

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 5, 1931, at 11:30 a. m.

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

The Assistant Secretary presented various matters of business which were considered and acted upon by the Committee as follows:

Matter approved on initials by the Executive Committee yesterday, namely, application of the American Express Bank and Trust Company, New York, New York, for membership in the Federal Reserve System and for 9,000 shares of stock in the Federal Reserve Bank of New York; the application having been approved subject to the regular conditions of membership set out in Regulation H, Series of 1930.

Formally approved.

Matter approved on initials by the Executive Committee yesterday, namely, letter dated August 3rd from the Assistant Federal Reserve Agent at New York, recommending that Mr. Harold V. Roelse, Manager of the Reports Department, be designated as Acting Assistant Federal Reserve Agent for the period ending September 15, 1931.

Formally approved.

Telegram dated July 30th from the Governor of the Federal Reserve Bank of New York, advising that Mr. Albert H. Wiggin, of the Chase National Bank of the City of New York, has agreed to serve as the American member of the Committee being set up by the Bank for International Settlements in accordance with the invitation issued by the recent London Conference.

Noted.

8/5/31

-2-

100

Telegram dated August 1st from the Governor of the Federal Reserve Bank of New York, quoting a statement issued to the press on that date with regard to the agreement of the Federal Reserve Bank to purchase from the Bank of England up to the equivalent of \$125,000,000 of prime commercial bills.

Noted.

Telegrams dated August 1st, 3rd and 4th from the Federal Reserve Bank of New York, with respect to the rate of sterling exchange on those dates and advising that no purchases of sterling were made by the Federal Reserve Bank on July 31st, August 1st, 3rd or 4th.

Noted.

Letter dated July 30th from the Secretary of the Federal Reserve Bank of New York, advising that the Board of Directors, at a meeting on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated August 5th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that no quorum was present for a meeting of the Board of Directors on that date and no action was taken with respect to the bank's existing schedule of rates of discount and purchase.

Noted.

Report of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston and Philadelphia of employees for whom the directors authorized leaves of absence with pay, on account of illness, during the month of July, 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.

8/5/31

-3-

101

Letter dated July 29th from the Acting Comptroller of the Currency, recommending approval of the following increases in salaries of National Bank Examiners:

<u>Name</u>	<u>From</u>	<u>To</u>
M. H. Sims	\$5,600	\$6,000
Walter E. Julius	3,500	3,900
Otto F. Wilde	3,600	3,900
Maurice L. Barnett, Jr.	2,400	3,000
E. M. Wright	3,900	4,200

Approved.

Letter dated July 31st from Deputy Governor Crane of the Federal Reserve Bank of New York, transmitting results of a compilation of short-term indebtedness between New York banks and bankers and foreign clients as of July 22, 1931.

Ordered circulated.

Draft of reply to letter dated July 31st from the Federal Reserve Agent at Richmond with further reference to the Acting Assistant Federal Reserve agents now serving at the Baltimore and Charlotte Branches in connection with the custody of unissued Federal Reserve notes; the proposed reply stating that the Board does not desire to have the present temporary arrangements discontinued until such time as, without disadvantage to the bank, the stocks of unissued Federal Reserve notes held at the branches can be handled along the lines set out in the Board's letter of November 25, 1930, (X-6766) and, further, that until such time the Board would prefer to have Mr. R. L. Honeycutt continue to serve as Acting Assistant Federal Reserve Agent at Charlotte rather than to replace him by an employee of the Charlotte branch as suggested by the Federal Reserve Agent.

Upon motion, the proposed letter was approved.

Memorandum dated August 3rd from the Fiscal Agent submitting a voucher of the Federal Reserve Bank of Cleveland in the amount of \$554.17 covering

8/5/31

expenses and allowances of six employees of that bank detailed to assist the Board's examiner in the recent examination of the Federal Reserve Bank of Chicago.

Upon motion, payment of the amount stated was approved.

Letter dated August 3rd from the Assistant Federal Reserve Agent at New York, advising of newspaper reports of a proposed merger of the Straus National Bank and Trust Company, the Continental Bank and Trust Company and the International Trust Company, all member banks, of New York City; the Assistant Federal Reserve Agent stating that the Continental Bank and Trust Company is a strong, well managed bank, whereas, the other two institutions both constitute problems for which absorption by some stronger bank would seem to be the only satisfactory solution.

