

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 5, 1931, at 11:30 a.m.

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

The Assistant Secretary stated that the Comptroller of the Currency on Saturday, January 3rd, issued a call on all national banks for reports of condition as of the close of business on December 31, 1930, and that in accordance with the usual practice, a telegram was sent to all Federal Reserve banks asking them to instruct state member banks to furnish reports of condition as of the same date.

Upon motion, the call for reports of condition of state member banks, issued on behalf of the Board, was formally ratified.

Telegram dated January 2nd from the Deputy Governor of the Federal Reserve Bank of New York, advising that all bill dealers on that date reduced their bid and asked rates $1/8\%$, but that no reduction was made in the bank's effective schedule of buying rates, it being preferred to observe the operation of the new rates in the market for a time.

Noted.

Letter dated January 2nd from the Comptroller of the Currency, recommending approval by the Board of a salary of \$3,600 per annum for Mr. Otto F. Wilde, National bank examiner, assigned to the Fifth Federal Reserve District.

Approved.

Report of Committee on District No. 11 on letter dated December 31st from the Federal Reserve Agent at Dallas, reporting deficiencies for a period

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of six months in the reserves of the City National Bank of Georgetown, Texas, but recommending, in view of the evident intention of the bank's management to maintain required reserves in the future, that no action be taken at this time.

Upon recommendation of the Committee on District No. 11, it was voted to approve the Federal Reserve Agent's suggestion and the Assistant Secretary was instructed to forward a copy of the Agent's letter to the Comptroller of the Currency, with advice of the Board's action, for his information.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Boston, of employees of that bank who were granted leaves of absence with pay, on account of illness, during the month of December, 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.

Memorandum dated December 30th from the Examiner in Charge, suggesting, in accordance with the recommendations made by the Executive Committee of the Federal Reserve Bank of Chicago and the Board of Directors of the Detroit Branch, that no action be taken at this time looking toward the discontinuance of the membership of the State Savings Bank of Caro, Michigan, which institution is in an unsatisfactory condition although the surplus, profits and hidden reserves more than offset the assets classed as doubtful and loss.

Approved.

Memorandum dated December 30th from the Examiner in Charge, with regard to the last examination of the Grafton Banking and Trust Company, Grafton, West Virginia, made entirely by the State authorities, due to their failure to notify the Federal Reserve Bank of their intention to make an examination;

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the memorandum suggesting that in view of the fact that the Federal Reserve agent is of the opinion that a special examination would not help the situation, he be advised that the Board will take no action at this time, but will expect him to participate in the next examination by State authorities or make an independent examination during the first half of 1931.

Upon motion, it was voted to request the Federal Reserve Agent at Richmond to secure, if possible, from the State authorities a definite commitment that another examination of the member bank will be made within a reasonable time, and that the Federal Reserve bank will be notified so that it may participate therein; advising the State authorities that otherwise, the Federal Reserve bank will conduct an independent examination on a date to be fixed by the Federal Reserve agent.

Letter dated January 3rd from the Federal Reserve Agent at Chicago, advising of a meeting of the Chicago Clearing House Association to be held today, at which will be presented a recommendation that the articles of association be amended so as to give authority to the Clearing House Committee, in its discretion, to fix from time to time the maximum interest rates to be paid by its members on all credit balances, except the interest rates paid on credit balances of foreign banks and corporations or to any state of the United States or sub-division thereof, or such interest rates as are fixed by law.

Noted.

Letter dated December 31st from the Chairman of the Federal Reserve Bank of Philadelphia with regard to the discount rate at his bank.

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

Memorandum from Counsel dated December 30th, with regard to S-5266 and H.R. 15135, identical bills, to amend Section 25(a) of the Federal Reserve

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Act so as to exempt from taxation the income derived by the holders of stock or other securities of Edge Corporations to the extent that such income is made up of earnings derived directly from financing of exports, on which the Chairmen of the Senate and House Banking and Currency Committees have requested reports from the Secretary of the Treasury, who has referred the requests to the Board for preparation of replies; Counsel submitting draft of a letter to the Chairman of the Senate Banking and Currency Committee advising that the Treasury Department and the Federal Reserve Board do not favor the enactment of the Senate bill.

Upon motion, the proposed letter was approved and Counsel was instructed to prepare similar letters, for the signature of the Secretary of the Treasury to the Chairman of the House Banking and Currency Committee with regard to H. R. 15135, and for the signature of the Governor in reply to letters received direct from Mrs. Pratt, Member of Congress, and from the Chairman of the House Banking and Currency Committee with regard to the latter bill.

Memorandum from Counsel dated December 27th with regard to S-5265 and H. R.-15134, bills to amend Section 25(a) of the Federal Reserve Act so as to make certain changes in the capital requirements of Edge Act Corporations, and on which the Chairmen of the Senate and House Banking and Currency Committees have requested reports from the Secretary of the Treasury, which requests have been referred to the Board for preparation of replies; the memorandum submitting drafts of letters for the signature of the Secretary of the Treasury to the Chairmen of the two committees, advising that the Treasury Department and the Federal Reserve Board do not favor the enactment of these bills; Counsel also submitting drafts of replies, for the signature of the Governor, to letters received direct from Mrs. Pratt, Member of Congress,

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and from the Chairman of the House Banking and Currency Committee, with regard to the House bill.

