

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 28, 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 meeting of the Federal Reserve Board held on July 20th were approved.

Mr. Hamlin then referred to the letter approved at the meeting of the Executive Committee on July 24th with regard to the action of the directors of the Federal Reserve Bank of New York in authorizing the purchase of 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. Mr. Hamlin stated that he is of the opinion that to eliminate any question as to the position of the Board, the letter should be approved at this meeting.

After a brief discussion, upon motion, the letter referred to was approved.

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

Matter approved on initials by the Executive Committee on July 27th, namely, application of the Kearny National Bank, Kearny, New Jersey, for surrender of 255 shares of stock in the Federal Reserve Bank of New York.

Formally approved.

Telegrams dated July 24th, 25th and 27th from Deputy Governor Crane of the Federal Reserve Bank of New York, advising that the bank purchased £85,000 of sterling on Thursday and £275,000 on Friday of last week, since which time no further purchases have been found necessary.

Noted.

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Memorandum from the Assistant Secretary recommending that Mrs. Maria D. Miles, an employee in the Secretary's office who has been seriously ill for several weeks, be granted a leave of absence of 7 1/2 days with pay in addition to the usual annual and sick leaves of thirty days each, which will permit her to remain away from the office until August 1st.

Approved.

Report of Committee on District No. 8 on letter dated July 24th from the Chairman of the Federal Reserve Bank of St. Louis inquiring whether the appointment by the Governor of Arkansas of Mr. Jo Nichol, a director of the Little Rock Branch, as a member of the Board of Trustees of the University of Arkansas, an honorary position without salary, would come within the prohibition of the Board's ruling that persons holding political or public office cannot consistently serve as directors or officers of Federal Reserve banks; the Board's Committee advising that it sees no objection to Mr. Nichol accepting the appointment.

Upon motion, it was voted to advise Mr. Wood that the Board will interpose no objection to the acceptance by Mr. Nichol of the appointment referred to.

Report of Executive Committee on letter dated July 23rd from the Federal Reserve Agent at St. Louis, advising that the Chouteau Trust Company of St. Louis, which was admitted to membership on January 15, 1931, subject to the condition that \$80,000 of first mortgage serial real estate notes held in its assets would be sold or otherwise disposed of within six months after admission to membership, has not, because of existing conditions, been able to comply with the condition, although the Vice President of the member bank has expressed confidence in the bank's ability to meet the requirement by November 20, 1931; the Federal Reserve Agent recommending that the period within which the bank may dispose of the real estate notes be extended to the

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latter date.

Upon recommendation of the Board's Committee, it was voted to extend to November 20, 1931, the time in which the member bank may comply with the condition of membership referred to.

Memorandum dated July 20th, addressed to Governor Meyer by Mr. Vest, Assistant Counsel, with regard to the expenses incurred by Federal Reserve banks in handling securities of member banks for safekeeping. The Governor stated that he had discussed this matter with Mr. Vest in connection with the recent action of the Federal Reserve Bank of Philadelphia in delivering, on forged orders, \$170,000 of securities held in safekeeping for the First National Bank of Conshohocken, Penna., which matter was considered at the meeting of the Board on June 18, 1931. He suggested the advisability of considering some plan whereby the depositing member bank would approve and accept the insurance policy carried by the Federal Reserve bank, and all liability other than that covered in the Federal Reserve bank's policy would be assumed by the depositing bank, which, if it desired, could itself carry insurance against such additional liability. The Governor also suggested that this matter, as well as the question of the cost of the safekeeping function at Federal Reserve banks, be discussed at the next Conference of Governors.

After some discussion, upon motion, it was voted to instruct Counsel to prepare drafts of letters to the Governors' and Federal Reserve Agents' Conferences, requesting that the matter be placed on the Conference program for consideration and discussion at the joint meeting.

Memorandum dated June 16th, addressed to Governor Meyer by the Board's Counsel, with further reference to the matter of eligibility for rediscount by Federal Reserve banks of notes of agricultural credit corporations and livestock loan companies arising out of direct advances made to them by Federal

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Intermediate Credit Banks.

