

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 31, 1931, at 11:45 a. m.

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

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

Mr. Stevens referred briefly to the banking situation in Detroit and expressed the opinion that it has been fairly well cleared up as a result of developments during the last few weeks. He stated, however, that he particularly wished to discuss with the Board the banking situation in the state of Michigan as a whole, which is complicated by the fact that under state law state institutions are required to segregate their savings deposits and to invest approximately 60 per cent of these accounts in mortgages or real estate bonds. These investments of banks throughout the state, he reported, are largely based on Detroit real estate, there is no market for the securities at the present time, and many bond issues are in default. He pointed out that if depreciation and losses on these issues were charged off, capital impairments would result in many cases, requiring consideration by the Federal Reserve bank of the question of continuance of membership in the Federal Reserve System.

During the discussion which ensued, it appeared to be the consensus of opinion that in dealing with situations of the kind referred to, considerable weight should be attached to the attitude of the management of the individual banks, and progress being made in each case in bringing about an improvement in conditions.

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The Board then discussed with Mr. Stevens the recommendation of the Executive Committee of the Federal Reserve Bank of Chicago that the Board grant full trust powers to the National Bank and Trust Company, Chariton, Iowa, which was granted limited powers on April 18, 1930, at the time of its organization to succeed the Chariton and Lucas County National Bank and the Lucas County Trust and Savings Bank. The comments of the National Bank Examiner regarding the necessity for an improvement in the management of the Bank and a more active collection policy in connection with a deficiency note taken over from the old national bank, were particularly discussed.

At the conclusion of the discussion, upon motion, it was voted that action on the question of granting full powers to the bank be deferred until after the next examination.

At this point Mr. Stevens left the meeting.

The minutes of the meeting of the Federal Reserve Board held on March 21st, having previously been circulated among the members of the Board, were approved.

The minutes of the meeting of the Executive Committee held on March 27th were approved, and upon motion, the actions recorded therein were ratified.

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

Letter dated March 28th from the Federal Reserve Agent at the Federal Reserve Bank of Dallas, advising that the Security State Bank and Trust Company, Beaumont, Texas, has transferred the sum of \$26,000 from its undivided profits account to a special account entitled "Reserve for increase in capital"; this action being taken to comply with a condition of membership

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imposed upon the member bank at the time of its admission to the Federal Reserve System.

Noted.

Draft of letter to the Federal Reserve Agent at Atlanta, prepared in accordance with action taken at the meeting yesterday, with reference to the request of the Farmers and Merchants Bank of Eatonton, Georgia, that the Board waive the usual requirement of six months' notice and permit immediate withdrawal from membership by the bank.

Approved.

Memorandum dated March 31st from the Board's Examiner in Charge, with reference to 654 shares of its own stock still held by the Citizens Bank and Trust Company, Savannah, Georgia, out of 1,000 shares originally taken in 1922, as collateral to the liquidation account of the Mercantile National Bank of Savannah, Georgia.

After discussion, upon motion, the Assistant Secretary was directed to prepare and submit to the Board draft of a letter to the Federal Reserve Agent regarding the above matter.

REPORTS OF STANDING COMMITTEES:

Dated, March 31st Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

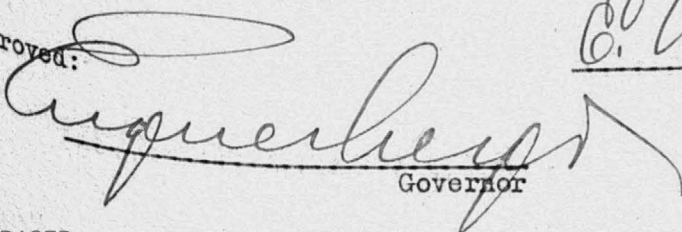
Recommendation approved.

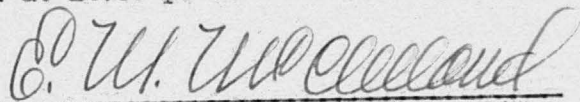
Dated, March 30th Recommending approval of the application of Mr. Ernest Crist, for permission to serve at the same time as an officer of the Mellon National Bank of Pittsburgh, Penn., as a director of the Sheraden Bank of Pittsburgh, Penn., and as a director of the City Deposit Bank & Trust Company, Pittsburgh, Penn.

Approved.

The meeting adjourned at 12:55 p. m.

Approved:


Governor


Assistant Secretary

AUXILIARY MINUTES
(March 31, 1931.)

Report of Standing Committee dated March 30th, recommending action on
an application for fiduciary powers by the following bank:

APPROVED:

DISTRICT NO. 1.

CONNECTICUT:

The National Bank of Commerce of New London.
(Supplementary. Powers 6, 7 and 8)

C. W. Woodland

Assistant Secretary.

Approved:

[Signature]
Governor.