

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, May 6, 1931 at 11:40 a. m.

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

PRESENT ALSO: Mr. Wyatt, General Counsel.

The Assistant Secretary presented a telegram dated May 6th from the Chairman of the Federal Reserve Bank of Philadelphia advising that the board of directors of that bank, at its meeting today, voted to establish a rediscount rate of three per cent on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.

After discussion, upon motion, the rate of three per cent, established by the Philadelphia directors, was approved, effective tomorrow, May 7, 1931.

The Governor then reported that he had been advised over the telephone by the Governor of the Federal Reserve Bank of Boston that the board of directors of that bank today voted to establish a rediscount rate of two per cent on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board; also to authorize the Executive Committee of the bank to reduce the rate to 1 1/2% if and when such a rate is made effective at the Federal Reserve Bank of New York.

Upon motion, the rate of two per cent, established by the Boston directors, was approved, effective tomorrow, May 7, 1931.

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The Governor also reported that in a telephone conversation with the Governor of the Federal Reserve Bank of Philadelphia this morning, he was advised that the bank has in contemplation a preliminary study on the erection of a two or three story building on the site, adjacent to the present bank building, acquired in June 1930. He stated that he had requested Governor Norris to give the Board a detailed memorandum regarding the matter, and had advised him that the Board would consider it at the meeting tomorrow.

The Assistant Secretary then presented a telegram dated May 6th from Deputy Governor Kenzel of the Federal Reserve Bank of New York, advising that bill dealers today reduced their rates by 1/8 per cent on all maturities, and that the following schedule of buying rates on bankers' acceptances has been made effective at the New York bank.

1 to 30 days	1 1/8%
31 to 90 days	1 1/4%
91 to 120 days	1 3/8%
121 to 180 days	2%
Repurchase	1 3/8%

Without objection, noted with approval.

The Board then discussed with Mr. Wyatt a memorandum prepared by him, after discussion with Mr. Hamlin following the meeting on May 4th, with further reference to the request of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pennsylvania, that the Board reconsider its ruling of July 6, 1930, that since its consolidation with the Colonial Trust Company of Philadelphia on March 29, 1930, the Pennsylvania Company has been subject to the conditions of membership previously prescribed for and accepted by both of the consolidating banks, including one imposed on the Colonial Trust Company that it should not acquire an interest in any other bank or trust company through the purchase of stock in such other bank or

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trust company, except after applying for and receiving the permission of the Federal Reserve Board. Counsel advised the Board that there is no question in his mind as to the correctness of the Board's ruling from a strictly legal standpoint, but suggested that in view of the circumstances of the case, the Board might, as a matter of policy, modify the application of the condition of membership relating to the purchase of stock in other banks, so as to permit certain investments which the member bank has made since the consolidation and certain others which it now has in contemplation.

After a detailed discussion, the Governor suggested that it would be helpful to have an interchange of views between the member bank and the Board, and upon motion, he was authorized to extend to the Pennsylvania Company an invitation to have a representative meet with the Board for the purpose.

Mr. Wyatt then left the meeting.

The Assistant Secretary presented various reports and communications which were considered by the Committee and acted upon as follows:

Matters noted with approval yesterday, on initials of members of the Executive Committee, namely, telegrams dated May 5th from the Deputy Governor of the Federal Reserve Bank of New York, the Governor of the Federal Reserve Bank of Boston, the Chairman of the Federal Reserve Bank of Atlanta, the Chairman of the Federal Reserve Bank of Chicago and the Secretary of the Federal Reserve Bank of Minneapolis, all advising of the extension of the buying rate of $1\frac{1}{4}\%$ to include maturities up to 90 days; a rate of $\frac{3}{8}\%$ having heretofore applied on bills maturing within from 46 to 90 days.

Upon motion, the informal action of the Committee was ratified.

Memorandum dated May 4th from the Director of the Division of Re-

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search and Statistics, submitting the resignation of Miss Ruth L. Martin, as a stenographer in the division, effective at the close of business July 7, 1931, and recommending that she be granted thirty days leave of absence with pay, prior to that date; the Director also recommending the appointment of Mr. V. Longstreet as an assistant in the foreign section of the Division at a salary of \$2,400 per annum, effective June 1, 1931.

Upon motion, the recommendations were approved.

Report of Committee on Salaries and Expenditures on letter dated May 4th from the Deputy Governor of the Federal Reserve Bank of New York, submitting list of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the month of April, where the total of such absences since January 1, 1931 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Letter dated May 5th from the Comptroller of the Currency, recommending approval of a salary of \$4,200 per annum for National Bank Examiner Harry L. Brown, assigned to the Seventh Federal Reserve District.

Approved.

Telegram dated May 5th from the Omaha Clearing House Association, recommending the appointment of Mr. J. M. Harding of Omaha, as Class C Director of the Federal Reserve Bank of Kansas City, to succeed Mr. W. W. Magee, whose appointment as a member of the Federal Reserve Board for the unexpired portion of the term ending January 24, 1933, was announced by the President yesterday.

Noted.

