

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, August 20, 1931, at 11:30 a. m.

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

The Assistant Secretary presented various reports and communications which were considered by the Committee and acted upon as follows:

Letter dated August 19th from Assistant Deputy Governor Sproul of the Federal Reserve Bank of New York, submitting a tabulation of short-term indebtedness between New York banks and bankers and their foreign clients as of August 12, 1931.

Ordered circulated.

Letter dated August 17th from the Assistant Federal Reserve Agent at Chicago, with regard to the consolidation on August 1, 1931, of the Union State Bank of Dearborn, Michigan, and the Bank of Commerce, Dearborn, Michigan, both nonmember banks, with the Bank of Dearborn, a member institution, under the charter of the latter and under the title of "Guardian Bank of Dearborn"; the Assistant Federal Reserve Agent stating that it is the opinion of the Federal Reserve Agent's department that there has been no material change in the assets of the member bank as a result of its merging the two nonmember institutions.

Upon motion, it was voted to interpose no objection to the action of the member bank.

Letter dated August 17th from the Federal Reserve Agent at Kansas City, advising of the circumstances under which the Fidelity State Bank, Aurora, Nebraska, a member bank, made a loan of \$94,000 to the Giltner State Bank, Giltner, Nebraska, secured by the assets of that institution, to enable it to

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pay its depositors in full and enter into voluntary liquidation; the Federal Reserve Agent stating that in view of the circumstances outlined, he feels it advisable to view the excess loan as not being a violation of the Fidelity State Bank's conditions of membership, and unless the Board has some other suggestion, he will take no further action in the matter.

Upon motion, it was voted to interpose no objection to the loan.

Memorandum from Counsel dated August 12th, advising that it appears from a report of examination of the Liberty Bank of Buffalo, New York, as of February 13, 1931, that an affiliate of that bank, the Liberty Shares Corporation, had published a misleading statement, and while the member bank itself does not seem to be involved in a way which would constitute a violation of the criminal provisions of the Federal Statutes applicable to member banks, he would suggest that the Assistant Federal Reserve Agent at New York be requested to advise further as to the facts involved in the matter.

Upon recommendation of the Law Committee, draft of letter submitted by Counsel in accordance with his suggestion, was approved and ordered transmitted.

Memorandum from Counsel dated August 18th with regard to letter dated August 12th from Mr. Georges St. Jean, President of the Federal International Corporation, enclosing draft of a circular which he proposes to send to member banks in the First and Second Federal Reserve Districts with regard to acceptance credits for financing the exportation of goods, and inquiring whether there is anything in the proposed letter which conflicts with Section 25(a) of the Federal Reserve Act or with the Board's Regulation K. With his



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memorandum Counsel submitted draft of a reply to Mr. St. Jean's letter stating that it is not within the province of the Federal Reserve Board either to approve or disapprove the provisions of such a letter and the Board, therefore, has no opinion to express with reference thereto; the proposed letter further suggesting certain changes in the "Comparison of Acceptance Banking Facilities" attached to the circular and stating that the fact that comment is made upon certain parts of the proposed circular or the document attached thereto is not to be considered as an approval by the Federal Reserve Board of the other parts of the circular or its attached document and that no statement is to be made in the circular letter or any document or paper which may be prepared or distributed to the effect that the circular has been submitted to the Federal Reserve Board for approval or comment or that any part thereof has been either approved or disapproved by the Board.

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

Memorandum from Counsel dated August 18th with regard to a letter dated August 13th from the Attorneys of the Chase National Bank of New York submitting application for permission for certain directors, officers or employees of the Chase National Bank to serve at the same time as directors, officers or employees of the Equitable Eastern Banking Corporation, a state foreign banking corporation organized under the laws of New York, and/or as directors, officers or employees of the Chase Bank, an Edge Act corporation, organized under Section 25(a) of the Federal Reserve Act; Counsel stating that he knows of no legal reasons why the application as submitted should not be approved by the Federal Reserve Board. With his memorandum Counsel submitted draft of letter to the attorneys of the Chase National Bank, advising that the Federal Reserve Board has granted permission for the directors, officers or

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employees of the Chase National Bank named to serve at the same time The Chase Bank and/or the Equitable Eastern Banking Corporation in the respective capacities set forth in the attorneys letter of August 13th.

