

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 13th, at 11:15 a. m.

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

PRESENT ALSO: Mr. W. H. Fletcher, Assistant Federal Reserve Agent of the Federal Reserve Bank of Cleveland.

Mr. Fletcher discussed with the Board the condition of the Merchants State Bank, New Philadelphia, Ohio, which was considered by his Executive Committee on January 5th, with the result that the Committee voted to recommend that the Federal Reserve Board discontinue the membership of the bank unless the board of directors agrees before January 15, 1931 to bring about a change in the management of the bank. He stated that a conference was held with the President and one of the directors of the bank on January 7th, and there is a possibility that a sale of the institution or perhaps a merger with the Ohio State Bank of New Philadelphia can be effected. In view of this fact, and the further fact that the member bank appears to be solvent, Mr. Fletcher expressed the opinion that no action should be recommended to the Federal Reserve Board just at this time affecting the membership of the bank.

With regard to the City Savings Bank and Trust Company, Alliance, Ohio, Mr. Fletcher stated that his Executive Committee voted to recommend that the Federal Reserve Board discontinue the membership of the bank unless certain requirements of the State Banking Department are complied with before January 15, 1931. Since that time, however, the directors of the institution have agreed to make the adjustments required by the State authorities, in view of which fact, he stated that he is of the opinion that the bank should be given

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thirty or sixty days in which to do so.

He then discussed the condition of the Minerva Savings and Trust Company, Minerva, Ohio, stating that at a meeting of his Executive Committee on January 5th action was deferred, although it was the consensus of opinion that unless efforts to bring about the consummation of the plan to liquidate this bank through a merger with or purchase by the Minerva Banking Company are successful, or the questionable assets are removed, a recommendation that its membership be discontinued should be made to the Board. Since then, he stated, he has received a copy of an offer to consolidate addressed to the Minerva Banking Company by the member institution, and that in his opinion no recommendation to the Board for discontinuance of the membership of the Minerva Savings and Trust Company should be made just at this time.

In the case of the State Bank of Bowling Green, Ohio, Mr. Fletcher stated that his Executive Committee on January 5th, voted to recommend that the Federal Reserve Board discontinue the membership of the bank unless an agreement to deposit cash for the full amount of the depreciation in its securities account is carried out before January 15th. He stated that this institution consistently has refused to meet the wishes of the Federal Reserve Bank and that unless improvement in its condition is soon effected, he feels it will be necessary to take action looking to the discontinuance of its membership in the System.

After some discussion, it was voted to advise Mr. Fletcher formally that after considering the condition of the State Bank of Bowling Green, in the light of the facts presented by him, the Board would like, before taking action on any recommendation of the Executive Committee of the Federal Reserve Bank of Cleveland that the membership of the institution be terminated, to have a report from the State Superintendent and the directors of the member bank as to whether they can and will comply with the condition laid down by the Cleveland bank.

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No action being required by the Board regarding the three other institutions reported on by Mr. Fletcher, his conclusions were merely noted by the Board.

At this point Mr. Fletcher left the meeting.

The Assistant Secretary then stated that advice has been received from the Chairman of the Federal Reserve Bank of Dallas of the reelection of Mr. B. A. McKinney, as a member of the Federal Advisory Council representing the Eleventh Federal Reserve District for the year 1931, and that Mr. W. E. Connell has been reelected as alternate for Mr. McKinney.

Noted.

Letter dated January 8th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the appointment of Mr. Henry M. Robinson, Chairman of the Board of the Security-First National Bank, Los Angeles, California, as a member of the Federal Advisory Council, representing the Twelfth Federal Reserve District for the year 1931; the letter also advising that the directors of the San Francisco bank have approved for Mr. Robinson a fixed allowance of \$750 for each meeting of the Council attended by him in lieu of actual expenses.

Upon motion, the allowance fixed by the board of directors of the San Francisco Bank for the member of the Federal Advisory Council, representing that district, was approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of New York, of employees for whom the directors approved 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.

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Letter dated January 8th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the fees and allowances for the directors of the San Francisco bank and its branches, fixed by the Board of Directors at its meeting on that date, for the year 1931.

Upon motion, the fees voted by Board of the San Francisco bank were approved.

Letters dated January 8th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the reappointment of the Executive Committee of the bank and of Mr. S. G. Sargent as Secretary, for the year 1931.

Noted.

The Governor reported a telephone conversation with Deputy Governor Burgess of the Federal Reserve Bank of New York in which the latter advised that the balance of the \$32,000,000 of Government securities purchased by the Open Market Policy Conference for System Account over the year-end period has now been sold.

The Governor then reported that he received this morning from Senator Glass a request that he appear next Monday morning at 10:30 before the Sub-committee of the Committee on Banking and Currency of the Senate, which is conducting an investigation of the Federal Reserve System under the provisions of the Senate Resolution No. 71.

At this point Mr. Pole entered the room and the meeting continued as a regular meeting of the Board.

The minutes of the meetings of the Federal Reserve Board held on January 6th and 8th were read and approved as amended.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on January 12th were read and approved and the actions recorded therein were ratified.

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Mr. Hamlin was called from the meeting and upon his return reported a telephone request from Senator Glass that Mr. Miller and he appear before the sub-committee on Thursday, January 22nd.

REPORTS OF STANDING COMMITTEES:

Dated, January 12th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, January 12th Recommending action on an application for admission of a state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

The meeting adjourned at 1:15 p. m.

C. W. McClelland
Assistant Secretary.

Approved:

Agnew
Governor.

(Executive
Committee)

AUXILIARY MINUTES
(January 13, 1931.)

Report of Standing Committee, dated January 12th, recommending a change in stock at a Federal Reserve Bank, approved as follows:

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 8.</u>		
Phillips National Bank, Helena, Arkansas.	60	60

Report of Standing Committee dated January 12th, recommending action on application for admission to membership by the following state institution, subject to the conditions stated in the report attached to the application.

<u>APPROVED:</u>	<u>Name</u>	<u>Shares</u>	<u>F.R. Bank</u>
	Chouteau Trust Company, St. Louis, Missouri.	144	St. Louis

E. W. McCreland
Assistant Secretary.

Approved:

Eugene S. ...
Governor.