

A meeting of the Federal Reserve Board was held in the office of the Governor on Thursday, January 8, 1931, at 11:30 a. m.

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

The Governor reported that the meeting of the Open Market Policy Conference, tentatively arranged for Monday, January 12, has been postponed until Wednesday, January 21.

He also reported a telephone conversation yesterday with Deputy Governor Burgess of the Federal Reserve Bank of New York during which he was informed that, except for \$5,000,000, all of the \$32,000,000 of Government securities purchased by the Open Market Policy Conference over the year-end, have been sold.

The Governor also reported that Assistant Federal Reserve Agent Fletcher, of the Federal Reserve Bank of Cleveland, is desirous of discussing with the Board the condition of certain state member banks in the Fourth Federal Reserve District, and there being no objection, stated that arrangements would be made for Mr. Fletcher to appear before the Board on next Tuesday morning.

The Governor then stated that he is planning on leaving this afternoon for Chicago to spend Friday and Saturday there, if it meets with the approval of the Board.

He then referred to the special order of business for this meeting, namely, the request of the Bank of America National Trust and Savings Association for permission to establish a branch at #12 Nicholas Lane, London E. C. 4 England, the location of the British-Italian Banking Corpora-

1/8/31

-2-

20

tion, which it has purchased, under the permit granted by the Board on November 6, 1929, authorizing the Bank of Italy National Trust and Savings Association to establish a branch at #13 Moorgate, London E. C. 2, England.

He presented a letter dated January 6th from the Comptroller of the Currency, recommending approval of the request by the Board and also a telegram of the same date from the Chairman of the Federal Reserve Bank of San Francisco, advising that his Executive Committee feels that it has insufficient information regarding the nature of the applicant's business and needs for such an agency to make favorable recommendation or to impose objection, but that the Committee feels, however, that the applicant has sufficient problems at home requiring attention without entering new fields at this time.

The Governor stated that Mr. Newton called him over the telephone last night, and that his remarks were along substantially the same lines as those embodied in the telegram.

A detailed discussion then ensued regarding the general banking situation and the condition of the applicant bank, based upon reports of examination of the Bank of Italy National Trust and Savings Association and the Bank of America of California, made just prior to their consolidation. The Comptroller stated that an examination of the consolidated bank was to have been under way by this time, but has been postponed.

At the conclusion of the discussion, upon motion, it was voted to transmit the following telegram to the Chairman of the Federal Reserve Bank of San Francisco:

"Referring to your telegram of January 6, please advise President of applicant bank that the Board feels it would be inadvisable to grant permission to establish branch at this time and under these circumstances, and has therefore deferred action on the request contained in his letter to the Board of December 22, 1930."

1/8/31

-3-

The Assistant Secretary reported that under authority granted by the Board on December 27, 1930, Mr. Hamlin, as Acting Executive Officer of the Board, yesterday approved a discount rate of 3% established by the board of directors of the Federal Reserve Bank of St. Louis on all classes of paper of all maturities, effective today, January 8th.

Upon motion the rate of 3% established by the St. Louis directors was formally approved.

Telegram dated January 5 from the Chairman of the Federal Reserve Bank of Cleveland, advising that the board of directors on that date voted to make no change in the bank's existing schedule of rates of discount and purchase, except to reduce to 2 1/2% the rate at which bankers' acceptances may be purchased under resale agreement.

Without objection, noted with approval.

Telegrams dated January 7 from the Chairman of the Federal Reserve Bank of Philadelphia, January 8 from the Chairman of the Federal Reserve Bank of Richmond, and January 7 from the Chairman of the Federal Reserve Bank of Dallas, all advising that their boards of directors at meetings on the dates stated made no changes in the bank's existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated January 7 from the Director of the Division of Research and Statistics, recommending that the probationary appointment of Miss. Dorothy Fricke, which will expire at the close of business on January 31, 1931, be made permanent at her present salary of \$1,440 per annum.

Approved.

1/8/31

-4-

Memorandum dated January 8 from the Assistant Secretary, advising that the board of directors of the Federal Reserve Bank of Philadelphia has reelected Howard A. Loeb as member of the Federal Advisory Council from the Third District for the year 1931, and has voted to continue to pay Mr. Loeb, in lieu of expenses, \$100 for each meeting of the Council which he attends.

Upon motion, the compensation fixed by the Philadelphia directors was approved.