After discussion, upon motion, it was voted to request the Assistant Federal Reserve Agent to furnish a more detailed report regarding the terms and conditions of the proposed merger and the extent of the eliminations which will be made in connection therewith, as well as definite information as to whether the merger is to be effected, as is indicated, under the present charter of the Continental Bank and Trust Company, thereby making unnecessary a new application for membership in the System on behalf of the merged institution.

Letter dated August 1st from the Assistant Federal Reserve Agent at New York, advising that the New Jersey Title Guarantee and Trust Company of Jersey City, N. J., a member bank, took over, as at the close of business July 31st, the banking business and liabilities to creditors of the Labor National Bank of Jersey City, which has long been in an unsatisfactory condition; the Assistant Federal Reserve Agent expressing the opinion that the absorption does not conflict with the conditions of membership accepted by the New Jersey Title Guarantee and Trust Company.

8/5/31

-5-

103

After discussion regarding the condition of the assets of the Labor National Bank, as disclosed by the report of its last examination, it was voted to request the Assistant Federal Reserve Agent for information as to whether and in what manner the criticized assets of the national bank have been provided for in connection with its absorption by the trust company.

Report of Committee on District No. 8 on letter dated July 29th from the Federal Reserve Agent at St. Louis, with reference to the instructions of the Board regarding stock in the Mercantile-Commerce National Bank and the South Side National Bank of St. Louis owned by the Mercantile-Commerce Bank and Trust Company and the Lafayette-South Side Bank and Trust Company, respectively; the Agent reporting that it will take some little time for the management of the two institutions to work out plans for divesting themselves of the ownership of the stock in question, due to vacation absences, etc., and suggesting that the matter be held in abeyance until the first part of September.

Upon recommendation of the Committee on District No. 8, it was voted to approve the suggestion of the Federal Reserve Agent.

Application for permission to exercise unlimited trust powers by the Union National Bank of Lenoir, North Carolina, to which the Board, on February 27, 1931, granted trust powers on condition that they would be exercised only in the handling of such trusts as might be taken over from the First National Bank of Lenoir and no new business would be accepted pending further consideration by the Board after the Union National Bank had been examined by the Comptroller of the Currency; together with a report thereon, based upon an examination of the Union National Bank made as at the close of business July 3rd, recommending that the application be approved on condition

8/5/31

-6-

104

that the officer who is to have charge of the trust department spend a reasonable time with one of the bank's correspondents engaged in trust business, acquainting himself with the details of fiduciary work.

After discussion, upon motion, it was voted to grant unlimited trust powers to the Union National Bank of Lenoir, on the condition recited above.

Memorandum dated July 29th from the Board's Examiner in Charge, submitting a report of an examination of the Federal Reserve Bank of Kansas City and its Branches made as at the close of business June 30, 1931.

Ordered circulated.

The Assistant Secretary then presented the following telegram just received from the Governor of the Federal Reserve Bank of New York:

"Referring to our participation for \$25,000,000 in the credit of \$100,000,000 to the Reichsbank which matures August sixth we have been advised by the Bank for International Settlements that the Reichsbank desires to renew this credit for three months and that the Bank of England, the Bank of France, and the Bank for International Settlements are prepared to extend their participations in the credit if the Federal Reserve Bank of New York will do likewise. At a meeting of the executive committee of our Board of Directors yesterday afternoon it was voted, subject to the approval of the Federal Reserve Board, to authorize the officers of this bank to arrange for the renewal of this credit for a period not exceeding three months. In taking this action it was understood by the Directors that the renewal would be on the same terms and conditions as the original credit, except that the rate charged should be the discount rate of the Reichsbank or seven percent, whichever is lower, it being further understood that if the other participants in the credit would not agree to fix the rate suggested by this bank, the question of rate should be referred back to the Board of Directors on the ground that uniformity of rate charged by the different participants in the credit is most important. Will you please advise me as promptly as may be convenient whether the Federal Reserve Board approves of this action of our Directors in authorizing the Officers to arrange this renewal for a period not exceeding three months."

