

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, May 20, 1931, at 11:30 a. m.

PRESENT: Mr. Miller, Presiding  
Mr. Hamlin  
Mr. James  
Mr. Magee  
Mr. Pole  
Mr. McClelland, Assistant Secretary.

PRESENT ALSO: Mr. Rounds, Deputy Governor of the Federal Reserve Bank of New York.

The Assistant Secretary stated that Mr. Rounds was present, at the suggestion of Governor Meyer, to discuss with the members of the Board the matter on which action was deferred at the meeting yesterday, namely, application of the Bank of Jamestown, Jamestown, New York, for permission, under one of its conditions of membership in the System, to absorb the Farmers and Mechanics Bank of Jamestown and the American National Bank of that City; approval of which is recommended by the Executive Committee of the Federal Reserve Bank of New York on condition that estimated losses agreed to by the officers of the Bank of Jamestown, aggregating \$1,236,000, be charged off and that any recoveries on account of charged off assets be set aside in a reserve account to be applied as the state examiner shall from time to time direct.

Mr. Rounds recited the conditions in Jamestown and vicinity and the negotiations which led up to the proposed merger. He was advised that the plan met objection in the Board on the ground, particularly, that it fails to provide for \$190,000 of the bond depreciation as of April 4, 1931, and \$100,000 of losses on loans set up by the examiner and that members of the Board feel that the balance of the bond depreciation, at least, should be charged against the undivided profits account of the merged bank which,

5/20/31

-2-

under the plan submitted, will amount to \$459,000. Mr. Rounds pointed out that the plan contemplates a real-estate charge off of \$146,000 not required by the examiner, and explained why, in his opinion, it would not be desirable to require further charge offs at this time. He stated, however, that he saw no objection to advising the Bank of Jamestown that, in the opinion of the Board, an additional \$190,000, covering bond depreciation, should be charged off against undivided profits incident to the merger and stated that he would take the matter up, over the telephone, with those in charge of the merger and advise them of the attitude of the Board. At his request, he was authorized to state that with the elimination of the additional \$190,000 of depreciation the Board would be disposed to approve the merger.

Mr. Rounds then left the meeting.

The Assistant Secretary presented the following matters which were considered and acted upon by the Board:

Matters informally noted with approval by the Executive Committee on May 19th, namely, telegrams dated May 19th from the Chairman of the Federal Reserve Banks of Atlanta and San Francisco and the Secretary of the Federal Reserve Bank of Minneapolis, advising of the extension of their effective minimum buying rate of 1% to cover bankers' acceptances maturing within 90 days, and the establishment of an effective repurchase rate of 1%; the telegram from the Chairman at San Francisco also requesting approval of a minimum authorized buying rate of 1%, which was informally approved by the Committee.

There being no objection, the informal action of the Committee was ratified.



5/20/31

Telegram dated May 20th from the Chairman of the Federal Reserve Bank of St. Louis, advising that the Board of Directors, at its meeting today, made no change in the bank's existing schedule of rates of discount and purchase, except to extend its effective minimum buying rate of 1% to cover bankers' acceptances maturing within 90 days.

Without objection, noted with approval.

Telegram dated May 20th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the Board of Directors, at its meeting today, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated May 12th from the Chairman of the Federal Reserve Bank of Minneapolis, advising that it was the consensus of opinion, at the meeting of the Board of Directors on that date that there was nothing in the general situation in that district which would justify a reduction in the discount rate of the bank and no change was made in the existing schedule of rates of discount and purchase.

The letter, having been previously circulated among the members of the Board, was, without objection, noted with approval.

Letter dated May 16th from the Federal Reserve Agent at Dallas reporting continued reserve deficiencies on the part of the Farmers National Bank at Cross Plains, Texas, from November 1, 1930, to April 30, 1931; the Federal Reserve Agent recommending, in view of the circumstances outlined by him, that the matter be referred to the Comptroller of the Currency with

5/20/31

-4-

406

a request that the bank's attention be called to the importance of its maintaining reserves in accordance with legal requirements.

Upon recommendation of the Committee on District No. 11, draft of letter to the Comptroller of the Currency, in accordance with the Federal Reserve Agent's recommendation, was approved and ordered transmitted.

Draft of letter, prepared in accordance with the action taken at the meeting of the Board yesterday, to Mr. F. R. Jones, Vice-President of the First National Bank in Sioux City, Iowa, advising that the Board is reluctant to grant unlimited authority for the exercise of trust powers to a newly organized national bank until the bank has been examined by the Comptroller of the Currency, but that the Board will consider at this time an application to administer any trusts which the First National Bank in Sioux City may desire to take over from the old First National Bank of Sioux City; the letter also stating that as soon as the new bank has been examined, the Federal Reserve Board will be glad to consider its application for the unlimited right to exercise the powers enumerated in Section 11(k) of the Federal Reserve Act.

Upon motion, the proposed letter was approved.

REPORTS OF STANDING COMMITTEES:

Dated, May 19th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

Dated, May 20th Recommending action on application for admission of a state bank, subject to the conditions stated in the report attached to the application, as set forth in the Auxiliary Minute Book of this date.  
Recommendation approved.

The meeting adjourned at 12:40 p. m.

E. W. Updegraff  
Assistant Secretary.

Approved:

A. P. Miller  
Member Executive Committee.



Reports of Standing Committee dated May 19, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Application for ADDITIONAL Stock:</u>	<u>Shares:</u>	
<u>District No. 4.</u> Provident Savings Bank & Trust Company, Cincinnati, Ohio.	222	222
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u> Columbus National Bank, Paterson, N. J. (Vol. Liq. Abs. by Second National Bank of Paterson)	165	165
<u>District No. 5.</u> First National Bank in Forest City, N. C. (Vol. Liq. Abs. by Union Trust Company, Shelby, N. C.)	33	33
<u>District No. 9.</u> First National Bank, Ivanhoe, Minn. (Insolvent) First National Bank, Scranton, N. Dak. (Vol. Liq. Abs. by Bank of Scranton)	21 <u>27</u>	48
<u>District No. 10.</u> First National Bank, Carthage, Mo. (Vol. Liq. Abs. by Central National Bank)	120	120
<u>District No. 11.</u> First National Bank, Winnfield, La. (Insolvent)	29	29
	<u>Total</u>	<u>395</u>

Report of Standing Committee dated May 20, recommending action on application for admission to membership by the following state institution, subject to the conditions stated in the report attached to the application.

<u>APPROVED:</u>	<u>Name</u>	<u>Shares</u>	<u>F. R. Bank</u>
	Sundance State Bank, Sundance, Wyoming.	24	Kansas City

*E. W. McClelland*  
Assistant Secretary.

Approved: *A. C. Miller*  
Member Executive Committee.