

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 19th, at 3:00 p. m.

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

Dr. Miller stated that he had received a request from Senator Glass for advice as to the date on which the Federal Reserve Board voted that conferences of Governors of Federal Reserve Banks should be held only when called by the Board. He reported that he had telephoned the date, August 2, 1917, to Senator Glass' Secretary and had prepared a transcript of the Board's record in the matter, as well as an excerpt from the Board's minutes of September 25, 1914, ruling that the Chief Executive Officer of each Federal Reserve Bank should be given the designation of Governor, to which Senator Glass also referred in their conversation. He stated that if he received word from Senator Glass that he would like to have these records he would take the matter up with the Board.

The Assistant Secretary then presented various communications and reports, which were considered by the Board and acted upon, as follows:

Letter dated January 16th from the Prosecuting Attorney of the Sixth Judicial District of Arkansas, enclosing copy of letter to the Attorney General of the United States relative to the closing of the American Exchange Trust Company of Little Rock and inviting the Department of Justice and the Federal Reserve Board to join the Prosecuting Attorney in an investigation of facts leading up to the failure; the letter also requesting the Board's views in the matter and advice as to whether the Board will cooperate in the proposed joint investigation.

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After discussion, upon motion, the letter was referred to Counsel for report through the Law Committee.

Letter dated January 15th from the Secretary of the Federal Reserve Bank of New York, and telegrams dated January 14th from the Chairman of the Federal Reserve Bank of Boston, and January 19th from the Secretary of the Federal Reserve Bank of Minneapolis, advising that at meetings of their Boards of Directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated January 15th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the regular meeting of the board of directors scheduled for that date has been postponed one week and consequently, no change was made in the bank's existing schedule of rates of discount and purchase.

Noted.

Matters informally noted with approval on January 16th, namely, telegrams dated January 16th from the Federal Reserve Bank of New York and the Governor of the Federal Reserve Bank of Boston, advising of the establishment on that date of the following schedule of effective buying rates on bankers' acceptances:

1 to 15 days	1 5/8%
16 to 120 days	1 3/4%
121 to 180 days	2%
Repurchase	1 3/4%

There being no objection, the above schedule of buying rates was formally noted with approval.

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Telegrams dated January 16th from the Chairman of the Federal Reserve Bank of Chicago, the Governor of the Federal Reserve Bank of St. Louis and the Secretary of the Federal Reserve Bank of Minneapolis, and letter dated January 16th from the Secretary of the Federal Reserve Bank of Kansas City, advising of the establishment on that date of the following schedule of effective buying rates on bankers' acceptances:

1 to 15 days	1 5/8%
16 to 120 days	1 3/4%
121 to 180 days	2%

Without objection, noted with approval.

Letter dated January 16th from the Chairman of the Federal Reserve Bank of Dallas, advising of the establishment on that date of the following schedule of effective buying rates on bankers' acceptances:

1 to 15 days	1 5/8%
16 to 120 days	1 3/4%
121 to 180 days	2%
Repurchase	1 3/4%

Without objection, noted with approval.

Telegram dated January 16th from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment on that date of the following schedule of effective buying rates on bankers' acceptances:

1 to 15 days	1 3/4%
16 to 120 days	1 7/8%
121 to 180 days	2 1/8%

Without objection, noted with approval.

Memorandum dated January 15th, prepared by the Governor, for the record, reading as follows:

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"Governor Harrison rang me up and told me that at the meeting of the Board of the Federal Reserve Bank of New York held today it was decided to gradually dispose of almost all, if not all, of the \$40,000,000 of bonds bought in December from one of the member banks, as the market could absorb them.

"He reported that money was very easy in the open market and that acceptances were down to $1\frac{1}{2}\%$ for short time dates and that the Bank would reduce the 15 day rate $1/8$ tomorrow morning."

Letter dated January 16th from the Deputy Governor of the Federal Reserve Bank of New York, advising that on December 31, 1930, short-term funds in the amount of \$2,334,954,000 were held in New York City for foreign account.

Noted.

Matter approved on initials on January 17th, namely, application of the First National Bank of Jackson, Mississippi, submitted by telephone by the Federal Reserve Agent of the Federal Reserve Bank of Atlanta, for permission to rediscount certain paper acquired by it from the Merchants Bank and Trust Company of Jackson, a non-member bank; the Agent advising that approval of this action is requested in order that a supply of cash may be made available at Jackson to meet a rather critical situation existing there.