After discussion, upon motion, it was voted to approve the action of the New York directors in authorizing the officers to arrange for a renewal, for a period not exceeding three months, of the bank's participation for \$25,000,000 in the credit of \$100,000,000 to the Reichsbank, which matures on August 6th.

8/5/31

-7-

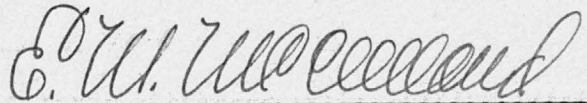
105

REPORTS OF STANDING COMMITTEES:

Dated, July 30th Recommending changes in stock at Federal Reserve Banks,
31st as set forth in the Auxiliary Minute Book of this date.
Aug. 1st Recommendations approved.
3rd
5th

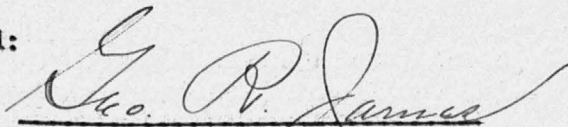
Dated, Aug. 3rd Recommending approval of the application of Mr. R. M. Kelly,
for permission to serve at the same time as director of
the First National Bank of Longview, Texas, and as director
of the Commercial National Bank of Shreveport, Louisiana.
Approved.

The meeting adjourned at 12:45 p. m.



Assistant Secretary.

Approved:


Member, Executive Committee.

(Executive
Committee)AUXILIARY MINUTES
(August 5, 1931.)

Reports of Standing Committee dated July 30th, 31st, August 1st, 3rd, and 5th, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
First National Bank in Highland Falls, N. Y.	120	120
<u>District No. 4.</u>		
First National Bank in Brockway, Brockway, Pa.	60	60
	<u>Total</u>	<u>180</u>

<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 2.</u>		
First National Bank in Lodi, N. J.	3	
Croghan National Bank, Croghan, N. Y.	30	
First National Bank of Trenton, Barneveld, N. Y.	14	
First National Bank, Port Jefferson, N. Y.	30	
Valley Stream National Bank & Trust Co., Valley Stream, N. Y.	<u>30</u>	107

<u>District No. 4.</u>		
First - City Trust & Savings Bank, Akron, Ohio.	150	
Ohio-Merchants Trust Co., Massillon, Ohio.	2	
Union Trust Company, Newark, Ohio.	3	
Commercial Banking & Trust Co., Wooster, Ohio.	1	
First National Bank, Zanesville, Ohio.	90	
Lawrence Savings & Trust Co., New Castle, Penna.	<u>30</u>	276

<u>District No. 6.</u>		
First National Bank, Kingston, Tenn.	2	2

<u>District No. 7.</u>		
Alpena Trust & Savings Bank, Alpena, Mich.	120	
Farmers & Merchants National Bank & Trust Company, Benton Harbor, Mich.	<u>60</u>	180
	<u>Total</u>	<u>565</u>

<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
Norway National Bank, Norway, Maine. (V.L.Abs. by Casco Mercantile Trust Co., Portland, Maine.)	150	150
<u>District No. 3.</u>		
First National Bank, Gallitzin, Pa. (V.L.Suc. by First National Bank in Gallitzin)	60	60

8/5/31

Applications for SURRENDER of Stock: (Cont'd)

	<u>Shares</u>	
<u>District No. 4.</u>		
Peoples National Bank, Delmont, Pa. (Insolvent)	24	24
<u>District No. 7.</u>		
McCartney National Bank, Green Bay, Wis. (Insolvent)	450	
Waukegan National Bank, Waukegan, Ill. (Insolvent)	240	
Greenville National Bank, Greenville, Mich. (Insolvent)	36	
First National Bank, Weyauwega, Wis. (V.L.Abs. by Farmers and Merchants Bank)	<u>21</u>	747
<u>District No. 11.</u>		
City National Bank, Sweetwater, Texas. (V.L.Abs. by First National Bank)	66	66
<u>District No. 12.</u>		
Columbia National Bank, Portland, Oregon. (V.L.Abs. by American National Bank of Portland)	198	198
	<u>Total</u>	<u>1,245</u>

E. W. Wood

Assistant Secretary.

Approved:

Geo. R. James

Member, Executive Committee.