

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, May 27, 1931, at 11:30 a. m.

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

The Governor reported that Mr. Hoxton, Federal Reserve Agent at Richmond, is in Washington and has discussed with him and some of the other members of the Board, the question of participation by the Federal Reserve bank in the examination of the Baltimore Trust Company, which is to be made next week by State authorities. He said that the request of the Federal Reserve Agent for the designation of certain employees of the Richmond bank and Baltimore branch as special assistants to examiners was made in order that they might assist in a simultaneous examination of the Baltimore Trust Company and its nineteen branches, which the Federal Reserve bank considers desirable. He stated that the Maryland Banking Department is not permitted by law to levy an assessment against state banks sufficient to cover the additional expense incident to a simultaneous examination but that the actual out-of-pocket expense to the Federal Reserve bank would not, in the opinion of Mr. Hoxton, amount to more than \$250, which the Federal Reserve bank would like to absorb because of the fact that the simultaneous examination is being made at its suggestion.

At the conclusion of the discussion which followed, upon motion, it was voted to approve the designation as special assistants to examiners of the thirty employees of the Richmond bank and its Baltimore branch listed in the Federal Reserve Agent's letter of May 22nd and the Assistant Federal Reserve Agent's letter of May 23rd.

The minutes of the meetings of the Federal Reserve Board held on May 18th, 19th and 20th were approved.

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The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on May 21st and 22nd were approved, and, upon motion, the actions recorded therein were ratified.

The Assistant Secretary then presented various matters which were considered by the Board and acted upon as follows:

Application of Mr. John V. Hinchliffe, for permission to serve at the same time as director of the National Bank of America and as a director of the Citizens Trust Company, both of Paterson, New Jersey; the Assistant Federal Reserve Agent at New York recommending approval and stating that while the two banks are to a certain extent natural competitors, Mr. Hinchliffe is not an active officer of either institution.

Upon motion, it was voted to request the Federal Reserve Agent at New York to furnish the Board with additional information as to why the service of Mr. Hinchliffe on the boards of directors of the two banks concerned is not considered incompatible with the public interest.

Memorandum dated May 25th from the Chief Telegraph Operator, approved by the Assistant Secretary, requesting authority to employ a vacation relief telegraph operator for the months of July and August, at a salary of \$165 per month.

Upon motion, the authority requested was granted.

Letter dated May 20th from the Governor of the Federal Reserve Bank of New York, submitting a tabulation of the short-term indebtedness between New York City banks and bankers and foreign clients as of April 30, 1931.

The letter, having been previously circulated among the members of the Board, was noted.

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Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Chicago of employees for whom the directors approved leaves of absence with pay, on account of illness, during the period from April 24th to May 21st where the total of such absences since January 1, 1931 has exceeded thirty days; the Board's Committee recommending approval.

Approved.

Matter approved on initials on May 26th, namely, telegram to the Federal Reserve Agent at Chicago, advising, in reply to his wire, that the Board has no objection to his furnishing the President of the Fletcher Trust Company of Indianapolis, Indiana, with a copy of a report of the recent examination of the bank, made by examiners of the Federal Reserve Bank, excluding confidential sheets.

Formally approved.

It was also voted to request the Examiner in Charge to secure from the Federal Reserve Agent at Chicago, if readily available, copy of the report of examination above referred to, and to submit a summary thereof to the Board.

Matter approved on initials by the Executive Committee on May 25th, namely, reply to letter dated May 22nd from the Director of the Bureau of Engraving and Printing; the reply advising that the Federal Reserve Board will have no objection to the Bureau carrying over to the month of July, any, or all, of the 1,434,000 sheets of Federal Reserve notes which were scheduled for delivery during the month of June; the letter further stating that unless otherwise requested, the schedule of deliveries during July on the 1932 printing order will approximate 528,000 sheets and that approximately the same amount will be scheduled during the other eleven months of the fiscal year.

Formally approved.

