

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, September 29, 1931, at 11:20 a. m.

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

The minutes of the meetings of the Federal Reserve Board and the Executive Committee of the Federal Reserve Board held on September 9th and 15th were approved, and, upon motion, the actions recorded in the minutes of the meetings of the Executive Committee were ratified.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on September 16th were approved, and, upon motion, the actions recorded therein were ratified.

The Assistant Secretary reported that the Governors and Federal Reserve Agents of all Federal Reserve banks have advised that October 19th, the date tentatively fixed by the Board for the opening of the fall conferences of Governors and Federal Reserve Agents, is agreeable, and that the Executive Committee on September 25th definitely fixed that date for the opening of the Conferences.

Upon motion, the action of the Executive Committee was approved.

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

Telegrams dated September 21st and 22nd from the Federal Reserve Bank of New York, advising that at the request of the Bank of England, the New York Bank on September 21st, advanced \$3,649,950 against £750,000 of gold sovereigns earmarked for its account by the Bank of England, which advance was repaid on September 22nd.

Noted.

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Telegram dated September 23rd from the Governor of the Federal Reserve Bank of New York quoting a telegram sent on that date to all Federal Reserve banks advising of the earmarking on September 22nd and 23rd of \$106,600,000 in gold for the National Bank of Belgium and of a request received on September 23rd from the Bank of France to convert on September 24th, \$50,000,000 of its free balance at the Federal Reserve bank into gold to be earmarked for the account of the Bank of France.

Noted.

The Governor reviewed for the information of the members present several developments of interest in the general banking situation while he was in New York last week. He referred to the purchases of bills by the Federal Reserve Bank of New York from foreign correspondents and in the market in connection with the earmarking of gold for certain foreign central banks during the week and conditions in the bill market resulting in increases in dealers rates, and on September 24th in the buying rates of the Federal Reserve bank.

He reported several requests for credits which were received from certain South American banks of issue, which he said were not being favorably received or encouraged by the New York bank.

He stated that he had suggested to the officers of the New York bank that, under existing conditions, care should be taken not to acquire in the Open Market Investment Account a large amount of long term Government securities with early call dates, on the theory that the Government will exercise its option to call. The members of the Board present concurred in this suggestion.

Telegram dated September 23rd from the Governor of the Federal Reserve Bank of New York quoting a telegram sent to all Federal Reserve banks

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advising that on that date the Bank of England had in the New York market available for temporary employment, \$119,000,000, and at its request the New York bank had resold \$110,000,000 of sterling bills purchased under the credit agreement with the Bank of England, it being understood that the latter would request that bills be repurchased for an equivalent amount during the period of and under the terms of the credit as and when the Bank of England needs dollars, and that the exchange rate for the resale and subsequent repurchase is to be the mint par of exchange so that there would be no risk of exchange.

Noted.

Telegram dated September 28th from the Federal Reserve Bank of New York advising that the bank has agreed to make an advance to the Banco de la Nacion, Argentina, for one day, September 29th, at the current discount rate, on \$10,000,000 of United States gold coin in transit to the New York bank.

Noted.

Telegram dated September 23rd from the Federal Reserve Agent at Dallas, advising that an executive session of the Board of Directors of the bank had been called for September 26th to act upon the resignation of Governor Talley and to consider the election of his successor, and stating that if the Board has any suggestions to offer it would be appreciated if they could be received in time for that meeting; together with a reply made on the same date by Mr. James, stating that due to the absence of members of the Board it would not be possible to advise before September 26th the views of the Board regarding the matter referred to, but that he personally felt the matter of the selection of Mr. Talley's successor is one primarily for the determination of the Board of Directors of the bank and that he would not be inclined to do or say anything which might hinder the free and full exercise

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of their own best judgment.

Noted, with approval.

Letter dated September 24th from the Secretary of the Federal Reserve Bank of New York and telegrams dated September 23rd from the Chairman of the Federal Reserve Bank of Boston and September 25th from the Chairman of the Federal Reserve Bank of Chicago, all advising that at meetings of their Boards of Directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegrams dated September 22nd and 24th from Deputy Governor Kenzel of the Federal Reserve Bank of New York, advising of increases on those dates of $1/8\%$ and $1/4\%$ respectively, in dealers' bid and asked rates on acceptances of all maturities; the latter telegram also advising that following heavy sales of bills to the New York bank on September 24th, the bank on that date established the following schedule of effective buying rates on acceptances:

Bankers' Acceptances:

1 to 90 days	1 $1/4\%$
91 to 120 days	1 $3/8\%$
121 to 180 days	1 $1/2\%$
Repurchase	1 $1/4\%$
Trade Bills	1 $1/2\%$

Without objection, noted with approval.