Formally approved.

Matter approved on initials on January 17th, namely, report of Committee on Salaries and Expenditures on letter dated January 9th from the Chairman of the Federal Reserve Bank of Chicago, recommending approval of increases as of January 1, 1931, in the salaries of four employees of the bank occupying appraised positions; the Board's Committee recommending approval.

Formally approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Minneapolis and San Francisco, of employees for whom the directors of the banks approved leaves of absence with pay,

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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.

Report of Committee on Salaries and Expenditures on letter dated January 15th from the Secretary of the Federal Reserve Bank of Atlanta, requesting approval by the Board of an appropriation of \$6,850, made by the directors, for welfare and educational work at the head office and branches of the bank for the year 1931; the Board's Committee recommending approval.

Approved.

Report of Committee on District No. 9 submitting draft of reply to letter dated January 16, 1931 from the Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, advising that the First National Bank of Woodstock, Minnesota, previously reported, continues to have a reserve deficiency, but recommending, in view of circumstances stated in his letter, that no action be taken by the Board for a period of one month; the proposed reply stating that the Federal Reserve Board approves the Agent's recommendation, and requesting a report from him based upon a new examination report of the bank and the correspondence being exchanged with it by the Federal Reserve Bank.

Upon motion, the proposed letter was approved and a copy of the Federal Reserve agent's letter and the Board's reply was ordered transmitted to the Comptroller of the Currency for his information.

Report of Executive Committee on letter dated January 13th from the Comptroller of the Currency, recommending approval by the Board of the application of the Watertown National Bank, Watertown, New York, for permission

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to reduce its capital stock from \$200,000 to \$100,000; the Board's Committee recommending approval on condition that no cash or other assets be returned to the shareholders, and that immediately after the proposed reduction, the capital stock be increased to \$300,000, by the sale of 2,000 shares of stock at a premium of 20%, thus providing an additional \$40,000 for the undivided profits account of the bank, and, further, that incident to the reduction and subsequent increase in capital, losses and depreciation in bonds, securities, etc., of not less than \$250,000 be written off by the bank.

Upon motion, the proposed reduction was approved subject to the conditions recommended.

Report of Executive Committee on letter dated January 14th from the Comptroller of the Currency, recommending approval by the Board of the application of the First National Bank of Blytheville, Arkansas, which was closed on December 1, 1930, for permission to reduce its capital stock from \$150,000 to \$100,000, on condition that a claim of \$25,000 against its bonding company on account of surety bond of employees be first collected, and that upon reopening for business, the bank, after satisfying all of its liabilities for borrowed money, have on hand cash and exchanges in a total amount of not less than \$135,000; the Board's Committee also recommending that the application be approved.

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

Letter dated January 13th from the Secretary of the Federal Advisory Council, advising that the next meeting of the Council will be held in Washington on February 17th, and requesting advice of topics which the Board desires the Council to discuss.

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After discussion, upon motion, it was voted to submit for the consideration of the Council the general question of examination of member banks.

Letter dated January 16th from the Chairman of the Federal Reserve Bank of New York, advising that at a meeting of the directors on January 15th, Mr. Robert H. Treman, President of the Tompkins County National Bank, Ithaca, New York, was appointed a member of the Federal Advisory Council to represent the Second Federal Reserve District during the year 1931.

Noted.

Letter dated January 14th from the Chairman of the Federal Reserve Bank of Boston, submitting for approval by the Board the recommendations of the board of directors of the bank on salaries of officers for the year 1931, and his recommendation on the salary of the Assistant Federal Reserve Agent.

Mr. Hamlin referred to certain circumstances which he felt warranted some increase in the salary of Mr. Curtiss as Chairman and Federal Reserve Agent of the Boston Bank. It was the consensus of opinion of the members present, however, that the Board should adhere to its policy of making no changes in the salaries of Chairmen and Federal Reserve agents at the present time.

Accordingly, upon motion, it was voted to fix the salary of Mr. F. H. Curtiss, as Chairman and Federal Reserve Agent of the Boston Bank, at \$20,000 for the year 1931.

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Upon motion, the salary of Mr. Charles F. Gettemy, as Assistant Federal Reserve Agent, was fixed at \$7,500 for the year 1931.

