

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Wednesday, January 21, 1931, at 10:15 a. m.

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

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

Telegram dated January 20th from Deputy Governor Kenzel of the Federal Reserve Bank of New York, advising that a scarcity of bills in the market and inability to supply the investment demand, led dealers on that date reluctantly to make a further reduction of 1/8% in their rates on all maturities.

Noted.

Memorandum dated January 19th from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc., during the month of December and for the twelve months ending December 31, 1930.

Ordered circulated.

Draft of resolution with respect to the continuance by Federal Reserve banks of group life insurance policies covering officers and employees who have left their service because of disability, prepared by the Assistant Secretary in accordance with instructions at the meeting of the Board on January 19th.

After discussion, upon motion, the resolution was amended and adopted in the following form:

"RESOLVED that it be the sense of the Federal Reserve Board that in any case where an officer or employee of a Federal Reserve bank, upon completion of a service of ten

1/21/31

-2-

75

"years or more, is retired because of illness or after having attained the age of 65 years, the Federal Reserve bank may continue in force its group life insurance policy on such officer or employee under the disability clause of said policy, provided the consent of the company with which the policy is carried is obtained."

Memorandum from Counsel dated January 19th, approved by the Law Committee, suggesting that the Board issue to Mr. George E. Warren, who, on January 12th, was granted permission to serve at the same time as an officer of The Chase National Bank of the City of New York and as a director of the First-Stamford National Bank and Trust Company, Stamford, Conn., a permit also covering service by him as a director of The Chase National Bank.

Upon motion, the issuance of the permit suggested by Counsel was approved.

Memorandum from Counsel dated January 17th, with regard to service by Mr. Wade H. Cooper as an officer and director of the Commercial National Bank, the Continental Trust Company and the United States Savings Bank, all of Washington, D. C.; Counsel submitting draft of a letter to Mr. Cooper advising that an application should be filed with the Board covering his service of the Commercial National Bank and the United States Savings Bank, but that in view of the information furnished by him with reference to the Continental Trust Company, the Board is of the opinion that his service of this institution comes within an exception of the Clayton Act, and it will not therefore be necessary for him to secure the Board's permission to serve that institution.

Upon recommendation of the Law Committee, the letter submitted with Counsel's memorandum was approved.

Memorandum from Counsel dated January 19th with reference to a request that the Board permit Mr. Lynde Selden, an officer of The Chase National Bank of the City of New York, to serve also as a director of the Equitable

1/21/31

-3-

76

Eastern Banking Corporation, a state foreign banking corporation, all of the capital stock of which is owned by The Chase National Bank; Counsel advising there is no legal reason why the Board should not grant the request.

Upon recommendation of the Law Committee, the permission requested was granted.

Memorandum from Counsel dated January 19th with regard to a request that the Board permit Messrs. Edwin R. Williams and Henry D. Nagel, officers of the Chase National Bank of the City of New York, to serve also as officers or employees of The Chase Bank, a corporation organized under Section 25(a) of the Federal Reserve Act, all of the capital stock of which is owned by The Chase National Bank; Counsel advising there is no legal reason why the Board should not grant the request.

Upon recommendation of the Law Committee, the permission requested was granted.

Report of Law Committee on letter dated January 6th from the Assistant Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Helper State Bank, Helper, Utah, for permission, under its conditions of membership in the Federal Reserve System, to exercise trust powers; the Law Committee also recommending approval.

Approved.

Memorandum from Counsel dated January 19th, submitting draft of a letter to the Federal Reserve Agent at Chicago requesting further information with regard to the ownership of the stock of Woodlawn Trust and Savings Bank of Chicago, a state member bank, by the Woodlawn Investment Company, an affiliated institution.

