

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, March 21, 1931, at 11:30 a. m.

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

PRESENT ALSO: Mr. Hoxton, Federal Reserve Agent at Richmond.

The Board discussed with Mr. Hoxton the request of the McDowell County National Bank in Welch, West Virginia, on which action was deferred at the meeting on March 14th, that the Board reconsider its action of February 27th in limiting the exercise of trust powers by that institution to such business as may be taken over from the McDowell County National Bank of Welch, which it was organized to succeed. Mr. Hoxton was advised of the reasons for the Board's policy of declining to authorize the exercise of general trust powers by newly organized national banks until they have been examined by the Comptroller of the Currency, and the desire of the Board for information as to the qualifications of the management of such banks in the handling of trust business.

At the conclusion of the discussion, it was voted to request Mr. Hoxton to advise the McDowell County National Bank in Welch that the Board does not feel it can grant full fiduciary powers to the bank at this time, and that it has therefore voted not to reconsider its action of February 27th.

The Board then discussed with Mr. Hoxton, in a general way, the question of interlocking directorates with particular reference to the City of Washington. Mr. Hoxton stated that from all information he has been able to gather, there is no evidence that interlocking directorates in this

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city are working to the detriment of the public interest.

Mr. Hoxton then left the meeting.

The Governor presented to the Board for action the application of Mr. George A. G. Wood, which was ordered circulated at the meeting on February 25th, for permission to serve at the same time as a director of the American Security and Trust Company and the Munsey Trust Company, both of Washington, D. C., and also the application of Mr. John Saul involving his service as a director of the American Security and Trust Company and the Lincoln National Bank, also of Washington.

After discussion, during which it was brought out that the Board at all times has authority to revoke Clayton Act permits previously granted if at any time a change in policy should be decided upon, it was, upon motion, voted to approve the applications of Messrs. Wood and Saul.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on March 6th, 11th, 12th, 14th, 17th and 19th were then approved and, upon motion, the actions recorded therein were ratified.

The minutes of the meetings of the Federal Reserve Board held on March 9th and 10th were also approved.

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

Letter dated March 19th from the Secretary of the Federal Reserve Bank of New York and telegram dated March 19th from the Chairman of the Federal Reserve Bank of San Francisco, both 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.

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Letter dated March 18th from the Comptroller of the Currency, advising of the appointment of Mrs. Thelma Roy, as a money counter in the Federal Reserve Issue and Redemption Division, with salary at the rate of \$1,380 per annum, effective April 1, 1931.

Noted with approval.

Letter dated March 20th from the Governor of the Federal Reserve Bank of New York, transmitting the regular monthly compilation of the amount of short-term funds held in New York for foreign account, aggregating \$2,204,295,000 as of February 28, 1931.

Noted.

Letter dated March 20th from Deputy Governor Crane of the Federal Reserve Bank of New York, advising of the completion of the liquidation of the special sterling bill account, amounting to approximately £7,200,000, which has been maintained at the Bank of England for the past several months.

Ordered circulated.

Letter dated March 19th from the Governor of the Federal Reserve Bank of New York, requesting approval of the action of the board of directors of that bank in voting to authorize the employment of Mr. Myles C. McCahill, now a member of the Secret Service Division of the Treasury Department, at a salary of \$6,500 per annum; Governor Harrison stating that it is not proposed to give Mr. McCahill any special rank but that he will report directly to the senior officers of the bank regarding matters of organization and procedure relating to the protection and safeguarding of the bank's cash and securities.

After discussion, upon motion, it was voted to approve the salary fixed by the New York directors for Mr. McCahill.

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Application of the Farmers State Bank, Meridian, Texas, for membership in the Federal Reserve System and for 15 shares of stock in the Federal Reserve Bank of Dallas, to which was attached a memorandum from Counsel pointing out that on the basis of losses set up by the Federal Reserve Examiner in the report of an examination of the applicant bank made on January 15, 1931, the capital of the institution is impaired to the extent of approximately \$4,000, and that, in his opinion, the bank is not at this time legally eligible for membership in the System because of this impairment of its capital.

It was pointed out that the Executive Committee of the Federal Reserve Bank of Dallas recommends that the Farmers State Bank of Meridian, Texas, be admitted to membership, and upon motion, it was voted to refer the application to the Dallas bank for reconsideration in the light of Counsel's opinion.

Report of Executive Committee on memorandum dated March 18th from the Comptroller of the Currency, with regard to an application of the First National Bank of Lacona, New York, for permission to reduce its capital from \$50,000 to \$25,000, and immediately thereafter increase the capital back to \$50,000 by the sale of stock at a premium of 100%, the amount of the capital reduction and the premium on the new stock, along with approximately \$10,000 from undivided profits, to be used in eliminating from the bank losses aggregating \$59,503; the Executive Committee concurring in the recommendation of the Comptroller that the application be approved, provided the new stock is sold only to those who have knowledge of the use to which the released capital and premium on the new stock is to be put.

Upon motion, the application was approved as recommended.

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Report of Executive Committee submitting draft of letter to the Federal Reserve Agent at Cleveland, with regard to stock in the First National Bank of Wilkinsburg, Pennsylvania, purchased and held by the Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania, without first securing the approval of the Federal Reserve Board, as required by one of the conditions of membership under which the Peoples Savings and Trust Company, the predecessor of the Peoples-Pittsburgh Trust Company, was admitted to membership in the Federal Reserve System; the proposed letter (1) advising that in view of the circumstances, the Board feels that it cannot approve of the member bank continuing to carry the stock among its assets, and that the Federal Reserve agent should so advise the Peoples-Pittsburgh Trust Company and report to the Board what arrangements the member bank will make to divest itself of ownership of the stock, and (2) requesting the Federal Reserve Agent to advise the Board whether the Peoples-Pittsburgh Trust Company is now holding any stock of other banks acquired by it in violation of its conditions of membership.

After discussion, upon motion, the proposed letter was approved and ordered transmitted.

Application of the Citizens National Bank of Cicero, Indiana, for permission to exercise general fiduciary powers; together with a favorable recommendation thereon from the Federal Reserve Bank of Chicago, and a memorandum prepared at the request of Mr. Hamlin, pointing out the slight improvement which has taken place in the condition of the applicant bank since its last examination following which the granting of trust powers was deferred on recommendation of the Chicago bank.

Ordered circulated.

AUXILIARY MINUTES
(March 21, 1931.)

Reports of Standing Committee, dated March 21st, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
National Safety Bank & Trust Co., New York, N.Y. (Decrease in capital and surplus)	1,115	
Morsemere Trust Company, Palisades Park, N. J. (Insolvent)	75	1,190
<u>District No. 4.</u>		
Marine National Bank, Ashtabula, Ohio. (V.L.Suc. by Marine Savings Bank Company)	68	
First National Bank, Jeannette, Pa. (V.L.Abs. by Jeannette Savings & Trust Company)	120	188
<u>District No. 7.</u>		
First National Bank, Cherokee, Iowa. (Insolvent)	120	120
<u>District No. 11.</u>		
Marlin-Citizens National Bank, Marlin, Texas. (Cons. Citizens National Bank with the above bank)	105	105
	Total	1,603

C. W. Wood
Assistant Secretary.

Approved:

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Governor.