

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 7, 1931, at 11:45 a. m.

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

The Assistant Secretary reported that the Comptroller of the Currency on July 6th issued a call on all national banks for reports of condition as of June 30, 1931, and in accordance with the usual practice, a call had been made on behalf of the Federal Reserve Board, on all state member banks for reports of condition as of the same date.

Upon motion, the call made on behalf of the Board was formally ratified.

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

Telegram dated July 3rd from the Federal Reserve Agent at Chicago with regard to the fiduciary application of the First National Bank in Sioux City, Iowa, which was considered at the meeting of the Board on July 2nd; the Federal Reserve Agent stating the Executive Committee of the bank had amended their previous action on the application and had voted to recommend the granting of limited trust powers restricted to such trust accounts as may be taken over from the First National Bank of Sioux City, powers as to any new business to await an examination and further experience of the new organization.

After discussion, upon motion, it was voted to grant the First National Bank in Sioux City, Iowa, permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds and guardian of estates only in the specific trusts in which the First National Bank of Sioux City, Iowa, had been appointed and was acting on the 8th day of December, 1930, the

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date upon which the Comptroller of the Currency appointed a Receiver for the First National Bank of Sioux City.

It was also voted to defer action on the application for full trust powers until a report of examination of the applicant bank is available.

Letter dated July 2nd from the Secretary of the Federal Reserve Bank of New York, 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, it being noted that action has been deferred by the Board on the request of the directors of the New York bank that the Board reduce to  $3/4\%$  the rate established by it as the minimum authorized buying rate for the purchase of bankers' acceptances by the bank.

Without objection, noted with approval.

Telegrams dated July 2nd from the Secretary of the Federal Reserve Bank of Kansas City and the Chairman of the Federal Reserve Bank of San Francisco and July 7th from the Chairman of the Federal Reserve Bank of Dallas, all advising that at meetings of their Boards of Directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated July 3rd from the Treasurer of the United States, advising that his office received no applications from national banks for the sale of bonds under Section 18 of the Federal Reserve Act during the quarter ended June 30, 1931.

Noted.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of New York, Philadelphia and Dallas of employees for whom the directors approved leaves of absence with pay on account of

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illness during the month of June 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.

Renewal bond in the amount of \$50,000 executed under date of July 1st by Mr. S. G. Sargent as Assistant Federal Reserve Agent at San Francisco.

Approved.

Letter dated July 1st from the Federal Reserve Agent at St. Louis stating that if it is agreeable with the Board he would like to tentatively apply for a vacation beginning August 6th.

Upon recommendation of Mr. James, as Chairman of the Committee on District No. 8, it was voted to advise Mr. Wood that the vacation plans outlined in his letter are agreeable to the Board.

Draft of reply, prepared by the Director of the Division of Research and Statistics in accordance with the action taken at the meeting on June 25th, to letter dated June 22nd from the Federal Reserve Agent at Dallas with regard to the publication by the "Dallas Better Business Bureau" of certain statistics on department store collections; the proposed reply advising that the Federal Reserve Board is of the opinion that there is no necessity for the Board or the Federal Reserve Bank of Dallas either to approve or disapprove the use of the statistics in the manner proposed, inasmuch as the data have already been published and are more or less public property.

Amended and approved.

Letter dated July 3rd from the Governor the Federal Reserve Bank of New York, advising that the credit to the Reichsbank has been drawn on in the further amount of \$44,000,000, bringing the total up to \$92,000,000, and the Federal Reserve System's participation to \$23,000,000.

Noted.

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Draft of reply to letters dated June 16th and 24th from the Assistant Federal Reserve Agent at Chicago with regard to the unsatisfactory condition of the Gilbert Savings Bank, Gilbert, Iowa, and inquiring if it would meet with the approval of the Board, in case a contemplated absorption of the member bank does not materialize, to have a representative of the Federal Reserve Bank call upon the member bank and suggest that it voluntarily withdraw from membership in the System; the proposed reply requesting that the matter be submitted to the Board of Directors of the Chicago bank for its recommendation to the Board.

After a discussion the proposed letter was amended and approved.

Letter dated July 6th from the Attorneys of the Chase Bank, a corporation organized under Section 25(a) of the Federal Reserve Act, advising of a plan to take over the assets and business of the Equitable Eastern Banking Corporation, a state foreign banking corporation organized under the laws of New York, and to establish branches of the former at Shanghai, Hongkong and Tientsin, China, where the Equitable Eastern Banking Corporation now has branches; the letter requesting approval of the establishment of branches at the points named and also of certain directors, officers or employees of the Chase National Bank serving as directors, officers or employees of the Chase Bank.

After some discussion it was voted to refer the letter to the Federal Reserve Bank of New York for recommendation to the Board.

Letter dated June 30th from the Federal Reserve Agent at Chicago, with regard to membership in the Federal Reserve System for "The Central Republic Bank and Trust Company," which will be formed through the consolidation, on or about July 24th, of the assets of the Central Trust Company, the National Bank of the Republic and the Chicago Trust Company, all of Chicago, Illinois;

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the Federal Reserve Agent stating that he believes it desirable that prompt action be taken in order to avoid possible embarrassment in the local situation and inquiring whether the application for membership can be approved by the Board by wire after receiving information that the necessary papers have been filed.

After discussion, upon motion, draft of telegram to the Federal Reserve Agent at Chicago requesting the most recent reports of examination of the Central Trust Company and the Chicago Trust Company and such supplementary data as can be obtained without formal examination as will inform the Board of the approximate condition of the consolidated institution, its organization and management, was approved and ordered transmitted.

