

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, June 9, 1931, at 11:30 a. m.

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

The Governor presented a telegram dated June 9th from the Federal Reserve Agent at Chicago supplementing previous telephone advice with regard to the present unsettled banking situation in Chicago and outlining the steps being taken by the Federal Reserve bank to meet unusual demands for currency.

Noted.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board, held on May 25th, June 2nd and 3rd, were approved and, upon motion, the actions recorded therein were ratified.

The minutes of the meetings of the Federal Reserve Board held on May 27th, 28th and 29th were also approved.

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

Letter dated June 4th from the Secretary of the Federal Reserve Bank of New York and telegrams dated June 5th from the Chairman of the Federal Reserve Bank of Chicago and June 8th from the Secretary of the Federal Reserve Bank of Minneapolis, all advising that at meetings of their Boards of Directors on the dates stated (Executive Committee at Chicago), no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated June 4th from the Secretary of the Federal Reserve Bank of Boston, advising that in order to avoid conflict with other events the

6/9/31

-2-

next regular meeting of the Board of Directors of the bank will be held on Wednesday, June 24th instead of Wednesday, June 17th.

Noted.

Matter approved on initials by the Executive Committee on June 8th, namely, telegram dated June 6th from the Assistant Federal Reserve Agent at Chicago, requesting approval of the temporary designation of Mr. H. B. Tesmer, an employee of the bank, as an assistant examiner for examination work to be conducted in Indiana during the week of June 8th.

Formally approved.

Report of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston, Cleveland and Minneapolis of employees for whom the directors approved leaves of absence with pay on account of illness during the month of May 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 June 6th from the Federal Reserve Agent at Philadelphia, reporting continued deficiencies during the past six months in the required reserves of the First National Bank of Ocean City, N. J., and recommending, because of the circumstances outlined in his letter, that no action be taken looking to the forfeiture of the charter of the bank.

Upon recommendation of the Committee on District No. 3, draft of letter to the Federal Reserve Agent at Philadelphia, advising that no action will be taken on the matter at this time other than to transmit a copy of the letter to the Comptroller of the Currency for his information, and draft of letter to the Comptroller of the Currency in accordance therewith, were approved and ordered transmitted.

6/9/31

-3-

Letter dated June 6th from the Federal Reserve Agent at St. Louis, reporting continuous deficiencies from September 15, 1930 to April 15, 1931, in the required reserves of the First National Bank of Mound City, Illinois; the Federal Reserve Agent recommending, for reasons stated, that no action be taken on the matter at this time.

Upon recommendation of the Committee on District No. 8, draft of letter to the Federal Reserve Agent at St. Louis, advising that no action will be taken at the present time other than to transmit a copy of his letter to the Comptroller of the Currency, and draft of letter to the Comptroller of the Currency in accordance therewith, were approved and ordered transmitted.

Letter dated June 3rd from the Chairman of the Federal Reserve Bank of Minneapolis, advising of the election on that date of Mr. H. R. Kibbee, President of the Commercial Trust and Savings Bank of Mitchell, S. D., as a Class A Director of the Federal Reserve Bank for the unexpired portion of the term ending December 31, 1932, to succeed Mr. John C. Bassett, deceased.

Noted.

Letter dated June 6th from the Chairman of the Federal Reserve Bank of Dallas, advising of the appointment on June 4th of Mr. John A. Wilkins, President of the State National Bank of Houston, Texas, as a Director of the Houston Branch for the unexpired portion of the term ending December 31, 1931, to succeed Mr. Guy M. Bryan, resigned.

Noted.

Memorandum from Counsel dated June 9th submitting, in accordance with the action taken at the meeting on June 5th, draft of letter to the Federal International Banking Corporation, New York, N. Y., requesting the corporation to advise whether it or any one associated with it, assisted in the preparation

6/9/31

-4-

of the circular letter sent out by Schenkers, Inc., of New York City, under date of May 20, 1931, or authorized or approved the issuance of any such circular; the proposed letter also stating that if such action were taken a full explanation will be expected.

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

Letter dated June 4th from the Federal Reserve Agent at St. Louis, with regard to a loan in the amount of approximately \$50,000 made by the National Bank of Kentucky, Louisville, Kentucky, to Mr. William P. Kincheloe, Managing Director of the Louisville Branch.

Ordered circulated.

Telegram dated June 6th from the Governor of the Federal Reserve Bank of New York, advising that on that date the credit arrangement with the Austrian National Bank was used to the extent of a further \$5,628,000, bringing the drawings outstanding up to the maximum amount of the credit arrangement; also that the Federal Reserve banks' share in the additional credit is approximately \$433,000, which is being carried in the account of the New York bank in accordance with the procedure previously reported to the Board.