Letter dated January 5 from the Chairman of the Federal Reserve Bank of Cleveland, advising of the election of Mr. J. A. House, President of the Guardian Trust Company of Cleveland, as member of the Federal Advisory Council from the Fourth Federal Reserve District, during the year 1931.

Noted.

Letters dated January 2 and 7th from the Assistant Federal Reserve Agent at New York, with reference to a reduction in the capital stock of the Utica Trust and Deposit Company, Utica, New York, from \$1,000,000 to \$200,000, and a consequent adjustment in the capital account of that bank, which now consists of capital - \$500,000; surplus - \$500,000; undivided profits - \$200,948 and reserves of approximately \$310,000; the Assistant Federal Reserve Agent advising that under the conditions of membership of the Utica bank, it was not required to secure the Board's approval of the reduction in capital, which was authorized by the State Banking Department.

Noted.

Letter dated January 6 from the Federal Reserve Agent at Boston, advising that the peculations of Miss Harriett Lincoln, an employee in the Money Department of the bank, which were reported to the Board under date of December 29th, aggregated \$414, which amount has been reimbursed in full by the bonding company; the Federal Reserve Agent stating that the case is an

1/8/31

-5-

unusual one and that it is hoped the Board may not feel that it is necessary to formally notify the United States District Attorney to whom the defalcation has been reported orally.

Noted and ordered filed.

Letter dated January 6th from Deputy Governor Crane of the Federal Reserve Bank of New York, advising of the percentages of participation of the Federal Reserve banks in foreign accounts during 1931, based upon capital and surplus of the banks as of the opening of business January 2, 1931.

Noted.

Memorandum from Counsel dated December 23rd, submitting draft of a proposed reply to a letter addressed to the Board under date of December 19, 1930 by Hon. Louis T. McFadden, member of Congress, requesting comments and suggestions from the Board on a letter addressed to him by a credit manager residing in New York City, which contains an expression of views with respect to the functions and duties of the Federal Reserve banks in the matter of supervision of member banks; the proposed reply setting forth the legal limitations on the jurisdiction of the Board, and stating that since an expression of the Board's views on the question of amendments to the law are not requested, the Board does not care to express a definite opinion on that question at this time.

Upon motion, the proposed letter was approved and ordered transmitted.

The Assistant Secretary then presented a matter previously circulated among the members of the Board, namely, memorandum from Counsel dated November 13, with regard to a proposed circular letter to all Federal Reserve agents on the subject of the application of the general condition of membership to consolidations, mergers etc.; Counsel submitting a revision of the proposed letter,

1/8/31

which was referred to him by the Governor for comment as to the Board's responsibilities in the premises.

After discussion, upon motion, it was voted that action on the proposed circular letter be deferred.

The reading of the minutes of the meeting of the Board held on January 6th was dispensed with.

REPORTS OF STANDING COMMITTEES:

Dated, January 6th Recommending changes in stock at Federal Reserve Banks,
8th as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

At 1:10 p. m. the meeting adjourned.

C. W. McClelland
Assistant Secretary.

Approved: [Signature]
Governor.

AUXILIARY MINUTES
(January 8, 1930.)
1931

Reports of Standing Committee dated January 6th and 8th, 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 St. Jo, Texas.	15	15
 <u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 2.</u>		
First National Bank, Eatontown, New Jersey.	6	
First National Bank & Trust Co., Hudson, New York.	30	
Mt. Prospect National Bank, Newark, New Jersey.	12	
United States Trust Company, New York, N. Y.	<u>2,400</u>	2,448
 <u>District No. 4.</u>		
Union Trust Company, Pittsburgh, Pennsylvania.	1,800	1,800
 <u>District No. 7.</u>		
First American National Bank and Trust Company, Berwyn, Ill.	60	
First National Bank, Peoria, Illinois.	<u>66</u>	126
 <u>District No. 11.</u>		
Dallas Bank and Trust Company, Dallas, Texas.	135	<u>135</u>
		4,509
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
Lincoln National Bank, Newark, N. J. (Cons. Colonial Trust Co. with the above bank)	270	
Port Newark National Bank, Newark, N. J. (Insolvent)	<u>150</u>	420
 <u>District No. 8.</u>		
First National Bank, Junction City, Ark. (Insolvent)	27	
First National Bank, McLeansboro, Ill. (Insolvent)	36	
First National Bank, West Salem, Ill. (Insolvent)	<u>20</u>	<u>83</u>
		503

E. W. Will O'Connell
Assistant Secretary.

Approved: [Signature]
Governor.