Upon motion, the following salaries, recommended by the directors of the Boston bank, were then approved, effective January 1, 1931:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Roy A. Young	Governor	\$30,000
William W. Paddock	Deputy Governor	20,000
William Willett	Cashier	14,000
Krickel K. Carrick	Secretary	9,000
Ellis G. Hult	Assistant Cashier	7,500
Ernest M. Leavitt	Assistant Cashier	7,250
L. Wallace Sweetser	Assistant Cashier	7,000
Harry F. Currier	Auditor	6,500
Arthur H. Weed	Counsel (Retainer)	2,400

Letter dated January 14th from the Chairman of the Federal Reserve Bank of Boston, advising of the reappointment of Mr. Herbert K. Hallett, as a member of the Federal Advisory Council representing the First Federal Reserve District for the year 1931, and of the appointment of committees of the bank on applications of state banks and trust companies for membership.

Noted.

Memorandum from the Assistant Secretary, reporting advice received from the Federal Reserve Bank of Minneapolis of the reappointment of Mr. George H. Prince as a member of the Federal Advisory Council, representing the Ninth Federal Reserve District for the year 1931, and of the reappointment of Mr. Samuel McKennan as a director of the Helena Branch for a term of two years beginning January 1, 1931.

Noted.

Memorandum from the Assistant Secretary, advising that word has been received from the Federal Reserve Bank of New York of the reappointment of Mr. George F. Rand as a director of the Buffalo Branch for a term of three years beginning January 1, 1931.

Noted.

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Letter dated January 14th from Senator Wm. H. King, stating that a complaint has come to him that certain member banks, with loanable funds, have refused to loan to persons who are not customers of the bank regardless of the security which is offered, and suggesting that, if it has the right, the Board call attention to the unwisdom of such a practice.

After discussion, it was voted to advise Senator King that the Board cannot compel a member bank to make any loan which, for any reason, the bank does not wish to make.

Letter dated January 17th from the Governor of the Federal Reserve Bank of Chicago, advising that the Bank is carrying a life insurance policy for Mr. W. A. Heath, for \$5,000, he carrying a contributory policy for a like amount, at a yearly cost to the bank varying from \$10.20 in 1928 to \$42.00 in 1930 and that the insurance company has advised that it will be proper to continue to carry the policies upon the ground of disability; the letter requesting that the Board approve the action of the Executive Committee of the bank in voting to continue the policy now carried by the bank.

Upon motion, the action of the Executive Committee of the Chicago bank was noted without objection, and, after discussion, the Assistant Secretary was instructed to prepare and submit for the consideration of the Board a resolution, along lines suggested, outlining a policy for guidance in cases arising in the future.

Memorandum from Counsel dated January 7, 1931, submitting draft of reply to letter received from the Chairman of the House Committee on Ways and Means for a report on H. R. 15136, a bill to amend the Revenue Act of 1928 so as to exempt from taxation, interest on securities issued by an Edge Corporation to the extent that such interest represents earnings derived from financing exports from the United States; the proposed reply stating that the Board does not favor the enactment of the bill.

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Upon recommendation of the Law Committee, the letter submitted by Counsel was approved.

Memoranda from Counsel dated December 2nd and January 8th, submitting redraft of letter to the Federal Reserve Agent at Boston with regard to the disposition of the stock of the Atlantic Corporation by the Atlantic National Bank of Boston; the proposed redrafted letter stating that the Board will offer no objection to the stock of the Atlantic Corporation being trustee as proposed, provided that the trust indenture is modified so as to eliminate all provisions permitting or authorizing the transfer or reconveyance of the stock of the corporation to the bank at any time hereafter, and so as to provide that any income received by the bank from the trustees shall be paid over by the bank to its shareholders without delay by means of separate dividend checks.

Upon recommendation of the Law Committee, the proposed letter was approved.

Memorandum from Counsel dated January 8th, calling attention to the fact that the insurance carried by the Federal Reserve Bank of Chicago for the benefit of its employees does not cover the telegraph operators in the Washington office, who are technically employees of that bank, and submitting draft of letter to the bank suggesting that compensation insurance be taken out to apply to the leased wire operators located in Washington; the proposed letter also stating that it would seem proper that any expense incurred by the bank in this connection should be prorated among the other Federal Reserve banks if they are agreeable to the arrangement.

Upon recommendation of the Law Committee, the proposed letter was approved.