Ordered circulated.

Memorandum dated July 25th from Counsel submitting a telegraphic request from the Executive Vice President of the Lawrence Warehouse Company, requesting that the Board grant that company a hearing before issuing any ruling adverse to the system of field warehousing used by it. With his memorandum Counsel submitted draft of reply advising that the request will be given careful consideration as soon as the Board receives from its Counsel an opinion on the question whether field warehouse receipts issued by the company under the circumstances described in the request for a ruling submitted to the Federal Reserve Board, comply with the requirements of the law and the Board's Regulation regarding warehouse receipts securing bankers' acceptances drawn to finance the storage of readily marketable staples.

After discussion, upon motion, the proposed letter, as submitted by Counsel, was approved and ordered transmitted.

REPORTS OF STANDING COMMITTEES:

- Dated, July 24th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
27th  
28th Recommendations approved.
- Dated, July 21st Recommending action on applications for admission of state  
24th banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, July 27th Recommending approval of the application of Mr. T. R. Preston, for permission to serve at the same time as director and officer of the Hamilton National Bank of Chattanooga, Tenn., as director of the Hamilton National Bank of Knoxville, Tenn., and as director of the Calhoun National Bank of Calhoun, Ga.  
Approved.
- Dated, July 27th Recommending approval of the application of Mr. E. W. Brownell, for permission to serve at the same time as director of the Auburn National Bank of Auburn, Washington, and as officer of the Pacific National Bank of Seattle, Washington.  
Approved.

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The meeting adjourned at 12:00 noon.

*E. W. [Signature]*

Assistant Secretary.

Approved:

*[Signature]*

Governor.

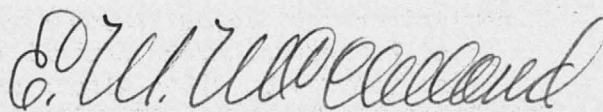
AUXILIARY MINUTES  
(July 28, 1931)

Reports of Standing Committee dated July 24th, 27th and 28th, recommending changes in stock at Federal Reserve Banks, approved as follows:

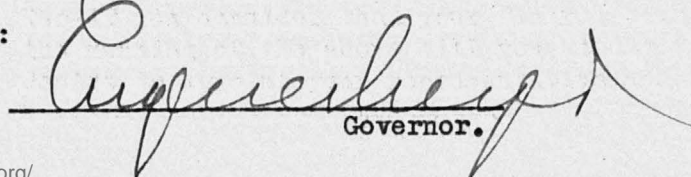
<u>Application for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 6.</u>		
First National Bank, Shelbyville, Tenn.	30	30
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 7.</u>		
First National Bank, Blissfield, Mich. (Insolvent)	60	60
 <u>District No. 8.</u>		
First National Bank in Siloam Springs, Ark. (V.L.Suc. by Hutchings-First National Bank)	33	33
 <u>District No. 9.</u>		
First National Bank, Dawson, Minn. (Insolvent)	29	
First National Bank, Hendricks, Minn. (V.L.Abs. by Farmers National Bank)	30	
First National Bank, Rosemount, Minn. (V.L.Suc. by First State Bank)	<u>23</u>	82
 <u>District No. 12.</u>		
Garfield National Bank, Garfield, Wash. (V.L.Abs. by State National Bank)	17	
National Bank of Goldendale, Wash. (V.L.Abs. by Pioneer State Bank)	35	
Farmers National Bank, Pomeroy, Wash. (Insolvent)	38	
Central Bank of Toppenish, Toppenish, Wash. (Insolvent)	<u>36</u>	<u>126</u>
	Total	301

Reports of Standing Committee dated July 21st and 24th, recommending action on application for admission to membership by the following state institutions, subject to the conditions stated in the report attached to the application.

<u>APPROVED:</u>	<u>Name</u>	<u>Shares</u>	<u>F.R. Bank</u>
	Peoples-Pittsburgh Trust Co., Pitts- burgh, Pa.	12,494	Cleveland
	The Greene County Bank, Greeneville, Tenn.	75	Atlanta

  
Assistant Secretary.

Approved:

  
Governor.