

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 12, 1931, at 2:30 p. m.

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

Mr. Hamlin advised the Board that in accordance with the regular practice, the salary of his secretary, Mrs. Margaret L. Nagle, would be increased from \$2,900 to \$3,000 per annum, effective August 1st, the anniversary of her appointment.

The minutes of the meetings of the Executive Committee held on August 5th and 6th were approved and, upon motion, the actions recorded therein were ratified.

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

Telegram dated August 12th from the Chairman of the Federal Reserve Bank of Boston, advising that the board of directors at its meeting on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Report of Executive Committee on letter dated August 8th from the Acting Comptroller of the Currency recommending approval of a salary of \$2,400 per annum for Mr. Lewis H. Clark, National Bank Examiner, Junior Grade, assigned to the Fifth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June

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24th from the Deputy Governor of the Federal Reserve Bank of Kansas City, submitting a revised personnel classification plan for the bank and each of its branches, as requested in the Board's letter of April 17th; the Committee reporting that it has examined the revised schedules and finds that all of the changes made therein are reasonable and in substantial accordance with the plan heretofore approved by the Board and that it recommends their approval.

Upon motion, the revised plan was approved and ordered substituted for that now on file in the Board's office.

Report of Executive Committee on letter dated August 7th from the Assistant Federal Reserve Agent at New York, advising that the New Jersey Title Guarantee and Trust Company of Jersey City, New Jersey, did not absorb the Labor National Bank of Jersey City, as previously reported to the Board, but is merely handling the assets of the national bank for liquidation.

Upon recommendation of the Executive Committee, it was voted to interpose no objection to the action of the member bank.

Memorandum dated August 7th from the Assistant Secretary with reference to the application of the Fair Lawn-Radburn Trust Company, Fair Lawn, New Jersey, for membership in the Federal Reserve System and for 75 shares of stock in the Federal Reserve Bank of New York, approval of which was recommended by the board of directors of the New York bank, subject to the regular conditions of membership. In his memorandum the Assistant Secretary pointed out a concentration of 59% of the loans of the applicant bank in obligations of the Borough of Fair Lawn, which it apparently is financing, as well as a concentration in 5 accounts of 35% of its deposits, to both of which items Mr. James took exception in considering the application. He also presented information regarding the policy of the bank in the matter of loans to the



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Borough of Fair Lawn, subsequently received from the Assistant Federal Reserve Agent at New York, and submitted the question whether the business of the bank, which at present is in a highly liquid condition, is such that it should be admitted to the System at this time, when it has been in operation for a period of only slightly more than one year.

After discussion, upon motion, it was voted to withhold action on the application and to advise the Federal Reserve Bank of New York that in the opinion of the Board the institution has not been in operation for a sufficient length of time to afford any definite idea as to the class of business which it will develop, or the ability of its management, with a suggestion that the application be deferred until another examination in order that the record of the bank may be further observed.

The Assistant Secretary then presented the resolution submitted by the Open Market Policy Conference during its meeting with the Board yesterday afternoon. Discussion followed during which it was the consensus of opinion that if the recommendation of the Conference is to be approved by the Board, the authority granted the Executive Committee should be given on condition that any purchases or sales thereunder shall be made only after consultation with the Governor or executive officer of the Board. However, no action was taken.

The Governor then presented a letter addressed to him yesterday by the Acting Comptroller of the Currency with reference to the suggestion of the Board, authorized at the meeting yesterday morning and approved by the Governors of the Federal reserve banks during their Conference, as to the proper attitude of the Comptroller of the Currency in the matter of classifying as loss, depreciation on interest-paying bonds sustained by national banks under present circumstances. The Governor stated that the Acting Comptroller's

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letter is based upon an incorrect interpretation of the expression of the Board as conveyed to him verbally.

Upon motion, the Governor was requested to advise the Acting Comptroller in writing regarding the position of the Board, as expressed at the meeting on the morning of August 11th.

Reference was then made to the discussion at the meeting this morning with Mr. Lonsdale, President of the Mercantile-Commerce Bank and Trust Company of St. Louis, and further consideration was given to the previous action of the Board with regard to the stock in the Mercantile-Commerce National Bank and the South Side National Bank, of St. Louis, held by the Mercantile-Commerce Bank and Trust Company and the Lafayette-South Side Bank and Trust Company, respectively.

After discussion, upon motion, it was voted to advise the two State member institutions, through the Federal Reserve Agent at St. Louis, that although the banks must eventually comply with the Board's action, in view of general unsettled banking conditions and, particularly, the information conveyed to the Board by Mr. Lonsdale regarding the situation affecting outlying banks in St. Louis, the Board will not expect a compliance with its ruling at this time, which might be embarrassing to the local situation, and no immediate action will be required.

It was voted to request the Board's Counsel to prepare and submit to the Board draft of a letter to the Federal Reserve Agent at St. Louis along the above lines in such form as to not prejudice the position of the Board or to establish any precedent.

REPORTS OF STANDING COMMITTEES:

Dated, August 11th Recommending approval of the application of Mr. Orval W. Adams, for permission to serve at the same time as director and officer of the Utah State National Bank, Salt Lake City, Utah, and as director of the Zion's Savings Bank & Trust Co., Salt Lake City, Utah.

Approved.



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REPORTS OF STANDING COMMITTEES: (Cont'd)

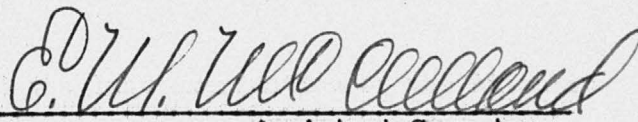
Dated, August 11th Recommending approval of the application of Mr. David P. Howells, for permission to serve at the same time as director of the Utah State National Bank, Salt Lake City, Utah, and as director of the Zion's Savings Bank & Trust Co., Salt Lake City, Utah.

Approved.

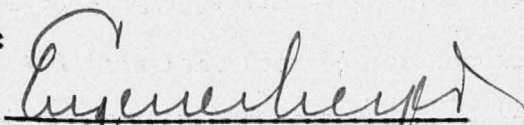
Dated, August 11th Recommending approval of the application of Mr. John R. Haven, for permission to serve at the same time as officer of the Republic National Bank and Trust Company, Dallas, Texas, and as director of the Citizens National Bank, Denison, Texas.

Approved.

The meeting adjourned at 3:45 p. m.

  
Assistant Secretary.

Approved:

  
Governor.