

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, May 28, 1931, at 11:45 a. m.

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

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

Memorandum from Counsel dated May 18th, submitting draft of reply to letter dated March 27th from the Assistant Federal Reserve Agent at San Francisco inquiring whether it is necessary for the Federal Reserve Agent to follow up apparent violations of the provisions of the Clayton Anti-Trust Act shown by reports of examinations of national banks; the proposed reply advising that the Federal Reserve Board in each case checks the Comptroller's report against its own record, so that similar action by the Federal Reserve Agent is not necessary, although he should follow up any apparent violation discovered through sources other than reports of examinations of national banks; the proposed letter also stating that the Board desires the Federal Reserve Agent to check up, at least once each year, all private bankers and officers, directors, and employees of all banks in his district subject to the provisions of the Clayton Act and advise the Board of any violations.

Upon recommendation of the Law Committee, the proposed letter to the Assistant Federal Reserve Agent at San Francisco, and draft of a circular letter to all Federal Reserve Agents along the same lines, were approved and ordered transmitted.

Memorandum from Counsel dated May 19th, submitting draft of reply to letter dated May 11th from the Auditor of the International Acceptance Bank inquiring whether the recent ruling of the Board that it is necessary for a

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member bank to maintain reserves against liabilities arising from transactions whereby foreign currency is paid into an account maintained by the member bank with a foreign correspondent the amount being repayable by the member bank in foreign currency at a later date, is applicable to the International Acceptance Bank; the proposed reply advising that inasmuch as the institution under its agreement with the Board is not required to carry cash reserves against deposits abroad, the ruling does not apply.

Upon recommendation of the Law Committee, the proposed letter was approved.

Letter dated May 18th from the Federal Reserve Agent at Cleveland transmitting and recommending approval of a plan submitted by the Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania, for the elimination from its assets of the stock held by it in the Second National Bank of Allegheny, Pittsburgh and the First National Bank of Wilkinsburg, Pennsylvania; the plan contemplating the sale of the stock of the First National Bank of Wilkinsburg for cash and of that of the Second National Bank of Allegheny, Pittsburgh for cash and 3,000 shares of stock in the First National Bank at Pittsburgh, bringing the member bank's holdings in the latter institution up to a total of 27,254 shares, and that the bank continue to carry 25 shares in the Bank for International Settlements, acquired since its admission to membership, 1,543 shares in the Dormont Savings and Trust Company, 1,499 of which were owned at the time of admission, and 31 shares in the Union Trust Company of Pittsburgh, which were also owned at the time of admission. The proposed plan also pointed out that it is likely that within a reasonable time the Borough of Dormont will become a part of the City of Pittsburgh, in which event the Dormont Savings and Trust Company will be converted into a branch.

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After discussion, upon motion, it was voted to approve the plan submitted by the Peoples-Pittsburgh Trust Company.

Memorandum from Counsel dated May 19th, calling attention to the fact that it seems impossible to secure an effectual disposition by the Atlantic National Bank of Boston, Mass., of the stock held by it in the Atlantic Corporation, a state foreign banking corporation operating under agreement with the Federal Reserve Board; Counsel recommending that the bank be requested to have an officer, accompanied by the bank's Counsel, come to Washington for the purpose of discussing the matter with the Board.

After discussion, upon motion, the matter was referred to the Governor with power.

Memorandum dated May 27th from the Secretary of the System Committee on Bank Reserves, reporting the findings of the Committee with regard to the matter of assessing progressive penalties for deficiencies in member bank reserves, which was referred to the Committee at the meeting on May 4th, and recommending (a) that progressive penalty rates on continued deficiencies in member bank reserves be discontinued, and (b) that this be accomplished by cooperation between the Federal Reserve Board and the Federal Reserve banks without amendment to the Board's Regulations until the final report of the Committee is presented.

After a discussion as to the advisability of sending the Committee's report to the various Federal Reserve banks, it was voted not to transmit the report but to bring the matter informally to the attention of any of the Governors who may come to Washington.

The Assistant Secretary then stated that there are several matters in the formal minutes of the Governors' Conference, which were received and

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distributed among the members of the Board yesterday, which will require further consideration by the Board.

Upon motion, the Assistant Secretary was instructed to bring these matters up for consideration at the meeting tomorrow.

Memorandum dated May 25th from Mr. Magee, recommending the appointment of Mr. E. P. Brown, Arbor, Nebraska, as a Class C Director of the Federal Reserve Bank of Kansas City for the unexpired portion of the term ending December 31, 1933.

Upon motion by Mr. Magee, it was voted to appoint Mr. Brown as a Class C Director of the Federal Reserve Bank of Kansas City for the unexpired portion of the term named.

REPORTS OF STANDING COMMITTEES:

- Dated, May 27th
28th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
 Recommendations approved.
- Dated, May 22nd Recommending approval of the application of Mr. Joe L. Clift, for permission to serve at the same time as officer of the Yakima First National Bank of Yakima, Wash., and as director of the First National Bank of Wapato, Wash.
 Approved.
- Dated, May 22nd Recommending approval of the application of Mr. A. E. Larson, for permission to serve at the same time as director and officer of the Yakima First National Bank of Yakima, Wash., and as director of the First National Bank of Wapato, Wash.
 Approved.
- Dated, May 22nd Recommending approval of the application of Mr. R. M. Hardy, for permission to serve at the same time as director and officer of the Yakima First National Bank of Yakima, Wash., and as director and officer of the First National Bank of Wapato, Wash.
 Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

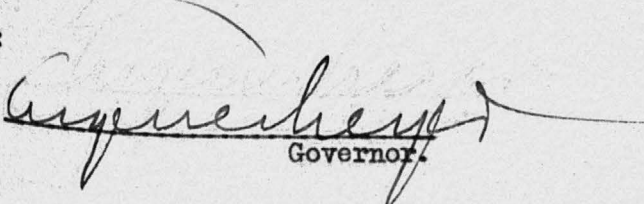
Dated, May 22nd Recommending approval of the application of Mr. George B. St. George, for permission to serve at the same time as director of the First National Bank of the City of New York, New York City, as director of the Marine Midland Trust Company of New York, New York City, and as director of the Tuxedo National Bank of Tuxedo, New York.

Approved.

The meeting adjourned at 12:40 p. m.


Assistant Secretary.

Approved:


Governor.

AUXILIARY MINUTES
(May 28, 1931.)

Reports of Standing Committee dated May 27th and 28th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Application for ORIGINAL Stock:</u>	<u>Shares:</u>	
<u>District No. 6.</u>		
First National Bank in Meridian, Meridian, Miss.	300	300
 <u>Application for SURRENDER of Stock:</u>		
<u>District No. 3.</u>		
Woodlynne National Bank, Woodlynne, N. J. (Insolvent)	42	42

E. W. McClelland
Assistant Secretary.

Approved:

Eugene Herbert
Governor.