

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, December 31, 1930, at 11:30 a.m.

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

Letter dated December 30 from the Chairman of the Federal Reserve Bank of New York, advising that his board of directors has considered the action of the Federal Reserve Board in fixing a tentative limit of \$1,500,000 on the self-insurance fund of that bank, and requests, for reasons stated, that the Board interpose no objection to the bank continuing to increase the self-insurance fund, which now amounts to slightly more than \$1,500,000, by adding to it the earnings from the fund for this and future years.

After some discussion, upon motion it was voted to reconsider the tentative limit of \$1,500,000 fixed on December 22nd, and to raise the limit on the self-insurance fund of the New York Bank to \$2,000,000, with the understanding that increases in the fund will be made only out of annual accumulations of interest, including transfer to the fund as of the close of business today of interest accrued during the current year.

The Governor then reported receipt of advice from the Chairman of the Federal Reserve Bank of Boston that his board of directors had voted to establish a rediscount rate of 2 1/2% on all classes of paper of all maturities effective the first business day following that on which approved by the Federal Reserve Board.

Upon motion, the rate of 2 1/2% established by the Boston directors on all classes of paper of all maturities was approved, effective January 2, 1931.

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Memorandum from Counsel dated December 27th with regard to a letter, dated December 22, from the President of the Bank of America National Trust and Savings Association at San Francisco, referring to the authority granted by the Board to the Bank of Italy National Trust and Savings Association, under date of November 6, 1929, for the establishment of a branch at No. 13 Moorgate, London E. C. 2, England, and requesting approval of the establishment of the proposed branch by the Bank of America National Trust and Savings Association at No. 12 Nicholas Lane, London, E. C. 4, England, the location of the British-Italian Banking Corporation, which it is proposed to purchase; Counsel stating although slightly over a year has elapsed since the authority for the establishment of the branch was first granted, and the Bank of Italy National Trust and Savings Association has since consolidated with the Bank of America of California under the charter of the national bank and under the title "Bank of America National Trust and Savings Association", there is no legal reason why the request of the consolidated institution for permission to establish the branch at the new location may not be granted by the Board.

A discussion ensued during which it was the consensus of opinion of the members of the Board that as a matter of policy the establishment of the branch by the consolidated institution at this time should be given the same consideration by the Board as is given to new applications, and accordingly, it was voted to request the Federal Reserve Agent and the Comptroller of the Currency to advise the Board of their views in the matter.

Report of Committee on Salaries and Expenditures on letter dated December 20th from the Chairman of the Federal Reserve Bank of Dallas, submitting changes in the personnel classification plan of that bank, the Board's

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Committee recommending approval.

Approved.

Matter approved on initials on December 30, namely, letter dated December 29 from the Comptroller of the Currency, recommending approval of the application of the Farmers National Bank of Forney, Texas, for permission to reduce its capital stock from \$100,000 to \$50,000, on condition that the amount of the released capital be credited to the undivided profits account of the bank, after which all paper classified by the Examiners as losses (\$34,808.88) will be charged off, and the balance remaining transferred to surplus account; it being understood that the eliminated assets will remain the property of the bank and that any recoveries thereon will be credited to profit and loss account.

Formally approved.

Letter dated December 30th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors at a meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Report of Committee on District No. 8 on letter dated December 26th from the Federal Reserve Agent at St. Louis, recommending that the Board interpose no objection to the Tower Grove Bank and Trust Company, St. Louis, Missouri, holding 125 shares of stock of the Natural Bridge Trust Company of St. Louis, acquired under circumstances explained in a letter received from the State member bank; the Board's Committee also recommending approval.

Approved.

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Letter dated December 29th from the Federal Reserve Agent at Boston, advising that it has been discovered that Miss Harriet Lincoln, employed in the Money Department of the bank, has been appropriating small amounts of money over a period of the last three years; the Agent advising that the matter has been reported in accordance with the usual custom to the bonding company and to the Assistant District Attorney, and that formal report will be made both to the Board and the District Attorney when the definite amount of the shortage can be ascertained.

Noted.

Memorandum from Counsel dated December 15th, submitting letter dated November 26th from Mr. Andreas Ueland, Counsel of the Federal Reserve Bank of Minneapolis with regard to publication of an article written by him entitled, "Some Aspects of Economics"; Counsel's memorandum pointing out that the article does not refer to the Federal Reserve System nor to Mr. Ueland's connection with the Federal Reserve Bank of Minneapolis.

Upon motion, it was voted to interpose no objection to the publication of the article.

Memorandum from Counsel dated December 27th with further reference to service by Mr. Frank C. Ferguson as a director of the Hudson County National Bank, the Journal Square National Bank and the West Bergen Trust Company, all of Jersey City, New Jersey, and as a director of the Merchants Trust Company of Union City, New Jersey, all of which come within the provisions of the Clayton Act; Counsel submitting a letter from Mr. Ferguson received through the Federal Reserve Agent at New York, advising that a consolidation of two of these institutions will be effected as soon as it can be accomplished, and requesting the Board not to take any action to require him to bring his services within the provisions of the Clayton Act until this consolidation is

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effected. With his memorandum, Counsel also submitted draft of a letter to the Assistant Federal Reserve Agent at New York advising that under the provisions of the Anti-Trust Act the Federal Reserve Board cannot permit any one to serve more than three institutions coming within the provisions of that act, and that Mr. Ferguson should again be advised that it will be necessary for him to sever his connections with one of the four banks he is serving and to file an application for the Board's permission to serve the other three, although it should be made clear to him that the Board is not requiring him to sever his connection with any particular bank.

After discussion, upon motion, the letter submitted with Counsel's memorandum was approved.

Memorandum dated December 29th from the Board's Examiner in Charge, submitting report of examination of the Federal Reserve Bank of Boston, made as of the close of business November 15, 1930. Mr. Hamlin referred to the fact that the report discloses losses in the Collection Department of the Boston Bank due to the surrender of certain documents attached to drafts received for collection, before payment of the drafts which were drawn on a firm which it later developed was unable to meet its obligations. Mr. Hamlin stated that it is his intention to discuss this particular matter with Governor Young.

Upon motion, the report was ordered circulated for the information of the other members of the Board.

REPORTS OF STANDING COMMITTEES:

Dated, December 29th	Recommending changes in stock at Federal Reserve Banks,
30th	as set forth in the Auxiliary Minute Book of this date.
31st	Recommendations approved.

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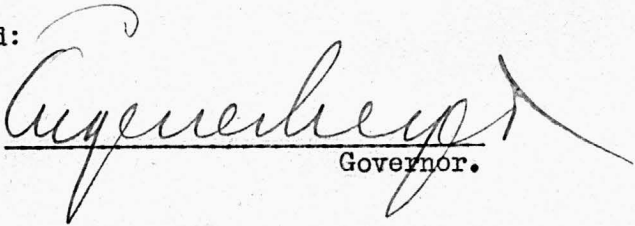
REPORTS OF STANDING COMMITTEES (Continued)

Dated, December 30th Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

The meeting adjourned at 12:45 p. m.

E. W. McCalland
Assistant Secretary.

Approved: 
Governor.