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Memorandum dated April 29th from the General Counsel, submitting draft of letter to the Governors of all Federal Reserve banks and to the members of the Standing Committee on Collections on the subject of the rights, duties and responsibilities of the Federal Reserve banks in "cashing" government checks and warrants, which was submitted by the Board to the recent Conference of Governors and referred by that body to the Standing Committee on Collections for study and report; the proposed letter transmitting copies of Counsel's memorandum of April 17, 1931, with documents attached, on the subject, as well as an opinion of the Attorney General of the United States, rendered May 27, 1925, pertaining to the liability of Federal Reserve banks in connection with the redemption of certain war savings stamps subsequently found to be counterfeit, copy of which has recently been furnished the Board by the Treasury Department.

Upon motion, the proposed letter was approved and ordered transmitted.

Memorandum from Counsel dated April 28th with reference to the matter on which action was deferred at the meeting of the Board on December 15, 1930, namely, arrangements in effect at the branches of the Federal Reserve Bank of St. Louis, whereby Federal Reserve notes are held in joint custody of the branch and of an employee of the branch designated by the Federal Reserve Agent to represent him, which is contrary to the position taken by the Board in 1926 that the same person should not act as Assistant Federal Reserve Agent in the handling or custody of unissued Federal Reserve notes, and perform the functions of a clerk or employee of a Federal Reserve bank or branch; Counsel submitting draft of a letter to the Federal Reserve Agent at St. Louis, calling his attention to the Board's previous ruling and suggesting that consideration be given to the establishment of a supply of unissued Federal

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Reserve notes at the branches of that bank under the triple control arrangement which has been put in effect at other branches.

The Assistant Secretary stated that the above matter was discussed with Governor Martin of the St. Louis bank while he was in Washington attending the Governors' Conference last week, and that Governor Martin stated the St. Louis bank would be glad to change the arrangements at its branches to meet the views of the Board.

Upon motion, the letter to the Federal Reserve agent was approved.

REPORTS OF STANDING COMMITTEES:

- Dated, May 5th Recommending action on an application for admission of a state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, May 4th Recommending approval of the application of Mr. Charles H. Consolvo, for permission to serve at the same time as a director of the Virginia National Bank of Norfolk, Virginia, and as a director of the Union Trust Company of Maryland, Baltimore, Maryland.
Approved.
- Dated, May 5th Recommending approval of the application of Mr. Joseph H. Milans, for permission to serve at the same time as a director of the Columbia National Bank of Washington, D.C., and as a director and officer of the Bank of Commerce and Savings of Washington, D. C.
Approved.
- Dated, May 5th Recommending approval of the application of Mr. J. M. Olin, for permission to serve at the same time as a director of the First National Bank & Trust Company of Alton, Ill., as a director and officer of the Wood River National Bank of Wood River, Ill., and as a director of the First National Bank of St. Louis, Missouri.
Approved.
- Dated, May 5th Recommending approval of the application of Mr. C. A. Caldwell, for permission to serve at the same time as a director and officer of the First National Bank and Trust Company of Alton, Ill., and as a director and officer of The Wood River National Bank of Wood River, Ill.
Approved.

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REPORTS OF STANDING COMMITTEES: (Continued)

Dated, May 5th Recommending approval of the application of Mr. F. W. Olin, for permission to serve at the same time as a director of the First National Bank and Trust Company of Alton, Ill. and as a director of The Wood River National Bank of Wood River, Ill.

Approved.

Dated, May 5th Recommending approval of the application of Mr. George M. Levis, for permission to serve at the same time as a director and officer of the First National Bank & Trust Company of Alton, Ill., and as a director of the Wood River National Bank of Wood River, Ill.

Approved.

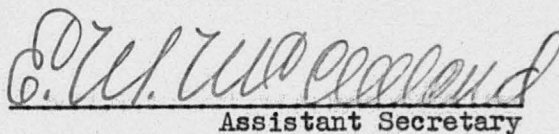
Dated, May 5th Recommending approval of the application of Mr. L. A. Schlafly, for permission to serve at the same time as a director and officer of the First National Bank & Trust Company of Alton, Ill., and as a director and officer of the Wood River National Bank of Wood River, Ill.

Approved.

Dated, May 6th Recommending approval of the application of Mr. W. B. Jacobs, for permission to serve at the same time as a director and officer of the First National Bank of Shreveport, La., and as a director and officer of the Kilgore National Bank of Kilgore, Texas.

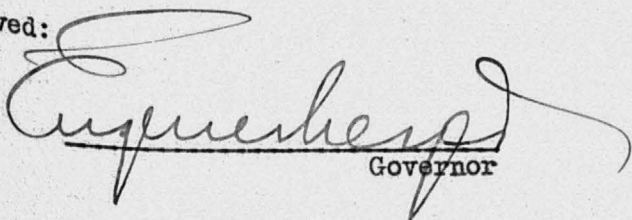
Approved.

The meeting adjourned at 12:45 p. m.



Assistant Secretary

Approved:


Governor

(Executive
Committee)AUXILIARY MINUTES
(May 6, 1931.)

Report of Standing Committee dated May 5th, recommending action on an application for admission to membership by the following state institution, subject to the conditions stated in the report attached to the application.

APPROVED:

<u>Name</u>	<u>Shares</u>	<u>F. R. Bank</u>
Clinton Trust Company, New York, N. Y.	600	New York

E. W. McClelland
Assistant Secretary.

Approved:

Esquith
Governor.