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Draft of reply to letter dated May 18th from the Chairman of the Federal Reserve Bank of San Francisco, inquiring whether he is to understand from the Board's letter of May 14th that announcement of a change in the discount rate at the bank may be made at the close of business on the day on which action is taken by the directors whether or not advice of approval by the Federal Reserve Board has been received; the proposed reply referring to the Board's letter of August 22, 1924, (X-4140) setting forth rules and regulations governing announcements of rate changes, which are still in effect, and advising that in all cases of a change in the discount rate of the bank, it is necessary to defer any announcement until advice of the Board's action is received.

After some discussion, the proposed letter was amended and approved.

Letter dated May 21st from the Assistant Federal Reserve Agent at New York, replying to the Board's letter of May 15th requesting further information as to why the business contemplated by the Fiduciary Trust Company of New York makes it appropriate that it should be a member of the Federal Reserve System. The application of the Fiduciary Trust Company for membership in the Federal Reserve System and for 1,200 shares of stock in the Federal Reserve Bank of New York, on which action was deferred on May 15th, was considered in the light of the Assistant Federal Reserve Agent's letter and generally discussed.

At the conclusion of the discussion, the Assistant Secretary was instructed to communicate with the Federal Reserve Agent at New York and request him to advise Mr. Pierre Jay, Chairman of the Fiduciary Trust Company, that the Board would like to have him come to Washington on Thursday or Friday to discuss the matter with the Board.

REPORTS OF STANDING COMMITTEES:

Dated, May 25th Recommending changes in stock at Federal Reserve Banks,
26th as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

AUXILIARY MINUTES
(May 27, 1931.)

Reports of Standing Committee dated May 25 and 26, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares:</u>	
<u>District No. 4.</u>		
Delaware National Bank, Delaware, Ohio. (Vol. Liq. Suc. by Delaware County National Bank)	120	
Day and Night National Bank, Pikeville, Ky. (Vol. Liq. Abs. by Pikeville National Bank)	<u>72</u>	192
<u>District No. 5.</u>		
American National Bank, Asheville, N. C. (Insolvent)	150	150
<u>District No. 6.</u>		
Central National Bank and Trust Company, St. Petersburg, Fla. (Insolvent)	480	480
<u>District No. 7.</u>		
Commercial National Bank, Essex, Iowa. (Insolvent)	60	60
<u>District No. 9.</u>		
First National Bank, Tracy, Minn. (Insolvent)	41	41
<u>District No. 11.</u>		
First National Bank, Wills Point, Tex. (Cons. Van Zandt County National Bank, with the above bank)	39	
First National Bank, in Alvin, Texas. (Vol. Liq. Abs. by City National Bank, Galveston, Texas.)	17	
First National Bank, Hemphill, Tex. (Vol. Liq. Suc. by First National Bank in Hemphill, Tex.)	30	
First National Bank in Plainview, Tex. (Vol. Liq. Abs. by Plainview National Bank)	<u>120</u>	<u>206</u>
	Total	1129

Reports of Standing Committee dated May 26, recommending action on applications for fiduciary powers by the following banks:

APPROVED:

DISTRICT NO. 2.

NEW JERSEY:

The National Bank of Westfield, New Jersey. (3352)

APPROVED:

DISTRICT NO. 2. (Cont'd)

NEW YORK:

The Peoples-First National Bank of Hoosick Falls, N. Y.
(Confirmatory. Consolidation of The Peoples National Bank and the First National Bank.)

DISTRICT NO. 6.

GEORGIA:

Peoples First National Bank of Quitman, Georgia,
(Confirmatory. Consolidation of First National Bank and Peoples National Bank. Powers 1 to 8 inclusive.)

Report of Standing Committee dated May 26th, 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>
Mercantile Bank and Trust Company, New York, N. Y. (Approved if and when the company is authorized to begin business and has paid in capital of \$900,000 and surplus of \$600,000.)	900	New York

E. W. Callahan

Assistant Secretary.

Approved:

[Signature]
Governor.