A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 4, 1931, at 10:30 a. m.

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

PRESENT ALSO: Mr. Eugene M. Stevens, Chairman of the Federal Reserve Bank of Chicago.

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

Renewal bond in the amount of $100,000, executed under date of February 23, 1931, by Mr. Ward Albertson, as Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta.

Approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston, New York and Chicago of employees who were granted leaves of absence, with pay, on account of illness, during the month of February at Boston and New York, and during the period from January 23rd to February 26th at Chicago, where the total of such absences since January 1, 1931 has exceeded thirty days; the Board's Committee recommending approval.

Approved.

Report of Executive Committee on letter dated February 26th from the Federal Reserve Agent at Atlanta, submitting further information in accordance with the request of the Board on February 21, 1931, with reference to the application of the Monroe County Bank, Monroeville, Alabama, for permission, under its conditions of membership, to exercise trust powers;
the letter stating that the bank desires specifically at this time to act as trustee for first mortgage real estate bonds, and recommending that this power be granted even if other trust powers should not be granted to it.

Upon recommendation of the Board's Committee, it was voted to grant the applicant bank the power to act as trustee and to defer action on its application for other trust powers until receipt of the next report of examination.

At this point Mr. Wyatt, General Counsel, joined the meeting and the Board considered draft of a telegram to the Governors of all Federal Reserve banks, except Boston, New York and Philadelphia, prepared by him at the direction of the Governor, which was amended and ordered transmitted in the following form:

"Please wire whether your bank would have any objection to acting as United States fiscal agent, if requested by Secretary of Treasury, in connection with loans by Secretary of Agriculture under act February 14, 1931 stop Loans are to be made to capitalize agricultural credit corporations stop Proposed that applications will be handled by local committees outside Federal reserve banks and approved by Secretary of Agriculture stop Federal reserve banks would only be expected to receive and hold collateral and to make disbursements under definite instructions from Washington stop Banks are to be reimbursed for reasonable expenses."

Mr. Wyatt then requested authority to publish in the forthcoming issue of the Federal Reserve Bulletin, which is now on the press, the text of Regulation G, Series of 1931, governing the rediscount of notes secured by adjusted service certificates, and also recommended that in accordance with a request of the Veterans' Bureau, the Board also publish in the Bulletin, with a brief introductory statement, Sections 502 and 503 of the Adjusted Compensation Act as amended, and the Bureau's new Regulation on the subject. He advised that at the time of the passage of the Adjusted Compensation Act in 1926, similar material was published in the Bulletin.

Upon motion, Mr. Wyatt's recommendation was approved.
Mr. Wyatt then left the meeting.

Mr. Stevens referred to applications which have been made to the Comptroller of the Currency to organize "The First National Bank of East Chicago", Indiana, with a capital of $200,000 and surplus of $50,000, to purchase the assets and assume the liabilities of the existing First National Bank and Trust Company of East Chicago, and also to organize "The Union National Bank of Indiana Harbor at East Chicago", Indiana, with like capital and surplus, to purchase the assets and assume the liabilities of the United States National Bank of Indiana Harbor at East Chicago. He stated that in addition, each of the new institutions will purchase 50% of the deposits and assets of the First Calumet Trust and Savings Bank of East Chicago, which has been under the same management. He advised the Board of the large volume of eliminations to be made in connection with the reorganizations, the strong sponsorship which the new banks will have from certain large industries in the territory, and the fact that new managements will be secured, although not yet definitely decided upon.

He further stated that applications for full trust powers are being filed at his office in Chicago on behalf of both new national banks, as all three of the institutions to be taken over had trust powers and some trust business, and stated that he did not hesitate to recommend that the powers applied for be granted by the Board. He requested, if possible, that this be done today, even though the formal applications have not yet been received.

After full discussion it was voted to grant "The First National Bank of East Chicago" and "The Union National Bank of Indiana Harbor at East Chicago" authority to exercise such trust powers as may be necessary to enable them to ad-
minister any existing trusts which they may take over from the institutions whose assets they are to acquire, and to defer action on the question of granting full trust powers until the formal applications are received by the Board, accompanied by complete information regarding the management of the new banks, their boards of directors, condition, etc.

Mr. Stevens then discussed with the Board the question of the policy involved in applications of Mr. Henry H. Sanger and others, for permission under the Clayton Act to serve at the same time as directors of certain institutions in Detroit which are units of the so-called Guardian Detroit Group, which along with the Detroit Bankers Company, controls practically all of the major banking institutions in the City of Detroit.

During the discussion which followed, Messrs. Vest and Wingfield, Assistant Counsel, were called into the meeting.

At the conclusion of the discussion Mr. Stevens stated that he expects to be in Detroit within the next week or two and suggested that action on the applications be deferred until he can discuss them further with the applicants and other officials of the holding companies.

Mr. Stevens then advised the Board of requests which have been received by the Federal Reserve Bank of Chicago from member banks that it hold certain securities pledged by the member banks to secure deposits of public funds. He stated that, after consultation with other officers and counsel of the Chicago bank, he was of the opinion that the service requested involves the exercise of a trust function, which in his opinion, the Federal Reserve bank has no authority to perform, and that the inquiries have been answered accordingly.

During the brief discussion which ensued, it was the consensus of opinion of the members of the Board that the position taken by the Chicago bank is correct.
REPORTS OF STANDING COMMITTEES:

Dated, March 3rd  Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, March 3rd  Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendation approved.

The meeting adjourned at 12:00 o'clock noon.

[Signature]
Assistant Secretary.

Approved:
[Signature]
Governor.
AUXILIARY MINUTES
(March 4, 1931)

Reports of Standing Committee dated March 3rd, recommending changes in stock at Federal Reserve Banks, approved as follows:

Applications for ADDITIONAL Stock:

<table>
<thead>
<tr>
<th>District No.</th>
<th>Bank Name</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 1</td>
<td>Foxboro National Bank, Foxboro, Mass.</td>
<td>6</td>
</tr>
<tr>
<td>No. 4</td>
<td>First National Bank, Indian Head, Pa.</td>
<td>3</td>
</tr>
<tr>
<td>No. 7</td>
<td>Monroe County Bank, Dundee, Mich.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>American State Bank, Highland Park, Mich.</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Manistee County Savings Bank, Manistee, Mich.</td>
<td>60</td>
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<td></td>
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<td>159</td>
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</tbody>
</table>

Total shares: 168

Applications for SURRENDER of Stock:

<table>
<thead>
<tr>
<th>District No.</th>
<th>Bank Name</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 7</td>
<td>First National Bank, Charleston, Ill. (Insolvent)</td>
<td>135</td>
</tr>
<tr>
<td>No. 9</td>
<td>First National Bank, Forest Lake, Minn. (V.L.Abs. by Forest Lake State Bank)</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>153</td>
</tr>
</tbody>
</table>

Report of Standing Committee dated March 3rd, recommending action on an application for fiduciary powers by the following bank:

APPROVED:

DISTRICT NO. 4.

PENNSYLVANIA:
The First National Bank of Reynoldsdale. (3343)

[Signatures]

Assistant Secretary.

Governor.