

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, July 24, 1931, at 2:30 p. m.

PRESENT: Mr. James, Presiding,
Mr. Hamlin
Mr. Magee
Mr. McClelland, Assistant Secretary.

ALSO PRESENT: Mr. Drinnen, Examiner in Charge.

The Committee considered the formal application made by the Central Trust Company of Chicago, Illinois, on behalf of the Central Republic Bank and Trust Company of Chicago for membership in the Federal Reserve System and for 14,400 shares of stock in the Federal Reserve Bank of Chicago. Mr. Drinnen presented a detailed report including analyses of reports of the last examinations of the Central Trust Company of Illinois, the National Bank of the Republic, and the Chicago Trust Company, the assets of which will be consolidated on July 25th to form the Central Republic Bank and Trust Company, as well as a statement of the approximate condition of the consolidated bank at the time it is authorized to commence business. He also presented a letter from the Assistant Federal Reserve Agent at Chicago advising that in his opinion the Central Republic Bank and Trust Company when it opens for business will be free from all known losses and will be protected from losses in bond depreciation by the salvage in eliminated assets turned over to the liquidating pools. Mr. Drinnen called attention to the fact that the Assistant Federal Reserve Agent has also reported that the special committee appointed by the Board of Directors of the Federal Reserve Bank of Chicago to pass upon applications of State banks for membership recommends that the application on behalf of the Central Republic Bank and Trust Company be approved and that their signed report is being forwarded to the Board.

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After discussion, upon motion, it was voted to approve the application on behalf of the Central Republic Bank and Trust Company for membership in the System, and 14,400 shares of stock in the Federal Reserve Bank of Chicago, effective if and when it is authorized to commence business, subject to the regular conditions of membership set out in the Board's Regulation H, Series of 1930, and the following special conditions:

"1. That at the time you are authorized to commence business your proposed capital of \$14,000,000 and surplus of \$10,000,000 shall be fully paid in.

"2. That at the first meeting of your board of directors you shall ratify the action taken on your behalf by the Central Trust Company of Chicago, Illinois, in applying for stock in the Federal Reserve Bank of Chicago and in accepting the conditions of membership imposed by the Federal Reserve Board, and the board of directors of your bank shall pass a resolution accepting such conditions of membership."

The Assistant Secretary then presented a memorandum addressed to the Board this morning by Mr. James, reading as follows:

"Dr. Miller has just called on the telephone and said that he was delivering a message to me as Chairman of the Executive Committee at the request and on behalf of Governor Meyer. It is reported that the Federal Reserve Bank of New York is ready for the purchase of \$25,000,000 of bills for the purpose of aiding the Bank of England and that the approval of the Federal Reserve Board is desired relative to the transaction. Dr. Miller said that both he and Governor Meyer were in accord with the proposal and would approve it if they were here. They suggest that the Executive Committee of the Federal Reserve Board take action accordingly.

"I have suggested that the Federal Reserve Bank of New York be asked to wire immediately the outline and as much detail of the proposition as may be possible together with a formal request for the Board's approval of the purchase. This Dr. Miller has said he would do and I am now awaiting receipt of this wire before calling a meeting of the Executive Committee. Mr. Hamlin, Mr. Magee and I are the only members of the Board present in Washington today."

He also presented a telegram received today from the Federal Reserve Bank of New York, which is quoted below:

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"At a meeting of our directors yesterday the general world credit situation was discussed particularly with reference to the recent weakness in sterling exchange and the large losses of gold by the Bank of England. This weakness has been disturbing in view of the fact that sterling is the pivotal European exchange. In the light of all the circumstances our directors voted to authorize the officers to purchase as and if it appeared necessary and desirable up to \$25,000,000 of sterling with the understanding that the funds would be employed by the Bank of England in the purchase of bills. Yesterday we purchased 85,000 and we expect to acquire further amounts today. We shall keep the Board informed of the progress of this operation. Participations will be offered to the other Federal Reserve Banks."

After discussion, upon motion,
the following letter to the Federal
Reserve Bank of New York was approved
and ordered transmitted:

"Receipt is acknowledged of telegram dated July 24th, advising that at the meeting of the Board of Directors of the Federal Reserve Bank of New York yesterday the general world credit situation was discussed, particularly with reference to the recent weakness in sterling exchange and the large losses of gold by the Bank of England, which weakness has been disturbing in view of the fact that sterling is the pivotal European exchange.

"The Federal Reserve Board notes that in the light of all the circumstances your directors voted to authorize the officers to purchase, as and if it appeared necessary and desirable, up to \$25,000,000 of sterling, with the understanding that the funds would be employed by the Bank of England in the purchase of bills.

"The Board also notes that participation in the purchases made will be offered to the other Federal Reserve banks and that the Board will be kept advised of the progress of the operation."

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

Letter dated July 23rd from the Secretary of the Federal Reserve Bank of New York, and telegram dated July 24th, from the Chairman of the Federal Reserve Bank of Chicago, both advising that their Boards of Directors at meetings on the dates stated made no changes in the banks' existing schedules

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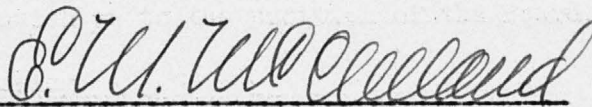
of rates of discount and purchase.

Without objection, noted with approval.

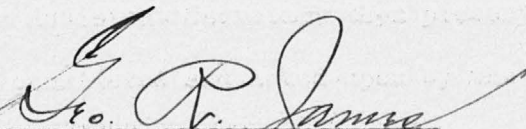
Memorandum dated July 22nd from the Chief of the Division of Bank Operations, transmitting statements of expenditures by the Federal Reserve Banks for educational and welfare work, etc., during the month of June and for the six months' period ending June 30th.

Ordered circulated.

The meeting adjourned at 3:10 p. m.


Assistant Secretary.

Approved:


Member, Executive Committee.