

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, July 20, 1931, at 11:30 a. m.

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

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on July 13th and 17th were approved, and upon motion, the actions recorded therein were ratified.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on the afternoon of July 13th were amended and approved, and upon motion, the action recorded therein was ratified.

The minutes of the meetings of the Federal Reserve Board held on July 14th and 15th were also approved.

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

Report of Executive Committee on letter dated July 14th from the Comptroller of the Currency recommending approval of a salary of \$2,700 per annum for National Bank Examiner Howe M. Crawford, assigned to the Third Federal Reserve District; the Board's Committee recommending approval.

Approved.

Telegram dated July 16th from the Governor of the Federal Reserve Bank of New York advising formally of the renewal of the credit to the Reichsbank, on the identical terms and with the same participants as the original credit, to mature August 6, 1931.

Noted.

Letter dated July 15th from the Federal Reserve Agent at San Francisco

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advising of a visit at the Federal Reserve Bank by the new Idaho Commissioner of Banking; the Federal Reserve Agent stating that as a result of this visit it appears the relations of the Federal Reserve Bank with the Idaho State Banking Department will in the future be satisfactory in every way.

Noted.

Memorandum from Counsel dated July 14th on letter dated July 3rd from the Secretary of the Federal Reserve Bank of San Francisco advising of an amendment to the resolution adopted by the Directors on December 18, 1930, providing for the custody of unissued Federal Reserve notes at the Los Angeles Branch so as to state in accordance with existing facts that the stock of unissued notes are under the triple control of an officer of the bank and a representative of the auditing department, both at the head office, and the Federal Reserve Agent or Assistant Federal Reserve Agent. With his memorandum Counsel submitted draft of letter to the Secretary of the San Francisco Bank stating that it does not appear that the agreement which was entered into between the Federal Reserve Agent and the Governor of the Bank covering the custody of the unissued Federal Reserve notes at the Los Angeles Branch has been amended in accordance with the revised resolution and requesting that the agreement be re-executed with certain amendments so as to set forth the facts as they actually exist, in the operation of the arrangement, and that a copy of the new agreement be forwarded to the Board.

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

Memorandum from Counsel dated July 15th on letter dated July 8th from the Assistant Federal Reserve Agent at San Francisco inquiring whether a member bank is required to carry reserves against amounts received on deposit in connection with loans made to individuals through its personal loan department

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under an arrangement whereby term payments, instead of being applied directly on the customer's note, are placed in a special interest bearing account until there is a sufficient amount in the account to retire the loan; Counsel submitting draft of reply advising that the Federal Reserve Board is of the opinion that the payments are deposits within the meaning of Section 19 of the Federal Reserve Act and that reserves should be maintained against them.

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

Memorandum from Counsel dated July 16th with regard to the matter referred to the Governor at the meeting on June 18th, namely, proposed further correspondence with the President of the Federal International Banking Corporation and Messrs. Roosevelt and O'Connor, attorneys for the Corporation, with regard to the statement contained in the circular letter issued by Schenkers, Inc., under date of May 20, 1931; Counsel submitting a revised draft of letter to the President of the Corporation requesting that he advise the Board specifically whether he suggested, authorized or approved the use in the circular letter of the statement objected to by the Board, or any statement conveying the same or a similar meaning, and stating that if such action had been taken by him the Board would appreciate an explanation; also draft of letter to Messrs. Roosevelt and O'Connor enclosing copy of the letter received from the President of the Federal International Banking Corporation under date of June 10, 1931, and a copy of the proposed reply thereto.

After discussion, upon motion, the proposed letters were approved and ordered transmitted.

Memorandum from Counsel dated July 16th with regard to letter dated July 7th from Deputy Governor Rounds of the Federal Reserve Bank of New York inquiring whether a veteran may waive the notice required to be given to him



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under the provisions of Section 502 of the World War Adjusted Compensation Act of the retransfer of his note secured by his adjusted service certificate, in connection with which matter the Assistant Administrator of Veterans Administration advised under date of July 14th that any attempted waiver of notification on the part of a veteran of the retransfer of his note would be without legal force or effect. With his memorandum Counsel submitted draft of letter to the Deputy Governor of the Federal Reserve Bank of New York enclosing copy of the letter received from the Assistant Administrator of Veterans Administration, and advising that a note of a veteran secured by his adjusted service certificate on which notice of transfer had been waived would not be eligible for rediscount at a Federal Reserve bank; also draft of letter to the Assistant Administrator of Veterans Administration enclosing copy of the letter to the Deputy Governor of the Federal Reserve Bank of New York.

