

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, May 9, 1931, at 10:15 a. m.

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

PRESENT ALSO: Mr. Wyatt, General Counsel.

Mr. C. S. Newhall, Executive Vice-President, and Mr. William Voetsch, Comptroller, of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pennsylvania, were also present in connection with the request of that institution that the Board reconsider its ruling of July 6, 1930 that as a result of a consolidation on March 29, 1930, with the Colonial Trust Company of Philadelphia, the Pennsylvania Company is subject to all of the conditions of membership previously prescribed for and accepted by both of the old corporations, including one imposed on the Colonial Trust Company, that except after applying for and receiving the permission of the Federal Reserve Board it shall not acquire an interest in any other bank or trust company, through the purchase of stock in such other bank or trust company.

Mr. Newhall explained that through oversight, he was not acquainted with the Board's ruling, and that in line with its previous policy the Pennsylvania Company, which at the time of the merger with the Colonial Trust Company, held 100,000 shares of stock of the Real Estate-Land Title and Trust Company, has since the merger acquired 8,930 additional shares of stock in that company, 2,000 shares of the stock of the Chase National Bank of New York, and 2,211 shares of stock in the Philadelphia National Bank of Philadelphia.

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The general policy of the Board with respect to purchases of stock in other institutions by state member banks was discussed.

Mr. Newhall stated that the Pennsylvania Company would like very much to regain its right to make investments in stock of other banks, and that it is not the policy to make purchases for the purpose of acquiring control of other institutions. Mr. Newhall advised the Committee, however, that it would be agreeable to the Pennsylvania Company if it could be permitted to carry out the investment program which it has in mind, involving further purchases of stock in the Real Estate-Land Title and Trust Company to bring its total holdings to not to exceed 125,000 shares - that is - 16,070 additional shares, as well as the purchase of up to a total of 4,000 shares each of the Chase National Bank of New York and the Philadelphia National Bank of Philadelphia.

It was suggested to Mr. Newhall that written application be filed with the Board for permission to make the additional purchases mentioned.

Thereupon Mr. Newhall and Mr. Voetsch withdrew from the meeting.

The Assistant Secretary then presented the following communications which were considered and acted upon by the Executive Committee, as set out below.

Matters approved by the Executive Committee informally yesterday, under the authority granted by the Board, namely, telegrams dated May 8th from the Chairmen of the Federal Reserve Banks of Chicago and St. Louis, advising that the Executive Committees of the banks, under authority of their boards of directors, voted to establish rediscount rates of $2\frac{1}{2}\%$ on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.

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Upon motion, the informal action of the Committee in voting to approve the rates of 2 1/2% established at the Federal Reserve Banks of Chicago and St. Louis, effective today, was ratified.

Draft of letter to the Governor of the Federal Reserve Bank of Cleveland, with reference to information received by the Board yesterday, shortly after two o'clock, that the local office of the Wall Street Journal had received a report from Cleveland that the discount rate of the bank had been reduced from 3% to 2 1/2%, official announcement of which was not made by the Board and, it is understood, by the Federal Reserve bank until three o'clock.

After discussion, upon motion, the proposed letter was approved.

Matter informally noted with approval yesterday, namely, telegram dated May 8th from the Chairman of the Federal Reserve Bank of Chicago, advising of the establishment, effective May 9th, of the following schedule of buying rates on bankers' acceptances:

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	1 1/2%

Upon motion, the informal action taken yesterday was ratified.

Telegram dated May 8th from the Secretary of the Federal Reserve Bank of Atlanta, advising that the board of directors at a meeting on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated May 8th from the Chairman of the Federal Reserve

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Bank of Kansas City, advising that the Board of Directors on May 7th adopted a resolution accepting the resignation of Mr. W. W. Magee as Class C Director of the bank, subject to the approval of the Federal Reserve Board; the Agent stating that Mr. Magee's resignation is being forwarded to the Board.

A discussion ensued regarding the appointment of a successor to Mr. Magee, at the conclusion of which the Governor was requested to consult with Mr. Magee regarding an appointment suggested by him.

At this point Mr. Pole joined the meeting.

The minutes of the meetings of the Executive Committee held on April 29th and 30th were approved and, upon motion, the actions recorded therein were ratified.

The minutes of the meeting of the Federal Reserve Board held on May 4th were also approved.

The meeting adjourned at 11:30 a. m.

E. W. McCalland
Assistant Secretary.

Approved: [Signature]
Governor.