Letter dated January 15th, addressed to Mr. Hamlin by the Governor of

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REPORTS OF STANDING COMMITTEES: (Cont'd)

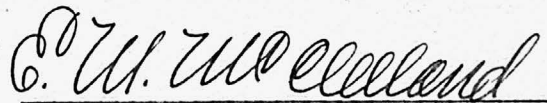
Dated, January 17th Recommending approval of the application of Mr. William H. Vanderbilt, for permission to serve at the same time as a director of the Aquidneck National Exchange Bank and Savings Company of Newport, Rhode Island, and as a director of The Commercial National Bank and Trust Company of New York, N. Y.

Approved.

Dated, January 19th Recommending approval of the application of Mr. P. W. Goebel, for permission to serve at the same time as a director of the Fidelity National Bank & Trust Co., Kansas City, Mo., as a director and officer of the Miami County National Bank of Paola, Kansas, and as a director and officer of the Commercial National Bank, Kansas City, Kansas.

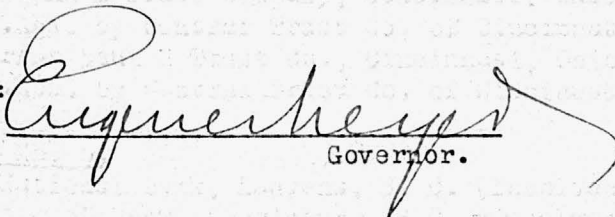
Approved.

The meeting adjourned at 5:00 p. m.



Assistant Secretary.

Approved:


Governor.

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AUXILIARY MINUTES
(January 19, 1931.)

Reports of Standing Committee dated January 16th, 17th and 19th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
National Bank of Argyle, Argyle, New York.	60	60
<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 7.</u>		
Toy National Bank, Sioux City, Iowa.	6	
First National Bank, Blanchardville, Wisconsin.	<u>3</u>	9
<u>District No. 9.</u>		
First National Bank, Hibbing, Minnesota.	60	
First National Bank, Milaca, Minnesota.	6	
First National Bank, Virginia, Minnesota.	60	
Security National Bank, Taylor, North Dakota.	2	
McCook County National Bank, Salem, South Dakota.	<u>3</u>	131
	Total	140
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 4.</u>		
First National Bank, Elmore, Ohio. (Decrease in surplus)	7	
Brighton Bank & Trust Company, Cincinnati, Ohio. (V.L.Abs. by Central Trust Co. of Cincinnati)	450	
Pearl Market Bank & Trust Co., Cincinnati, Ohio. (V.L.Abs. by Central Trust Co. of Cincinnati)	<u>780</u>	1,237
<u>District No. 5.</u>		
Farmers National Bank, Laurens, S. C. (Insolvent)	30	
First National Bank, Laurinburg, N.C. (Insolvent)	<u>24</u>	54
<u>District No. 7.</u>		
State Bank of Plymouth, Plymouth, Wis. (Decrease in capital and surplus)	20	
First National Bank, Plymouth, Ill. (Insolvent)	19	
First National Bank, Capac, Mich. (Insolvent)	<u>24</u>	63
<u>District No. 8.</u>		
First National Bank, Harrison, Ark. (Insolvent)	30	
First National Bank, Fulton, Ky. (Insolvent)	36	
Bolivar County Bank, Rosedale, Miss. (Insolvent)	24	
Interstate National Bank, Helena, Ark. (Insolvent)	210	
First National Bank, Rector, Ark. (Insolvent)	24	
First National Bank, Benton, Ill. (Insolvent)	120	
First National Bank, Campbell, Mo. (Insolvent)	30	
Citizens Bank & Trust Co. England, Ark. (Insolvent)	84	
American Exchange Trust Co., Little Rock, Ark. (Insolvent)	900	
Bank of Pontotoc, Pontotoc, Miss. (Insolvent)	<u>84</u>	1,542

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 11.</u>		
First National Bank, Antlers, Okla. (V.L.Suc. by First State Bank, Antlers)	81	
First National Bank, Lometa, Tex. (Insolvent)	24	
Continental Bank and Trust Company, Shreveport, La. (V.L.Abs. by Continental Trust & Savings Bank)	<u>300</u>	405
<u>District No. 12.</u>		
Columbia Trust Company, Salt Lake City, Utah. (Insolvent)	<u>140</u>	<u>140</u>
	Total	3,441

Report of Standing Committee dated January 15th, recommending action on application for fiduciary powers by the following bank:

HELD:

DISTRICT NO. 11.

TEXAS:

The Farmers National Bank of Brenham. (3302)

E. W. McClelland

Assistant Secretary.

Approved:

Eugene C. Clegg
Governor.