

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, June 19, 1931, at 10:30 a. m.

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

The Governor reported briefly the items of interest which had come to his attention with regard to the European situation and with reference to banking conditions in certain sections of the United States.

The minutes of the meetings of the Federal Reserve Board held on June 10 and 11 were approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on June 12 were also approved, and upon motion, the actions recorded therein were ratified.

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

Telegrams dated June 18 from the Secretary of the Federal Reserve Bank of Kansas City and the Chairman of the Federal Reserve Bank of San Francisco, advising that their directors, at meetings on that date, made no change in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated June 18 from the Secretary of the Federal Reserve Bank of New York, advising that at the meeting of the directors on that date no change was made in the bank's existing schedule of rates of discount and purchase, but that it was voted to request the Federal Reserve Board to reduce to  $3/4\%$  the rate established by it as the minimum authorized buying rate for the purchase of bankers' acceptances by the bank.

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After some discussion, action on the request of the directors of the Federal Reserve Bank of New York was deferred.

Letters dated June 18 from the Governor of the Federal Reserve Bank of New York, (1) requesting approval of the payment of salary to Mr. Carl Snyder, General Statistician, during a leave of absence of two months, beginning about July 15, granted to him by the directors because of poor health, and (2) submitting a recommendation of the directors that Mr. J. H. Case, Federal Reserve Agent, who has been advised by his physicians to remain away from the office until after Labor Day, be granted a leave of absence with full pay until September 8.

Upon motion, it was voted to approve the payment of salary to Mr. Snyder during the leave of absence granted, and to approve a leave of absence to September 8 with full pay for Mr. Case.

Memorandum dated June 18 from the Chief of the Division of Bank Operations, submitting statements showing the expenditures of Federal Reserve banks for educational and welfare work, etc., during the month of May and for the five-months period ending May 31, 1931.

Ordered circulated.

Memorandum from Counsel dated June 16 on letter dated June 12 from the Federal Reserve Agent at St. Louis, transmitting a request from Messrs. Buder and Buder, attorneys for the Scruggs, Vandervoort and Barney Bank of St. Louis, for assistance in obtaining certain information from the files of the Department of Justice for use in a civil suit which has been brought against the bank. In his memorandum Counsel stated that a similar request made by the member bank directly to the Department of Justice has been refused, that this is a matter wholly within the jurisdiction of the Department

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of Justice, and there seems to be no sound reason why the Federal Reserve Board should use its official position or influence to intercede in the matter.

Upon recommendation of the Law Committee, draft of letter to Messrs. Buder and Buder, submitted with Counsel's memorandum, advising that the Board does not feel it can comply with their request, was approved and ordered transmitted.

Memorandum from Counsel dated May 19 submitting, in accordance with the action taken at the meeting yesterday, redrafted letters, to the President of the Mercantile-Commerce Bank and Trust Company and to the Lafayette-South Side Bank and Trust Company, both of St. Louis; the letter to the President of the Mercantile-Commerce Bank and Trust Company advising that the Federal Reserve Board would like to discuss with him the matter of the ownership by the trust company of the stock of the Mercantile-Commerce National Bank and requesting him to advise the Board if he expects to be in Washington in the near future; the letter to the Lafayette-South Side Bank and Trust Company stating that the Board has been informed that it owns all of the stock, except directors' qualifying shares, of the South Side National Bank, inquiring whether this information is correct, and calling attention to the condition of membership accepted by the bank that except after applying for and receiving permission of the Board it would not acquire an interest in any other bank or trust company through the purchase of stock in such other bank or trust company. With his memorandum Counsel also submitted draft of letter to the Federal Reserve Agent at St. Louis enclosing copies of the two letters referred to above and requesting that he advise whether the ownership by the Lafayette-South Side Bank and Trust Company of stock of the South Side National Bank was disclosed by any report of examination of either institution or was otherwise known to the Federal Reserve bank, and if so, why the matter was not reported to the Board.

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After discussion, upon recommendation of the Law Committee, the proposed letters were approved and ordered transmitted.

Draft of letter to the Secretary of the Governors' Conference, advising of the action which has been taken by the Board in connection with certain of the topics discussed at the Governors' Conference held in Washington on April 27-29, 1931.

Upon motion, the proposed letter was approved and a copy ordered transmitted to the Governors of all Federal Reserve banks for their information.

