

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, June 25, 1931, at 11:30 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:

Telegram dated June 24th from the Chairman of the Federal Reserve Bank of Boston advising that the Board of Directors, at its meeting on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated June 23rd from Deputy Governor Crane of the Federal Reserve Bank of New York submitting copies of memoranda of agreement between the Federal Reserve Bank of New York and the Bank for International Settlements and between the Bank for International Settlements and the Austrian National Bank, covering the credit arrangement with the Austrian National Bank which became effective on May 30th.

The letter and enclosures, having been previously circulated among the members of the Board, were noted.

Telegram dated June 24th from the Governor of the Federal Reserve Bank of New York, advising that the \$100,000,000 credit to the German Reichsbank has been participated in by the Bank of England, the Bank of France, the Bank for International Settlements and the Federal Reserve Bank of New York in equal amounts of \$25,000,000 each and that participation in

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the portion of the credit taken by the Federal Reserve Bank of New York has been offered to the other Federal Reserve banks.

Noted.

Memorandum from Counsel dated June 24th submitting, (1) draft of letter to the Cashier of the National Bank and Trust Company, Chariton, Iowa, advising that after a careful investigation, the Board is convinced that no one representing the Board or Comptroller of the Currency intended to, or did, give any assurance to the bank at the time of its organization that it would be granted full trust powers; that if a misunderstanding arose from statements made to the Cashier over the telephone by the Assistant Federal Reserve Agent at Chicago, such misunderstanding is to be regretted but cannot control the action of the Board; and that the application of the National Bank and Trust Company of Chariton for full trust powers will be reconsidered by the Board after the receipt of the report of the next examination of the bank; (2) draft of letter to the Comptroller of the Currency stating that the misunderstanding in this case originated from the fact that his office approved for the bank a title including the words "Trust Company" before the bank's application for trust powers had been acted upon by the Federal Reserve Board and the bank interpreted the approval of such title as an assurance that it would be granted full trust powers; the letter also stating that it would be appreciated if in the future his office would not approve of the words "Trust Company" in the title of a national bank until the right to exercise trust powers has been granted by the Board; (3) letter to the Federal Reserve Agent at Chicago, transmitting a copy of the proposed letter to the Cashier of the National Bank and Trust Company of Chariton.

In his memorandum Counsel also recommended that in order to avoid similar misunderstandings in the future, the Board advise national banks

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directly of its action on their applications for trust powers and send copies of these letters of advice to the Federal Reserve Agents for their information, rather than to follow the present practice of advising the Federal Reserve Agents and relying upon them to transmit the information to the applicant banks.

Upon motion, Counsel's recommendation and the letters submitted with his memorandum were approved.

Memorandum from Counsel dated June 13th on letter dated June 12th from the Federal Reserve Agent at Philadelphia submitting, in accordance with the Board's letter of June 10th, detailed information as to how the mistake occurred out of which arose the libel suit of the Citizens-Floyd Bank and Trust Company of Rome, Georgia, against the Philadelphia bank; Counsel suggesting that it may be advisable to have the Division of Bank Operations inquire into certain questions set forth in his memorandum concerning the handling at Federal Reserve banks of checks on closed banks and the wording of the Board's par list.

After discussion, upon motion, it was voted to refer the matter to the Chief of the Division of Bank Operations for study and report to the Board.

Matter on which action was deferred at the meeting on June 19th, namely, request from the Federal Reserve Bank of New York that the Board reduce to $3/4\%$ the rate established by it as the minimum buying rate for the purchase of bankers' acceptances by the New York bank. Discussion was had with regard to the advisability of a further reduction in the minimum authorized buying rate, but no action was taken.

Letter dated June 22nd from the Federal Reserve Agent at Dallas, submitting an inquiry from Messrs. Sanger Bros., as to whether the reserve bank

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would have any objection to the publication in a chart to be issued by the "Dallas Better Business Bureau" of certain statistics on department store collections printed in the monthly bulletins issued by the various Federal Reserve banks; the Federal Reserve Agent raising a question as to the propriety and wisdom of the proposed publication, which is for the apparent purpose of bringing pressure to bear upon the people of Dallas to pay their department store bills more promptly, and requesting an expression of the Board's views.

After discussion, upon motion, it was voted to refer the letter to the Director of the Division of Research and Statistics for his opinion, advising him that the Federal Reserve Board feels that the proposed use of the statistics, which have been made public information, is not a matter either for the approval or disapproval of the Federal Reserve Bank or Federal Reserve Board.

REPORTS OF STANDING COMMITTEES:

Dated, June 24th Recommending changes in stock at Federal Reserve Banks,
25th as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

The meeting adjourned at 12:00 noon.

E. W. McClelland
Assistant Secretary.

Approved:

Eugene C. Meyer
Governor.

AUXILIARY MINUTES
(June 25, 1931)

Reports of Standing Committee dated June 24th and 25th, 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> | | |
| American Union Bank, New York, N. Y. (Reduction in capital and surplus) | 750 | 750 |
| <u>District No. 9.</u> | | |
| First National Bank & Trust Co., Helena, Mont. (Cons. of American National Bank, National Bank of Montana and Montana Trust & Savings Bank) | 135 | 135 |
| | <u>Total</u> | <u>885</u> |

E. W. McClelland
Assistant Secretary.

Approved:

W. W. [Signature]
Governor.