After some discussion, upon recommendation of the Law Committee, the proposed letter was approved.

Memorandum from Counsel dated August 19th with regard to letter dated August 6th from the Secretary of the Federal Reserve Bank of San Francisco, enclosing, in accordance with the request contained in the Board's letter of July 20th, certified copy of the amended agreement entered into by the Federal Reserve Agent and the Federal Reserve Bank, covering the custody of unissued Federal Reserve notes at the Los Angeles Branch; Counsel submitting draft of a proposed letter to the Secretary of the San Francisco bank advising that the Board has no objection to the arrangement in effect at the Los Angeles Branch, it being understood that the Board reserves the right to require the arrangement to be modified or discontinued at any time it should see fit.

Upon motion, the proposed letter was approved and ordered transmitted.

Memorandum from Counsel dated August 19th with regard to letter dated August 14th from the Assistant Federal Reserve Agent at St. Louis, enclosing a revised form of agreement to be executed by the Governor and Federal Reserve Agent of the bank covering the custody of unissued Federal Reserve notes, gold, gold certificates and/or lawful money at the branches of the St. Louis bank, instead of unissued Federal Reserve notes and/or gold certificates as suggested in the Board's letter of August 7th. In his memorandum Counsel stated that while there seems to be no reason why the Board should not approve such an agreement, the matter is one of policy for the Board's determination.

After discussion, upon motion, it was voted to interpose no objection to the form of agreement submitted by

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the Assistant Federal Reserve Agent.

Memorandum dated August 18th from the Board's Examiner in Charge, submitting a report of examination of the Federal Reserve Bank of Chicago and its Detroit Branch as at the close of business July 18, 1931.

Ordered circulated.

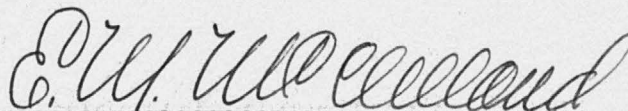
REPORTS OF STANDING COMMITTEES:

Dated, August 20th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

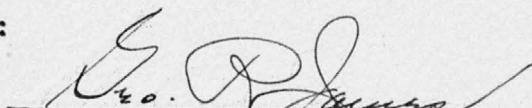
Dated, August 19th Recommending approval of the application of Mr. John G. M. Barnes, for permission to serve at the same time as director of the Deseret National Bank, Salt Lake City, Utah, and as director of the Ogden State Bank, Ogden, Utah.

Approved.

The meeting adjourned at 12:15 p. m.

  
Assistant Secretary.

Approved:

  
Member, Executive Committee.



(Executive  
Committee)AUXILIARY MINUTES  
(August 20, 1931)

Reports of Standing Committee dated August 20th, recommending changes in stock at Federal Reserve Banks, approved as follows:

Applications for ADDITIONAL Stock:District No. 7.

Guardian Bank of Dearborn, Dearborn, Mich.

Shares

270

270

District No. 12.Continental National Bank & Trust Co., Salt Lake  
City, Utah.

6

6

Total276Applications for SURRENDER of Stock:District No. 5.American National Bank & Trust Co., Danville, Va.  
(Decrease in surplus)

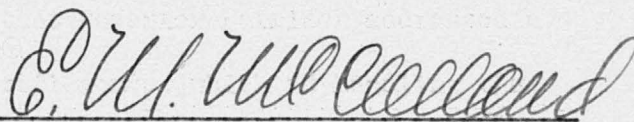
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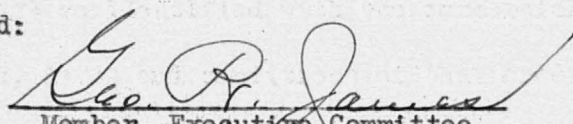
District No. 11.Citizens National Bank, Blooming Grove, Texas. (V.L.  
Suc. by First National Bank in Blooming Grove)

38

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Total68
  
Assistant Secretary.

Approved:

  
Member, Executive Committee.