Upon recommendation of the Law Committee, the letters submitted with Counsel's memorandum were approved.

Letter dated December 12th from the Third Assistant Postmaster General with regard to the unusually large shipments of currency made to and from the Federal Reserve Bank of St. Louis as a result of the emergency situation which existed in that district during November.

After some discussion, upon motion, it was voted to advise the Post Office Department that all of the shipments in question were exceptional, and were made necessary by the unusual banking conditions existing in the Eighth Federal Reserve District at that time and it is unlikely that they will occur again in the future.

Memorandum dated December 29th from the Examiner in Charge, submitting report of examination of the Federal Reserve Bank of Philadelphia as at the close of business December 6, 1930.

Ordered circulated.

The Governor then reported a telephone conversation with Deputy Governor Burgess of the Federal Reserve Bank of New York in which the latter advised that \$17,500,000 of the \$32,000,000 of Government securities recently purchased by the Open Market Policy Conference for System Account because of indications of some credit strain over the year end period, have now been sold; also that currency withdrawals in connection with the disturbed banking situation amount, in his opinion, to about \$300,000,000, and, while it is hoped that this may be returned promptly, it is possible, in his opinion, that it will be very slow in coming back.

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The Governor also reported that tentative arrangements have been made for a meeting of the Open Market Policy Conference in Washington on Monday, January 12, 1931.

REPORTS OF STANDING COMMITTEES:

Dated, January 2nd 3rd Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, January 2nd Recommending approval of the application of Mr. C. R. Harding, for permission to serve at the same time as an officer of the United States National Bank of Portland, Oregon, and as a director of the First National Bank of St. Helens, Oregon. Approved.

Dated, January 2nd Recommending approval of the application of Mr. Walter A. Holt, for permission to serve at the same time as an officer of the United States National Bank of Portland, Oregon, and as a director of the Union State Bank of Portland, Oregon. Approved.

Dated, January 2nd Recommending approval of the application of Mr. Edgar H. Sensenich, for permission to serve at the same time as a director and officer of the United States National Bank of Portland, Oregon, and as a director of the United States National Bank of Salem, Oregon. Approved.

Dated, January 2nd Recommending approval of the application of Mr. J. D. Leonard, for permission to serve at the same time as an officer of the United States National Bank of Portland, Oregon, and as a director of the First National Bank of Camas, Washington. Approved.

Dated, January 2nd Recommending approval of the application of Mr. Paul S. Dick, for permission to serve at the same time as an officer of the United States National Bank of Portland, Oregon, as a director of the Citizens National Bank of Portland, Oregon, and as a director of the Central National Bank of Portland, Oregon. Approved.

Dated, January 2nd Recommending approval of the application of Mr. A. M. Wright, for permission to serve at the same time as a director and officer of the United States National Bank of Portland, Oregon, as a director of the Central National Bank of Portland, Oregon, and as a director of the United States National Bank of McMinnville, Oregon. Approved.

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REPORTS OF STANDING COMMITTEES (Continued)

Dated, January 2nd Recommending approval of the application of Mr. Sam Daube, for permission to serve at the same time as a director and officer of the Exchange National Bank of Ardmore, Oklahoma, and as a director of the Continental National Bank of Fort Worth, Texas.

Approved.

Dated, January 2nd Recommending approval of the application of Mr. A. L. Tucker, for permission to serve at the same time as a director and officer of the United States National Bank of Portland, Oregon, as a director of the Citizens National Bank of Portland, Oregon, and as a director of the Central National Bank of Portland, Oregon.

Approved.

Dated, January 2nd Recommending approval of the application of Mr. Frank H. Walker, for permission to serve at the same time as a director of the First National Bank in Medford, Medford, Mass., and as a director of the Menotomy Trust Company of Arlington, Mass.

Approved.

The meeting adjourned at 12:30 p.m.

E. W. W. Clelland
Assistant Secretary.

Approved:

Augustine
Governor.

(Executive
Committee)

AUXILIARY MINUTES
(January 5, 1931.)

Reports of Standing Committee dated January 2nd and 3rd, recommending changes in stock at Federal Reserve Banks, approved as follows:

| <u>Application for ORIGINAL Stock:</u> | <u>Shares</u> | |
|--|---------------|--------------|
| <u>District No. 11.</u> | | |
| Citizens National Bank in Waxahachie, Texas. | 90 | 90 |
| <u>Applications for SURRENDER of Stock:</u> | | |
| <u>District No. 4.</u> | | |
| First National Bank, Mendon, Ohio. (Insolvent) | 26 | 26 |
| <u>District No. 6.</u> | | |
| Tennessee-Hermitage National Bank, Nashville, Tenn. (V.L.Abs. by Commerce Union Bank) | 216 | 216 |
| <u>District No. 8.</u> | | |
| Benton County National Bank, Bentonville, Arkansas. (Insolvent) | 60 | |
| First National Bank, Caruthersville, Missouri. (Insolvent) | <u>45</u> | 105 |
| <u>District No. 10.</u> | | |
| Central National Bank & Trust Company, Tulsa, Okla. (V.L.Liq. Abs. by Exchange National Bank of Tulsa) | <u>840</u> | <u>840</u> |
| | <u>Total</u> | <u>1,187</u> |

C. W. McClelland
Assistant Secretary

Approved: *[Signature]*
Governor.