Draft of letter to all Federal Reserve Agents, advising that the Board has adopted the suggested policy of requiring that at the time of admission of a state bank or trust company to membership in the Federal Reserve System, it shall be free from all known losses and depreciation, so that on the date its membership becomes effective, its statement will reflect as nearly as possible the value of its assets; the letter requesting that this action of the Board be brought to the attention of the bank's committees of directors which pass on applications, in order that they may be governed accordingly in making their recommendations to the Federal Reserve Board on applications received in the future.

Upon motion, the proposed letter was approved and ordered transmitted.

REPORTS OF STANDING COMMITTEES:

- Dated, June 18th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
19th Recommendations approved.
- Dated, June 18th Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Recommendation approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

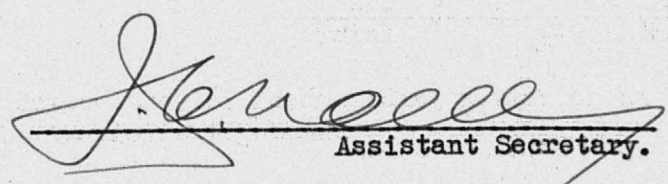
Dated, June 17th    Recommending approval of the application of Mr. Louis R. Davidson, for permission to serve at the same time as director of The Marine Trust Company of Buffalo, Buffalo, New York, and as director of the First National Bank of Beaver Falls, Pennsylvania.

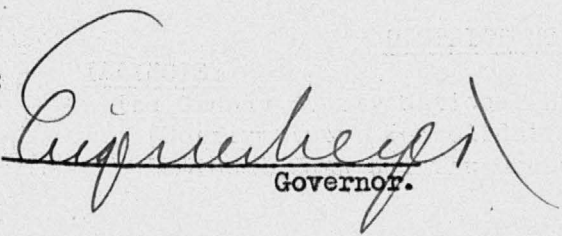
Approved.

Dated, June 17th    Recommending approval of the application of Mr. N. Holman, for permission to serve at the same time as director and officer of the Liberty National Bank of Oklahoma City, Oklahoma, as officer and director of the First National Bank of Guthrie, Oklahoma, and as director of the First National Bank of McAlester, Oklahoma.

Approved.

The meeting adjourned at 11:30 a. m.

  
Assistant Secretary.

Approved:   
Governor.

AUXILIARY MINUTES  
(June 19, 1931)

Reports of Standing Committee dated June 18 and 19, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares:</u>	
<u>District No. 2.</u>		
Savona National Bank, Savona, N. Y. (Insolvent)	18	18
<u>District No. 4.</u>		
First National Bank, Rockford, Ohio. (Vol. Liq. Abs. by Rockford National Bank)	51	51
<u>District No. 7.</u>		
First National Bank, Brazil, Ind. (Vol. Liq. Abs. by Riddell National Bank, Brazil.)	90	90
<u>District No. 12.</u>		
First National Bank, Ventura, Calif. (Vol. Liq. Abs. by Bank of America of Calif.)	228	228
	Total	387

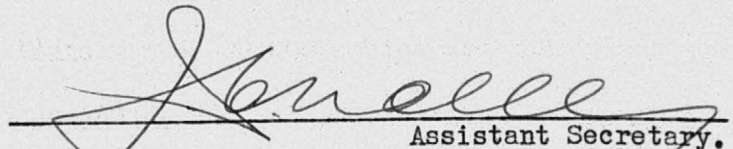
Report of Standing Committee dated June 18, recommending action on an application for fiduciary powers by the following bank:

APPROVED:

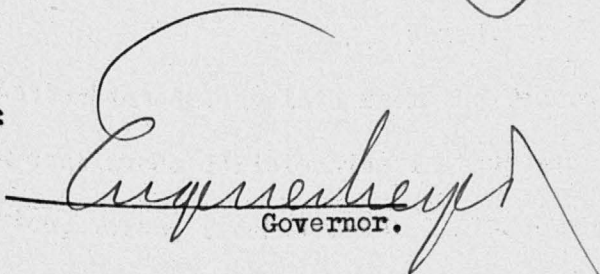
DISTRICT NO. 7.

ILLINOIS:

The Grundy County National Bank of Morris, Illinois.  
(Confirmatory. Consolidation of Farmers & Merchants  
National Bank and The Grundy County National Bank)

  
Assistant Secretary.

Approved:

  
Governor.