

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, February 27, 1931, at 11:30 a. m.

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

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on February 21st were approved, and upon motion, the actions recorded therein were ratified.

The minutes of the meetings of the Federal Reserve Board held on February 24th and 25th were also approved.

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

Telegram dated February 25th from the Chairman of the Federal Reserve Bank of Boston, letter dated February 26th from the Secretary of the Federal Reserve Bank of New York and telegram dated February 26th from the Chairman of the Federal Reserve Bank of Kansas City, all advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Report of Executive Committee on letter dated February 26th from the Comptroller of the Currency, recommending approval of a salary of \$3,500 per annum for National Bank Examiner Walter E. Julius, assigned to the Fourth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

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Memorandum from the Assistant Secretary dated February 27th, recommending approval of a change from two days to one day in the inter-district time schedule covering items from Charlotte to Jacksonville; the change having the approval of the Federal Reserve Banks of Richmond and Atlanta.

Approved.

Report of Executive Committee on letter dated February 24th from the Federal Reserve Agent at Atlanta, submitting with his favorable recommendation and that of the Executive Committee of the Federal Reserve bank, an application of the Marion Central Bank, Marion, Alabama, a member bank, for approval of its action of January 27, 1931 in purchasing the assets of the Peoples Bank of Marion, and assuming certain liabilities of that bank; the Board's Committee recommending approval.

Approved.

Memorandum from Counsel dated February 21st, submitting an application of Mr. John McHugh for permission, under the provisions of Section 25 of the Federal Reserve Act, to serve at the same time as a director of the Chase National Bank of the City of New York, and as a director of the Equitable Eastern Banking Corporation, a State foreign banking corporation, all of the stock of which is owned by the Chase National Bank.

Upon motion, the application was approved.

Memorandum from the Chief of the Division of Bank Operations dated February 25th, recommending that hereafter special one day Treasury certificates, held by the Federal Reserve banks at quarterly tax payment dates, be shown separately in the body of the weekly Federal reserve bank condition statement against the caption "Special Treasury Certificate".

After discussion, upon motion, it was voted to withhold action on the

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recommendation until it can be discussed with the Governors of the Federal Reserve banks at their next meeting.

Report of Committee on Salaries and Expenditures on letter dated February 26th from Deputy Governor Gilbert of the Federal Reserve Bank of New York, recommending approval of a salary of \$2,160 per annum, effective June 1, 1931, for Dr. Harold Roy Moon, who has been employed as one of the physicians in attendance at the bank to succeed Dr. Robert H. Dinegar, resigned; the letter also requesting approval of the payment of salary at the rate of \$4,800 per annum from March 1, 1931 to May 31, 1931 to Dr. Walden E. Muns, who, during that period, will be in attendance at the bank each day during the week, and at its conclusion, will return to his present schedule and salary of \$2,400 per annum.

Upon recommendation of the Committee on Salaries and Expenditures, the salary payments submitted in Mr. Gilbert's letter were approved.

Matter ordered circulated at the meeting held on February 24th, namely, memorandum dated February 24th from the Board's Examiner in Charge, with regard to the condition of the Bank of Auburn, Auburn, Pennsylvania, and the question of continuance of its membership in the Federal Reserve System.

After discussion, upon motion, the Governor was requested to communicate with the Federal Reserve Agent at Philadelphia and advise that on the basis of the bank's present condition, the Board is unwilling to approve his recommendation that no action be taken at the present time to discontinue the membership of the bank, but requests that he take up with the management of the institution the matter of restoring its capital or obtaining further acceptable guarantees for the protection of depositors.

Application for full trust powers filed by the Union National Bank

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of Lenoir, N. C., which commenced business on January 29, 1931, having been organized for the purpose of acquiring the assets and assuming the liabilities, except liabilities to shareholders, of the First National Bank of Lenoir, which closed on December 19, 1930. In this connection, the Assistant Secretary presented a letter from the Federal Reserve Agent at Richmond and a memorandum from the Comptroller of the Currency, recommending approval of the application.

After discussion, upon motion it was voted to approve the application of the Union National Bank of Lenoir for trust powers, on condition that they will be exercised only in the handling of such trusts as may be taken over from the First National Bank of Lenoir and no new business will be accepted, pending further consideration by the Board after the new institution has been examined by the Comptroller of the Currency.

