

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, February 24, 1931, at 2:30 p.m.

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

PRESENT ALSO: Mr. Wyatt, General Counsel.

The minutes of the meetings of the Federal Reserve Board held on February 11, 19th and 20th were approved.

The minutes of the meetings of the Executive Committee held on February 13th and 20th were approved, and upon motion, the actions recorded therein were ratified.

The Assistant Secretary presented various matters of business which were considered by the Board and acted upon as follows:

Report of Executive Committee on letter dated February 20th from the Comptroller of the Currency, recommending approval of a salary of \$3600 per annum for National Bank Examiner Fred A. Guiles, assigned to the Eighth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Memorandum dated February 20th from the Director of the Division of Research and Statistics, recommending the appointment of Mr. Wendell E. Thorne as Research Assistant in that division at a salary of \$3500 per annum, effective March 1, 1930.

Approved.

Report of Executive Committee on memorandum dated February 16th from the Board's Examiner in Charge, submitting draft of reply to letter dated February 10th from the Federal Reserve Agent at Minneapolis with further

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reference to the membership in the Federal Reserve System of the First State Bank of Opheim, Montana, which was considered at the meeting of the Board on January 14th; the proposed letter advising that in accordance with the recommendation of the Executive Committee of the Minneapolis Bank, the Board will take no action at this time toward discontinuing the membership of the institution, although it will expect the Federal Reserve Agent to keep the Board advised from time to time with regard to the situation.

Upon motion, the letter submitted by the Examiner in Charge was approved.

Memorandum from Counsel dated February 13th, submitting draft of reply to a letter dated February 4th from the Federal Reserve Agent at Dallas, inquiring whether under certain facts stated the Citizens State Bank of Memphis, Texas, has violated the statute prohibiting loans on its own stock by a member bank.

After discussion, upon motion, the letter submitted by Counsel was amended and ordered transmitted.

Memorandum from Counsel dated February 13th advising (1) that the State Court has sustained the motion filed by Counsel of the Federal Reserve Bank of Richmond in the case of the Federal Reserve Bank v. Attmore, which reduces that case to a simple suit on a promissory note and deprives it of all System importance unless the defendant appeals to the Supreme Court of North Carolina, and (2) that the same attorneys who represented the defendant in the Attmore case have instituted a new suit against the Federal Reserve bank raising several questions of System-wide importance, which will be handled in consultation with Hon. Newton D. Baker, who was retained on a System basis, not only in the Attmore case, but any other related litigation.

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In this connection, Mr. Wyatt reported verbally that he has received just this morning a letter from Counsel of the Federal Reserve Bank of Richmond, advising that the Attmore case has been appealed, and that he has wired Mr. Baker requesting that he immediately communicate with Mr. Wallace, Counsel for the Richmond Bank.

After advising the Board of the information which he had regarding the appeal, Mr. Wyatt, himself, was instructed to get in touch with Mr. Wallace and secure full information and render such assistance as he may be able.

At this point Mr. Wyatt left the meeting.

Memorandum from Counsel dated February 20th with regard to the application of Mr. Henry H. Sanger, for permission to serve at the same time as a director of the National Bank of Commerce, the Guardian Detroit Bank and the Union Guardian Trust Company, all of Detroit, Michigan, and referring to the application of Mr. Robert O. Lord, involving the same institutions, and several other applications which the Federal Reserve Agent at Chicago advises may be filed. With his memorandum, Counsel submitted draft of a letter to the Federal Reserve Agent, requesting that before the Board acts on Mr. Sanger's application, it be furnished with full information with reference to any other officers, directors or employees of the National Bank of Commerce who are serving without the Board's permission either one or both of the state institutions included in Mr. Sanger's application; and also that the Federal Reserve Agent investigate certain other permits previously issued by the Board involving banks included in Mr. Sanger's application and furnish the Board with a recommendation as to whether any of these permits should be revoked.

Upon motion, the letter submitted by Counsel was approved.

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Memorandum dated February 24th from the Examiner in Charge with reference to the condition of the Bank of Auburn, Auburn, Pennsylvania, as disclosed by the report of an examination of the institution made as at the close of business December 16, 1930; the Examiner in Charge recommending that unless its capital is restored or further acceptable guarantees are obtained in an amount sufficient to afford a reasonable protection to the depositors of the bank, the bank be cited to show cause why its membership in the Federal Reserve System should not be discontinued.

At the suggestion of the Governor, the memorandum and attached file was ordered circulated and presented for consideration at a later meeting.

Mr. James presented a letter addressed to him by Mr. Whitefoord R. Cole of Louisville, Kentucky, with regard to his serving as a director of a new national bank being organized in Louisville for the purpose of taking over certain assets and assuming certain liabilities of the National Bank of Kentucky, in addition to continuing his present service as a director of the American National Bank of Nashville and the Fidelity and Columbia Trust Company of Louisville. Mr. James stated that both the Comptroller of the Currency and the Committee in charge of the organization of the new bank are exceedingly anxious to have Mr. Cole on the directorate, but that Mr. Cole is reluctant to accept unless he can receive some assurance that when his formal application is filed, after the organization of the bank, it will receive favorable consideration by the Board.

After discussion, upon motion, Mr. James was authorized to advise Mr. Cole informally that when his application to serve the three banks is received by the

Board, it will have favorable consideration.

The meeting adjourned at 3:25 p.m.

E. W. Wood
Assistant Secretary.

Approved:

W. G. Clegg
Governor.