Telegrams dated September 25th from the Governor of the Federal Reserve Bank of Boston, the Secretary of the Federal Reserve Bank of Atlanta, the Chairman of the Federal Reserve Bank of Chicago, the Secretary of the Federal Reserve Bank of Minneapolis, and the Governor of the Federal Reserve Bank of St. Louis; letters dated September 25th from the Secretary of the

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Federal Reserve Bank of Kansas City and the Chairman of the Federal Reserve Bank of Dallas, and letter dated September 28th from the Secretary of the Federal Reserve Bank of Cleveland, all advising of an increase of $1/4\%$ in their effective buying rates on bankers' acceptances of all maturities in accordance with the action taken by the Federal Reserve Bank of New York.

Without objection, noted with approval.

Telegram dated September 25th from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment on that date of the following schedule of buying rates on bankers' acceptances:

1 to 90 days	$1 \frac{3}{8}\%$
91 to 120 days	$1 \frac{1}{2}\%$
121 to 180 days	$1 \frac{5}{8}\%$

Without objection, noted with approval.

Memorandum from the Assistant Secretary dated September 26th recommending that the Board approve for Essex Banks, a messenger detailed to the Otis Building, who suffered a second partial stroke of paralysis on September 21st, leave of absence with pay through the month of October in addition to his regular annual and sick leave, which expired on September 28th.

Recommendation approved.

Report of Committee on Salaries and Expenditures on letter dated September 23rd from Deputy Governor Attebery of the Federal Reserve Bank of St. Louis, submitting for the approval of the Board, a change in the personnel classification plan of the Little Rock Branch of the Bank; the Board's Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated September 24th from the Federal Reserve Agent at St. Louis, advising that the

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Board of Directors on September 16th, authorized, subject to the approval of the Federal Reserve Board, an increase in the salary of Mr. Stanley B. Jenks, recently appointed Assistant Cashier of the Louisville Branch, from \$3,300 to \$4,000 per annum, effective September 2, 1931.

Upon recommendation of the Board's Committee, the increase in Mr. Jenk's salary was approved.

Letter dated September 24th from the Assistant Federal Reserve Agent at New York recommending, because of the continued absence on account of illness of Mr. Case, Federal Reserve Agent, the temporary designation of Mr. Harold V. Roelse, Manager of the Reports Department, as Acting Assistant Federal Reserve Agent for the balance of the current year.

Upon motion, it was voted to designate Mr. Roelse as Acting Assistant Federal Reserve Agent at the New York bank in accordance with the Assistant Federal Reserve Agent's recommendation.

Application of the First Farmers and Merchants National Bank of Troy, Alabama, for permission to exercise certain trust powers. In connection with this application the Assistant Secretary called attention to the fact that the applicant bank was formed recently through the consolidation of the Farmers and Merchants National Bank which was authorized to exercise all trust powers now applied for and the First National Bank of Troy which was authorized to act as trustee, and that inasmuch as this is merely a confirmatory application filed under the Board's Regulations, to remove any doubt as to the authority of the consolidated bank to act in these capacities, there is some question as to whether or not the Board may refuse to approve the application, as is suggested by Mr. James, because of certain criticisms of the trust department of the Farmers & Merchants National Bank, made by the examiner at the time of a

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recent examination.

During the discussion which followed, inquiry was made as to whether the Board could review the trust powers previously granted to the constituent national banks and revoke the permits issued, and it was voted to refer the above application and the general question of the Board's power in the matter to Counsel for report.

Letter dated September 15th from the Federal Reserve Agent at San Francisco, transmitting an application of the United States National Bank of Eugene, Oregon, for permission to exercise trust powers and recommending approval of the application on condition (1) that the contemplated merger of the applicant bank and its affiliate, the Eugene Loan and Savings Bank, be effected according to the conditions outlined and recommended by the national bank examiner in his report of examination as of July 16, 1931, and (2) that the applicant confine its trust activities to the administration of the trusts taken over from the savings bank and not undertake any new trust business until after the consolidation has been in effect one year. In its report attached to the application, the Board's Law Committee concurred in the Federal Reserve Agent's recommendations.

