

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 14, 1931, at 11:30 a. m.

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

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on July 7th were approved, and upon motion, the actions recorded therein were ratified.

The minutes of the meeting of the Federal Reserve Board held on July 8th were also approved.

Following approval of the fiduciary application recorded in the auxiliary minutes of this meeting, a discussion was had with regard to the efficiency of the administration of trust departments of national banks.

At the conclusion of the discussion, it was voted to request the Comptroller of the Currency to furnish the Board with a report, based on a study of the reports of examination of the trust departments of national banks, as to the manner in which these departments are being managed, including recommendations and suggestions as to steps which could be taken to improve the standard of administration of trust accounts, with an expression of opinion as to whether the Board could be of assistance in this direction through the promulgation of regulations or the imposition of conditions at the time trust powers are granted to individual banks.

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

Renewal bonds, each in the amount of \$50,000, executed under date of July 8, 1931, by Messrs. J. B. Anderson and W. H. Fletcher as Assistant

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Federal Reserve Agents at Cleveland.

Approved.

Telegram dated July 13th from the Governor of the Federal Reserve Bank of New York, confirming telephone advice to the Governor of the Board of the action of the Directors of the New York Bank in voting, subject to the approval of the Federal Reserve Board, to authorize the officers to arrange for the renewal, for a period not exceeding three months from July 16th, of the Bank's participation for \$25,000,000 in the credit of \$100,000,000 to the Reichsbank which matures on that date, provided the other participants shall also agree to renew for a similar period.

Noted.

Draft of letter to the Federal Reserve Agent at Chicago, approved by the Committee on District No. 7, outlining the procedure to be followed in the matter of the application for membership in the Federal Reserve System which is to be made on behalf of "The Central Republic Bank and Trust Company" of Chicago which will be formed on or about July 24th by the consolidation of the assets of the National Bank of the Republic, the Chicago Trust Company, and the Central Trust Company of Illinois, all of Chicago.

Upon motion, the proposed letter was approved.

Draft of reply, approved by the Executive Committee, to letter dated July 7th from the Federal Reserve Agent at Philadelphia with regard to the reporting by State member banks of "Federal reserve funds bought"; the proposed reply stating that the condition reports submitted to the Board by State member banks are not required by law or by the Board's regulations to be made public, and so far as the reports submitted to the Federal Reserve Board are concerned, there is no objection to the banks showing "Federal reserve funds

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bought" separately in one of the schedules, provided it is shown opposite item 25 on the face of the report.

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

Memorandum from Counsel, dated July 7th, on letter dated June 30th from the Federal Reserve Agent at San Francisco inquiring whether service as director of the Banca d'America e d'Italia, Milan, Italy, comes under the prohibitions of the Clayton Act; Counsel submitting draft of telegraphic reply advising that inasmuch as the bank referred to is not organized under the laws of the United States or any State, and has no branches or agencies in the United States, the institution does not come within the provisions of the Clayton Act applicable to interlocking bank directorates.

Upon motion, the proposed telegram was approved.

Memorandum from Counsel dated July 9th with further reference to the question of the eligibility as security for bankers' acceptances of warehouse receipts issued by a corporate subsidiary of Anderson, Clayton and Company; the memorandum calling attention to the fact that in response to the letter approved at the meeting of the Board on June 18th, the Governor of the Federal Reserve Bank of Atlanta advises that he has not yet been furnished with the information requested by the Board, but that he will ascertain and advise later as to the specific questions submitted. With his memorandum Counsel submitted draft of letter to the Governor of the Atlanta Bank, stating that the Board desires to consider this question before acceptances based on warehouse receipts issued by the subsidiary warehouse corporation are offered for rediscount at a Federal reserve bank, and requesting that he obtain complete information as to all phases of the proposed warehouse arrangement as soon as

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available and before the issuance of warehouse receipts by the corporation as a basis for acceptance credit.

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

Memorandum from Counsel dated July 9th submitting form of certificate covering the limited fiduciary powers granted by the Board on July 7th to the First National Bank in Sioux City, Iowa.

Upon motion, the proposed certificate was approved and ordered transmitted to the national bank.

Memorandum from Counsel dated July 14th advising that Mr. James G. McConkey, Counsel for the Federal Reserve Bank of St. Louis, called him on the telephone yesterday and asked him to convey to the Board his personal request that the Board take no definite action removing Mr. Kincheloe from office as Managing Director of the Louisville Branch, or instituting proceedings for that purpose, without affording Mr. McConkey the privilege of appearing before the Board and explaining why, in his opinion, it would be detrimental to the interests of the Federal Reserve Bank of St. Louis for such action to be taken at this time.

After some discussion, during which Mr. Wyatt, General Counsel, was called into the meeting, it was voted to defer action on the request until after the conference with the Federal Reserve Agent at St. Louis, which will be held tomorrow.

Mr. Wyatt then left the room.

The Assistant Secretary then presented a memorandum reporting that the organizers of the proposed Lincoln National Bank, Brookhaven, Miss., are not prepared to go ahead with the organization of the bank at this time,

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and recommending that the Board advise the Federal Reserve Agent at Atlanta, in response to his telegram of this date, that he is authorized to refund the capital stock subscriptions of the proposed bank.

Recommendation approved.

REPORTS OF STANDING COMMITTEES:

Dated, July 14th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, July 14th Recommending action on application for fiduciary powers, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

The meeting adjourned at 12:30 p. m.

C. W. Woodcock
Assistant Secretary.

Approved:

Augustus
Governor.

AUXILIARY MINUTES
(July 14, 1931)

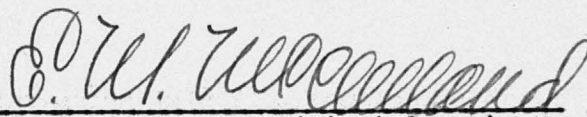
Report of Standing Committee dated July 14th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
Merchants National Bank, Plattsburg, N. Y. (V.L. Suc. by Merchants National Bank in Plattsburg)	240	240
<u>District No. 3.</u>		
First National Bank, Juniata, Pa. (V.L.Abs. by First National Bank, Altoona, Pa.)	39	39
<u>District No. 7.</u>		
First National Bank, Bagley, Iowa. (Insolvent)	30	30
<u>District No. 11.</u>		
First State Bank, Hillsboro, Texas. (Merged with Farmers National Bank)	60	60
	Total	369

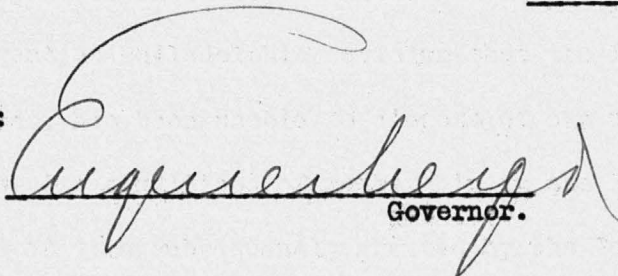
Report of Standing Committee dated July 14th, recommending action on an application for fiduciary powers by the following bank:

APPROVED:DISTRICT NO. 6.FLORIDA:

Florida National Bank & Trust Company at Miami.
(3361. Effective if and when authorized to
commence business.)


Assistant Secretary.

Approved:


Governor.