Upon recommendation of the Law Committee, the proposed letters were approved and ordered transmitted.

Letter dated July 17th from Deputy Governor Fleming of the Federal Reserve Bank of Cleveland requesting reconsideration of the action taken at the meeting of the Executive Committee on July 13th in disapproving the awarding of a contract in the amount of \$6,000 covering a mural painting in the main banking room of the Pittsburgh Branch bank building; the letter stating that the painting is the keynote of the architectural decorative scheme of the banking room and its disallowance would necessitate the rebuilding of that part of the wall which has been prepared to accommodate the mural, as well as the purchase of additional materials to make that particular section conform to the balance of the room, at an approximate cost of \$2,380, and that although the change can be made, it is felt that the resulting decorative scheme will

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always be unsatisfactory.

After some discussion, upon motion, it was reluctantly voted to withdraw the objection previously entered by the Board, and, in view of the statements contained in Deputy Governor Fleming's letter, to approve the awarding of the contract referred to.

Memorandum from Counsel dated June 30th, submitted in accordance with the request made by the Board at the meeting on June 10th in connection with its consideration of several applications for permission under the Clayton Act to serve as officer and/or director of the United States National Bank of Portland, Oregon, and one or more other banks substantially all of the stock of which is owned by the United States National Corporation; the memorandum reviewing applications previously approved by the Board in which it appeared that each of the banks involved was controlled by a holding company, or that one of the banks involved in the application controlled, through an affiliated corporation, the other banks involved in the application, including several applications for permission to serve the United States National Bank of Portland and banks controlled by the United States National Corporation.

The Clayton Act applications submitted at the meeting on June 10th were then considered in light of the information contained in Counsel's memorandum, and were approved as set out below.

REPORTS OF STANDING COMMITTEES:

Dated, June 6th    Recommending approval of the application of Mr. J. C. Ainsworth, for permission to serve at the same time as director and officer of the United States National Bank of Portland, Oregon, as director and officer of the Citizens National Bank of Portland, Oregon, and as director and officer of the First National Bank of Linnton, Portland, Oregon.

Approved.



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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, June 6th Recommending approval of the application of Mr. Edgar H. Sensenich, for permission to serve at the same time as director and officer of the United States National Bank of Portland, Oregon, as director of the Central National Bank of Portland, Oregon, and as director of the United States National Bank of Salem, Oregon.

Approved.

Dated, June 6th Recommending approval of the application of Mr. Graham Dukehart, for permission to serve at the same time as officer of the United States National Bank of Portland, Oregon, and as director of the First National Bank of Linnton, Portland, Oregon.

Approved.

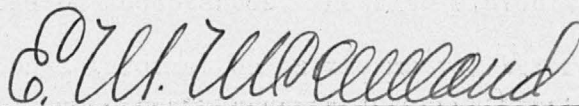
Dated, June 6th Recommending approval of the application of Mr. C. W. Parcell, for permission to serve at the same time as officer of the United States National Bank of Portland, Oregon, and as director of the First National Bank of Linnton, Portland, Oregon.

Approved.

Dated, June 6th Recommending approval of the application of Mr. Godfrey C. Blohm, for permission to serve at the same time as officer of the United States National Bank of Portland, Oregon, and as director of the First National Bank of Linnton, Portland, Oregon.

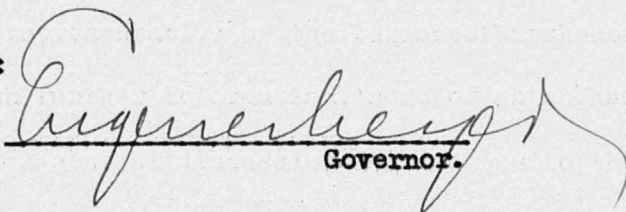
Approved.

The meeting adjourned at 12:30 p. m.



Assistant Secretary.

Approved:

  
Governor.