Noted.

At this point Mr. Wyatt, General Counsel, and Mr. Wingfield, Assistant Counsel, joined the meeting.

Memorandum from Counsel dated June 4th with regard to a suit filed against the Federal Reserve Bank of Philadelphia for damages in the sum of \$250,000 for an alleged libel against the Citizens-Floyd Bank and Trust Company of Rome, Georgia; Counsel stating that the par list of June 1, 1930, showed the bank as having withdrawn from the par list; that a clerk in the Transit Department of the Federal Reserve bank misunderstood the significance

8/9/31

-5-

of the statement that the bank had withdrawn, and returned four checks on the bank with a statement that it was closed; that these checks were returned to the drawers through the usual channels as dishonored but were later presented for payment through other channels and paid; and that it is alleged that the return of these checks to depositors in the bank with the statement that the bank was closed caused the circulation of rumors which resulted in a slow and quiet run on the bank which was forced to close on November 13, 1930. In his memorandum Counsel also called attention to a statement of the Counsel for the Philadelphia bank that the Citizens-Floyd Bank and Trust Company was in bad condition prior to June 1, 1930, and that its insolvency actually resulted from the accumulation of bad assets.

After discussion, upon motion, Counsel was instructed to prepare draft of a letter to the Federal Reserve Agent at Philadelphia requesting a detailed report on the incident which gave rise to the suit.

Mr. W. H. Dillistin, Assistant Federal Reserve Agent at New York, was then called into the meeting and he discussed with the Board at some length its policy with regard to approval of applications under the Clayton Act for permission to serve at the same time as an officer and/or director of two or more banks.

Mr. Dillistin also referred to the Board's letter of May 28, 1931, (X-6901) on the subject of enforcement of provisions of the Clayton Anti-Trust Act, and stated that there is a question in his mind as to how the Federal Reserve Agent's department should make the yearly check-up requested in the Board's letter, of violations of the Act by private bankers and officers, directors and employees of all banks in his district.

6/9/31

-6-

After a discussion, the subject of the Board's letter was referred back to the Law Committee for further consideration and report.

REPORTS OF STANDING COMMITTEES:

- Dated, June 5th Recommending changes in stock at Federal Reserve Banks,
6th as set forth in the Auxiliary Minute Book of this date.
8th Recommendations approved.
- Dated, June 4th Recommending action on application for fiduciary powers,
as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, March 15th Recommending approval of the application of Mr. David M. Anderson, for permission to serve at the same time as director of the Watertown National Bank of Watertown, New York, and as director and officer of the Northern New York Trust Company of Watertown, New York.
Approved.
- Dated, May 15th Recommending approval of the application of Mr. John W. Carpenter, for permission to serve at the same time as director of the First National Bank in Dallas, Dallas, Texas, and as director of the Mercantile Bank and Trust Company of Texas, Dallas, Texas.
Approved.

The meeting adjourned at 12:40 p. m.

E. W. Ull Cleveland
Assistant Secretary.

Approved:

C. W. Ull Cleveland
Governor.

AUXILIARY MINUTES
(June 9, 1931.)

470

Reports of Standing Committee dated June 5, 6 and 8, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares:</u>	
<u>District No. 6.</u>		
First National Bank in Gulfport, Gulfport, Miss.	288	288
<u>District No. 11.</u>		
First National Bank in Smithville, Smithville, Texas.	15	
First National Bank in Blooming Grove, Blooming Grove, Texas.	23	38
	<u>Total</u>	<u>326</u>
<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 12.</u>		
First National Bank, Bellflower, Calif.	1	
First National Bank, Linton, Ore.	1	
First Greenwood National Bank, Greenwood, Wash.	3	
	<u>Total</u>	<u>5</u>
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 4.</u>		
Farmers National Bank, Hickory, Pa. (Insolvent)	79	79
<u>District No. 7.</u>		
First National Bank & Trust Company, Paris, Ill. (Insolvent)	210	210
<u>District No. 10.</u>		
Commercial National Bank, Salida, Colo.	36	36
<u>District No. 11.</u>		
Dallas National Bank, Dallas, Tex. (Vol. Liq. Abs. by Dallas State Bank & Trust Company)	360	360
<u>District No. 12.</u>		
First National Bank, Terra Bella, Calif. (Insolvent)	30	30
	<u>Total</u>	<u>715</u>

Report of Standing Committee dated June 4, recommending action on application for fiduciary powers by the following bank:

APPROVED:

DISTRICT NO. 5.

WEST VIRGINIA:

McDowell County National Bank in Welch, W. Va. (3338)

C. W. Hill Cleveland

Assistant Secretary.

Approved:

Raymerberg
Governor.