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

1/21/31

-4-

77

Memorandum from Counsel dated January 19th with regard to agreements with the Federal Reserve bank, executed by the Federal Reserve Agent at Dallas, providing for the custody of unissued Federal Reserve notes at the branches of the bank; Counsel stating that the agreements are substantially in the form approved by the Board with one exception, and submitting draft of a telegram to the Federal Reserve agent advising of the approval of the establishment of the custody arrangements at the branches in accordance with the plan submitted, provided that each of the agreements is reexecuted so as to omit therefrom the following words in the fifth paragraph thereof - "containing a supply of Federal Reserve notes actually placed therein for the accomplishment of the purposes of this contract and"; the proposed telegram also advising that the Board reserves the right to require the arrangement at any one or all of the branches to be modified or discontinued if at any time it should see fit.

Upon recommendation of the Law Committee, the arrangement was approved with the conditions set out in the telegram submitted by Counsel, which was ordered transmitted.

Memorandum from Counsel dated January 14th, submitting draft of letter to the Cashier of the Ventnor City National Bank, Ventnor City, N. J., with reference to an inquiry whether the bank in a case where it is acting as co-trustee and co-executor with a state trust company may permit the trust company to be custodian of the greater portion of the funds of the estate; the proposed reply stating that there is no requirement in the provisions of the Federal Reserve Act or the Board's regulations dealing with the particular question raised, and discussing other requirements of the law and regulations relative to trust activities of national banks.

1/21/31

-5-

78

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

Memorandum from Counsel dated January 17th, submitting draft of reply to a letter from Hon. Louis T. McFadden, requesting comment on a communication from Mr. Jerome Lewis of Yakima, Washington, referred to him by Congressman John W. Summers, on the subject of bank failures caused by the accumulation of non-liquid loans and suggesting particularly that, where necessary, the management of banks temporarily be turned over to a Federal officer and restrictions put on withdrawals of funds already deposited with the idea of keeping the banks open and at the same time protecting new deposits; the proposed reply advising that the suggestions cannot be followed under the existing law, and that the Board does not care to commit itself definitely at this time as to the merits of the legislation which might be suggested to accomplish the purposes desired.

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

Memorandum from Counsel dated January 14th, with further reference to the proceedings instituted by the Board to determine whether the membership in the Federal Reserve System of the First State Bank of Abernathy, Texas, should be terminated; the board of directors of the Federal Reserve Bank of Dallas having recommended, after consideration of testimony submitted at a hearing before the Federal Reserve agent on December 10th, and the record of the bank since that date, that the institution be given a further reasonable opportunity to demonstrate its ability to comply with the provisions of the Federal Reserve Act. With his memorandum, Counsel submitted drafts of letters to the First State Bank of Abernathy and the Federal Reserve Agent

1/21/31

at Dallas, advising that the Federal Reserve Board will defer making a final decision on the question whether the membership of the bank should be terminated, until June 17, 1931.

Upon recommendation of the Law Committee, the letters submitted by Counsel were approved and ordered transmitted.

Replies received from the various Federal Reserve agents to a circular letter sent to them under date of January 2, 1931 (X-6788), requesting that they advise the Board of state member banks in their respective districts which were not examined, either by state authorities or their own examiners, during 1930, and what steps are contemplated to secure a prompt and satisfactory examination of any bank reported; all the replies, with the exception of the one from the Agent at Cleveland, advising that banks not examined during 1930 will be examined early in the year 1931. In the Cleveland District, however, two banks, namely, The Cleveland Trust Company and The Guardian Trust Company, both of Cleveland, Ohio, were reported as being scheduled for examination during the last half of the current year.

After some discussion, the Governor stated that he would take up with Governor Fancher, who is here attending the meeting of the Open Market Policy Conference, the question of the advisability of securing a more prompt examination of these institutions.

REPORTS OF STANDING COMMITTEES:

Dated, January 21st Recommending approval of the application of Mr. J. C. Ainsworth, for permission to serve at the same time as an officer and director of the United States National Bank of Portland, Oregon; as a director and officer of the Central National Bank of Portland, Oregon, and as a director and officer of the Citizens National Bank, Portland, Oregon.

Approved.

The meeting adjourned at 1 p. m.

E. M. Woodcock
Assistant Secretary

Approved: [Signature]
Governor.