Application for full trust powers by the McDowell County National Bank in Welch, West Virginia, which commenced business on December 20, 1930, having been organized for the purpose of acquiring the assets and assuming the liabilities of the McDowell County National Bank of Welch; together with a letter from the Federal Reserve Agent at Richmond and a memorandum from the Comptroller of the Currency, recommending approval of the application.

After discussion, upon motion it was voted to approve the application of the McDowell County National Bank in Welch for trust powers, on condition that they will be exercised only in the handling of such trusts as may be taken over from the McDowell County National Bank of Welch and no new business will be accepted, pending further consideration by the Board after the new institution has been examined by the Comptroller of the Currency.

At this point Mr. Gough, Deputy Comptroller of the Currency, joined the meeting, and consideration was given to an application which has been

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filed with the Comptroller by the Liberty National Bank and Trust Company of New York, New York, for permission to reduce its capital stock from \$3,000,000 to \$2,250,000; it being the intention of the bank to transfer to surplus account such part of the released capital as may be necessary to bring its surplus up to \$1,000,000, and the balance to undivided profits.

It was brought out that the bank's surplus has been reduced to less than \$300,000 by the elimination of losses, aggregating more than \$1,800,000, set up by the National Bank Examiners during the last three examinations of the bank - over \$700,000 at the examination made as of December 29, 1930.

During the discussion Mr. J. J. Mulligan, the recently elected President of the institution, was also invited into the meeting and answered inquiries by the members of the Board regarding the bank's condition, its present management and its future policies and prospects. At the conclusion of the discussion, Messrs. Gough and Mulligan left the meeting.

Upon motion, it was then voted to approve the application of the Liberty National Bank and Trust Company of New York, New York, for permission to reduce its capital stock from \$3,000,000 to \$2,250,000.

REPORTS OF STANDING COMMITTEES:

Dated, February 25th Recommending changes in stock at Federal Reserve Banks,  
27th as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

The meeting adjourned at 12:55 p. m.

E. W. W. Wood  
Assistant Secretary.

Approved:

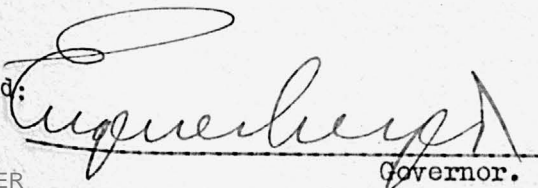
W. J. Gough  
Governor.

AUXILIARY MINUTES  
(February 27, 1931)

Reports of Standing Committee dated February 25th and 27th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
First National Bank, Haverhill, Mass. (Decrease in surplus)	60	
First National Bank, Manchester, N. H. (V.L. terminal)	150	
Newmarket National Bank, Newmarket, N. H. (Decrease in surplus)	<u>30</u>	240
<u>District No. 4.</u>		
Prairie Depot National Bank of Freeport, Wayne, Ohio. (V.L.Abs. by Union National Bank of Fostoria, Ohio)	18	18
<u>District No. 5.</u>		
Bank of Darlington, Darlington, S. C. (Insolvent)	66	66
<u>District No. 6.</u>		
First National Bank, Sweetwater, Tenn. (Insolvent)	40	40
<u>District No. 7.</u>		
First National Bank, Fort Dodge, Iowa. (V.L.Suc. by First State Bank)	240	240
<u>District No. 8.</u>		
Ham National Bank, Mt. Vernon, Ill. (V.L.Abs. by Third National Bank of Mt. Vernon)	75	75
<u>District No. 9.</u>		
Southern Montana Bank, Ennis, Mont. (V.L.Suc. by Madison Valley Bank)	30	
First National Bank, Garrison, N. Dak. (V.L.Suc. by First National Bank in Garrison)	<u>27</u>	57
<u>District No. 10.</u>		
First National Bank, Haxtun, Colo. (V.L.Abs. by Farmers State Bank)	42	42
<u>District No. 11.</u>		
Commercial National Bank in Jefferson, Tex. (V.L.Abs. by Jefferson State Bank)	15	
First National Bank, Ralls, Texas. (Insolvent)	24	
First National Bank, Frost, Texas. (V.L.Suc. by Frost National Bank)	60	
Citizens National Bank, Saint Jo, Texas. (V.L.Suc. by Citizens National Bank in Saint Jo.)	<u>20</u>	119
	<u>Total</u>	<u>897</u>

Approved:

  
Governor.

  
Assistant Secretary.