richmond.

Approved.

Letter dated December 17th from the Deputy Governor and General Counsel of the Federal Reserve Bank of New York, advising of the employment of the firm of Davis, Polk, Wardwell, Gardiner and Reed as Consulting Counsel in connection with the closing of the Bank of United States, and expressing the hope that this will meet with the Board's approval; the letter also requesting approval of a salary of \$6,000 per annum, effective December 13, 1930, for Mr. Harold S. Schultz, who has been temporarily appointed Assistant Counsel of the Bank due to the illness of Mr. Theodore M. Crisp, who has been granted leave of absence without pay beginning January 1, 1931.

Upon motion, the salary of \$6,000 per annum was approved for Mr. Schultz.

It was also voted to advise the New York Bank that the Board interposes no objection to the employment of Messrs. Davis, Polk, Wardwell, Gardiner and Reed, with the understanding that before any payment is made to the firm for its services the fee will be submitted to the Board for approval.

Letter dated December 15th from the Federal Reserve Agent at Atlanta, advising that subject to the approval of the Board, he has designated Mr. R. A. Radford to serve as Examiner during the year 1931, and has also designated the following officers and employees of the bank as Special Examiners:

Ward Albertson, Asst. Federal Reserve Agent.  
W. S. Johns, Deputy Governor.  
E. P. Paris, General Auditor.  
J. W. Honour, Assistant Auditor.

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H. F. Conniff, Assistant Cashier.  
V. K. Bowman, Assistant Cashier.  
J. A. Walker, Assistant Manager, New Orleans Branch.  
H. N. Harrison, Field Representative.

Approved.

Letter dated December 15th from the Chairman of the Federal Reserve Bank of Richmond, advising that the board of directors of that bank has appointed Mr. L. S. Zimmerman, Vice President of the Maryland Trust Company of Baltimore, as a director of the Baltimore Branch for the unexpired term ending December 31, 1932, to succeed Mr. C. G. Osburn, resigned.

Noted.

Report of Committee on Salaries and Expenditures, dated December 13th, recommending approval of the personnel classification plan submitted by the Federal Reserve Bank of Minneapolis covering employees of that bank and its Helena Branch; the Committee also recommending that the Minneapolis Bank be advised (1) that it is authorized to hire any employee and to promote or demote such employee without first securing the Board's approval, with the understanding that the salary paid each employee must not exceed, without the Board's specific approval, the maximum salary provided in the classification plan for the position occupied, (2) that no change should be made in the personnel classification plan without the approval of the Board, and (3) that the Board will require the bank to submit to it for approval on or about January 1 of each year a statement showing the salary of each employee of the Bank.

Upon motion, the plan was approved in accordance with the recommendations of the Committee.

Memorandum from Counsel dated December 13th on letter dated December 11th from the Federal Reserve Agent at Richmond, submitting an agreement entered

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into with the Federal Reserve Bank of Richmond, covering the custody of un-issued Federal Reserve notes at the Baltimore Branch; Counsel stating that the agreement, which provides for the custody of notes under dual control, is in the same form as the agreement recently adopted with reference to unissued notes at the Charlotte Branch.

Upon motion, it was voted to advise the Federal Reserve Agent that the Board has no objection to the arrangement at Baltimore, with the understanding that it may be modified or discontinued by the Board if at any time it should see fit.

Letter dated December 13th from the Federal Reserve Agent at San Francisco, recommending approval of an application of the Bank of Commerce, Oregon City, Oregon, for permission to reduce its capital stock from \$200,000 to \$150,000; the Federal Reserve Agent advising that the reduction is approved by the State Superintendent of Banks, and the entire proceeds are to be used to remove from the bank \$50,000 of bad and doubtful assets to be selected by the Superintendent.

Upon motion, it was voted to approve the reduction on condition that the entire amount thereof shall be used to remove criticized assets.

Letter dated December 13th from the Comptroller of the Currency, recommending approval of an application of the First National Bank of Parlier, California, for permission to reduce its capital stock from \$100,000 to \$50,000 on condition that no part of the reduced capital be returned to the shareholders of the bank, but that it be used to set up a surplus fund of \$10,000 and a reserve for bond depreciation of \$5,000 and to charge out losses on loans, banking house, furniture and fixtures and other real estate aggregating \$36,841.85.

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

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The Governor, as member of the Committee on District No. 2, then recommended the appointment of Mr. Edward Griffith Miner, President of the Pfaudler Company, Rochester, New York, as a director of the Buffalo Branch of the Federal Reserve Bank of New York, for a term of three years beginning January 1, 1931.

Upon motion, Mr. Miner was appointed a director of the Buffalo Branch for the term stated.

The Governor then stated that a meeting of the Executive Committee of the Open Market Policy Conference will probably be held in Washington on the morning of Saturday, December 20, 1930.

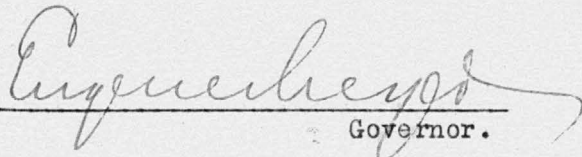
REPORTS OF STANDING COMMITTEES:

- Dated, December 15th, 17th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, December 18th, Recommending approval of the application of Mr. John R. Stewart, for permission to serve at the same time as an officer of the First Wisconsin National Bank of Milwaukee, Wis., as a director and officer of the Sixteenth Ward State Bank, Milwaukee, Wis., and as a director of the North Avenue State Bank, Milwaukee, Wis.  
Approved.
- Dated, December 18th, Recommending approval of the application of Mr. N. A. McKay, for permission to serve at the same time as a director of the Peoples Trust & Savings Company of Fort Wayne, Indiana, and as a director of The Old National Bank of Fort Wayne, Fort Wayne, Indiana.  
Approved.
- Dated, December 18th, Recommending approval of the application of Mr. D. W. McMillen, for permission to serve at the same time as a director of The Old National Bank of Fort Wayne, Indiana, and as a director of the Citizens Trust Company of Fort Wayne, Indiana.  
Approved.

The meeting adjourned at 12:50 p. m.

  
Assistant Secretary.

Approved:

  
Governor.