The Governor then presented the following telegram dated July 2nd which was received by the Board on that date from the Governor of the Federal Reserve Bank of New York:

"Referring to my telephone conversation this afternoon with you and Mr. Mills our directors at their meeting today (Quote) voted to authorize the officers of the bank in their discretion, if requested, and subject to the approval of the Federal Reserve Board, either (a) to arrange to make a deposit of not to exceed \$10,000,000 for not more than one year in the bank for International Settlements, to be used by the bank for International Settlements as they may arrange in granting accommodation in central European countries, the Bank for International Settlements in such case to continue liable to the Federal Reserve Bank for the deposit, or (b) to arrange through the Bank for International Settlements for a period not exceeding one year for the purchase of not exceeding the equivalent of \$10,000,000 of prime commercial bills endorsed or guaranteed by central European banks of issue.

"This action was predicated upon the condition that the Bank of England and the Bank of France would each participate in an amount not less than the participation of the Federal Reserve Bank. It was understood by the Directors that with respect to the authority granted in paragraph (b) at least two of the directors would be consulted as to the particular amount which the officers might arrange to be employed in any individual central European country (end quote) we would very much appreciate advice as to whether or not the Federal Reserve Board approves of the above action of our directors."

The matter referred to in Governor Harrison's telegram was discussed, but no action was taken.

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Governor Meyer reported that while he was in New York yesterday he was informed by Governor Harrison of the Federal Reserve Bank of New York, that the latter had communicated with the members of the Executive Committee of the Open Market Policy Conference, with the exception of Governor Young of the Federal Reserve Bank of Boston who is away from the bank, and that it had been agreed to proceed with the purchase of an additional \$50,000,000 of Government securities for System account and, accordingly, \$20,000,000 had been purchased for delivery this week, which, with the \$10,000,000 purchased last Friday, will slightly more than offset a reduction of \$25,000,000 effected in the holdings of the San Francisco Bank by the resale of securities temporarily taken over from a member bank.

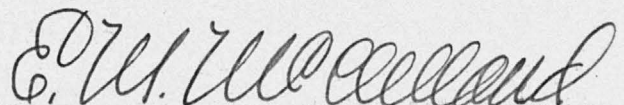
The Assistant Secretary then referred to the matter which, on June 30th had been made special order of business for the meeting this morning, namely, the question of the ownership of stock in the Mercantile-Commerce National Bank by the Mercantile-Commerce Bank and Trust Company of St. Louis.

Mr. Hamlin stated that he is preparing a memorandum on certain legal phases of this matter and after some discussion action was deferred.

REPORTS OF STANDING COMMITTEES:

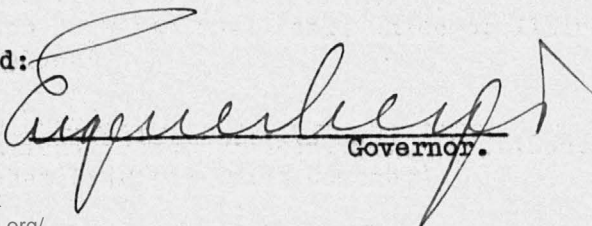
Dated, July 2nd Recommending changes in stock at Federal Reserve Banks,  
3rd as set forth in the Auxiliary Minute Book of this date.  
6th Recommendations approved.  
7th

The meeting adjourned at 1:00 p. m.



Assistant Secretary.

Approved:



Governor.

AUXILIARY MINUTES  
(July 7, 1931.)

(Executive  
Committee)

Reports of Standing Committee dated July 2nd, 3rd, 6th and 7th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
First National Bank, Glen Cove, N. Y.	60	60
<u>District No. 3.</u>		
First National Bank, Bakerton, Pa.	12	
Montgomery National Bank, Norristown, Pa.	<u>60</u>	72
<u>District No. 4.</u>		
Pikeville National Bank, Pikeville, Ky.	15	15
<u>District No. 7.</u>		
National Fowler Bank, Lafayette, Ind.	60	60
<u>District No. 11.</u>		
Kilgore National Bank, Kilgore, Texas.	16	16
<u>District No. 12.</u>		
Security National Bank, Pasadena, Calif.	6	6
	<u>Total</u>	<u>229</u>
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
Long Island National Bank, New York, N. Y. (V.L. Abs. by National City Bank of New York)	198	198
<u>District No. 3.</u>		
Mahaffey National Bank, Mahaffey, Pa. (Insolvent)	60	
Overbrook National Bank, Philadelphia, Penna. (Insolvent)	<u>402</u>	462
<u>District No. 4.</u>		
Monongahela National Bank, Brownsville, Pa. (Insolvent)	420	420
<u>District No. 7.</u>		
First National Bank, Whitewater, Wisc. (V.L.Abs. by Citizens State Bank)	72	
First National Bank, Clarence, Iowa. (V.L.Abs. by the Clarence Savings Bank)	24	
Alpena National Bank, Alpena, Mich. (V.L.Abs. by Alpena Trust & Savings Bank)	120	
Washington Park National Bank, Chicago, Illinois. (Insolvent)	<u>600</u>	816
<u>District No. 8.</u>		
First National Bank, McGehee, Ark. (V.L.Suc. by McGehee Bank and Trust Company)	68	68

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 9.</u>		
Iron National Bank, Ironwood, Mich. (Insolvent)	78	78
<u>District No. 11.</u>		
Forney State Bank, Forney, Texas. (Decrease in surplus)	18	18
	<u>Total</u>	<u>1,060</u>

*E. W. Woodland*  
Assistant Secretary.

Approved:

*E. J. Guenther*  
Governor.