

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, April 30, 1931, at 12:15 p. m.

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

The Governor referred to a statement made by Governor Harrison of the Federal Reserve Bank of New York this morning that he expected the directors of his bank at their meeting today would request the Board to reduce from 1 1/4% to 1% the rate fixed by it as the minimum authorized buying rate for the purchase of bankers' acceptances at that bank, although the bank may not necessarily reduce its effective buying rate which now stands at 1 1/4% on the shorter maturities.

The Governor stated that Governor Harrison had requested prompt action by the Board, that it is impossible to have a quorum of the Board today in view of the fact that Mr. Pole is out of town and Mr. Hamlin confined to his home by illness, and that he expects to leave this afternoon to spend the balance of the week in Chicago. The situation was discussed, however, and the Committee felt that, since it was unanimous, it could assume authority, in view of conditions, to reduce the minimum authorized buying rate of the New York bank if requested by the directors.

On motion, the Assistant Secretary was authorized, upon receipt of advice of action by the New York directors, to reply that the Board approves a minimum authorized buying rate of 1% for the bank.

At this point Governor Black of the Federal Reserve Bank of Atlanta entered the room and discussed with the Committee in detail the various matters covered in a written report, submitted under date of April 21st, on

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his recent visit to the Havana Agency.

He referred first to a proposed exchange of \$2,370,000 of American gold coin by the Agency with the Cuban Treasury for Cuban gold coin of equal weight and fineness. He stated that the Cuban Government will ship the American coin to this country in connection with a debt payment, thereby eliminating the question which has been in the minds of the Atlanta directors for some time of arrangements for the export of the gold to the United States. He stated further that \$500,000 of the Cuban gold coin will be redeemed by the Cuban Treasury with currency secured in exchange for United States silver coin, which latter will be shipped to the Philadelphia Mint under arrangements already completed, and that the Cuban Government will agree to repurchase the balance of its gold with currency within six months. He requested approval of a contract for the exchange of the gold which has been authorized by the Executive Committee of the Federal Reserve Bank of Atlanta, as outlined in his written report.

Following a brief discussion, Governor Black was advised that no objection will be interposed to the arrangement authorized by the Executive Committee of the Atlanta bank.

Governor Black then referred to the action of the Board of Directors of his bank in voting to reduce from \$20,000,000 to \$10,000,000 the holdings of currency at the Agency. He pointed out that \$10,000,000 has always been more than sufficient to take care of normal operations and that \$20,000,000 has never been adequate to meet an emergency such as developed in 1926 and 1930. He referred to the improved transportation facilities between the Atlanta bank and its branches in this country and the Agency, and stated that incident to the reduction in the Havana currency stock it is proposed to increase from \$5,000,000 to \$10,000,000 the stock of unissued Federal

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Reserve notes held at the Jacksonville branch. He stated that he discussed the matter with representatives of all of the important banks operating in Cuba and that they are agreeable to the reduction.

After discussion, upon motion, it was voted to interpose no objection to the action taken by the Atlanta directors.

Governor Black then left the room.

Governor Talley of the Federal Reserve Bank of Dallas then joined the meeting and discussed with the Board the recent reorganization of the First State Bank of Roby, Texas, referred to in a letter addressed to the Board under date of April 22nd by the Federal Reserve Agent at Dallas. He stated that the Federal Reserve Bank is disposed to go along with the new management in its plans for the reorganization of the member bank and for that reason wired the Board on April 17th recommending that action looking toward the termination of the bank's membership in the Federal Reserve System be deferred.

At the conclusion of the discussion, upon motion, it was voted, in accordance with a recommendation submitted by Governor Talley, to dismiss the proceedings instituted by the Board on March 14th against the First State Bank of Roby, Texas, and to take no further action thereunder.

Governor Talley then referred to an application for membership in the Federal Reserve System and for 225 shares of stock in the Federal Reserve Bank of Dallas filed by the Commercial American Bank and Trust Company, Shreveport, Louisiana, which was organized on October 20, 1930, for the purpose of taking over the business of the American National Bank of Shreveport; the Board having voted on April 7th to defer action on the application until the condition of the applicant bank could be discussed with Governor Talley.

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He submitted a memorandum to the effect that the applicant bank is fully protected in all assets taken over from the former national bank. He reported, however, that he has been informed since the application was filed, that a consolidation of the Commercial American Bank and Trust Company with the Continental Trust and Savings Bank of Shreveport, has been contemplated. He stated that because of the condition of the latter institution the Federal Reserve Bank of Dallas would not approve such a consolidation, that this fact has been explained to the management of the Commercial American Bank and Trust Company of Shreveport and that it is now proposed, before any consolidation is effected, to have the Continental Trust and Savings Bank also apply for membership in the Federal Reserve System, which, if done, will afford an opportunity to the Federal Reserve bank to secure such adjustments in the condition of the bank as are considered necessary.

At the conclusion of the discussion, upon motion, it was voted to approve the application of the Commercial American Bank and Trust Company of Shreveport for membership in the Federal Reserve System and for 225 shares of stock in the Federal Reserve Bank of Dallas, subject to the regular conditions of membership set out in the Board's Regulation H.

Governor Talley then discussed with the Committee briefly the condition of the First National Bank of El Paso and stated that he has been requested by the Comptroller of the Currency to proceed to New York for a discussion of the matter with certain interests there, which he is willing to do if there is no objection on the part of the Federal Reserve Board.

The members of the Committee present advised Governor Talley that they saw no objection to his doing so.

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The meeting adjourned at 1:10 p. m.

E. W. Woodland
Assistant Secretary

Approved:

Eugene Hayes
Governor