After discussion, upon motion, it was voted, on condition that the consolidation of the United States National Bank and the Eugene Loan and Savings Bank be effected in accordance with the recommendations made by the national bank examiner in his report of examination, to grant the United States National Bank permission to act when not in contravention of State or local law as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which state banks trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Oregon, only in specific trusts held by the Eugene Loan and Savings Bank which

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have been or which may hereafter be acquired by the United States National Bank.

It was also voted to defer action on the bank's application for full trust powers until after the receipt of the next report of examination.

The Governor then presented a letter dated September 25th from Deputy Governor Crane of the Federal Reserve Bank of New York, advising of a request received from the Bank von Danzig, the central bank of issue of the Free City of Danzig, that the Federal Reserve Bank of New York sell for the bank in the market £100,000 sterling which it had on deposit at the Bank of England and credit the dollar proceeds to an account to be opened in its name on the books of the New York bank; and stating further that the Board of Directors, subject to the approval of the Federal Reserve Board, has voted to authorize the officers to open an account on the books of the bank for the Bank von Danzig, to arrange for the establishment of relations with that bank along the general lines of arrangements with other foreign central banks, and to appoint the Bank von Danzig as agent and correspondent of the New York bank. During the discussion which followed it was the consensus of opinion that in view of the circumstances which exist at the present time and the fact that it appears extremely remote that the Federal Reserve Bank of New York will have occasion to engage in any transactions in Danzig requiring the cooperation of an agent and correspondent there, or the maintenance of an account, the relations established by the Federal Reserve Bank of New York with the Bank von Danzig at this time should be limited to the opening of a one-way account for that institution on the books of the New York bank, especially since it appears that such action will meet the needs and desires of the Bank von Danzig as set out in Mr. Crane's letter.

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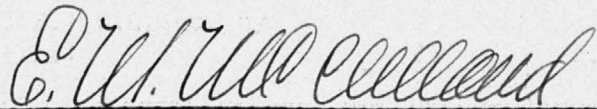
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At the conclusion of the discussion, it was voted to approve of the Federal Reserve Bank of New York opening and maintaining an account on its books for the Bank von Danzig for the purpose of carrying out operations in this market for that bank along the same general lines and subject to the same terms and conditions as they are handled for other foreign central banks having accounts with the Federal Reserve Bank of New York.

REPORTS OF STANDING COMMITTEES:

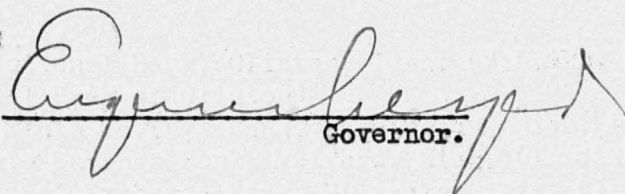
- Dated, Sept. 21st Recommending changes in stock at Federal Reserve Banks
 22nd as set forth in the Auxiliary Minute Book of this date.
 23rd Recommendations approved.
 24th
 25th
 26th
 28th
- Dated, Sept. 22nd Recommending action on an application for fiduciary powers
 as set forth in the Auxiliary Minute Book of this date.
 Recommendation approved.
- Dated, Sept. 16th Recommending action on an application for admission of a
 state bank, subject to the conditions stated in the report
 attached to the application, as set forth in the Auxiliary
 Minute Book of this date.
 Recommendation approved.

The meeting adjourned at 12:30 p.m.



Assistant Secretary.

Approved:


 Governor.

AUXILIARY MINUTES
(September 29, 1931.)

Reports of Standing Committee dated September 21st, 22nd, 23rd, 24th, 25th, 26th and 28th, 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 Greene, New York.	60	60
<u>District No. 11.</u>		
Citizens National Bank, Smithville, Texas.	15	15
	<u>Total</u>	<u>75</u>
<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 1.</u>		
Bank of Commerce & Trust Co., Boston, Mass.	2	2
<u>District No. 7.</u>		
First National Bank, Hillsdale, Mich.	33	33
<u>District No. 9.</u>		
National Citizens Bank, Mankato, Minn.	60	
First National Bank, Dickinson, N. Dak.	3	
National Bank in Wahpeton, N. Dak.	3	
First National Bank, Deadwood, S. Dak.	30	96
	<u>Total</u>	<u>131</u>
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
National Mechanics & Traders Bank, Portsmouth, N. H. (V.L.Abs. by First National Bank of Portsmouth)	78	78
<u>District No. 2.</u>		
Straus National Bank and Trust Co., New York, N. Y. (V.L.Abs. by Continental Bank & Trust Co.)	1,560	
Queensboro National Bank, New York, N. Y. (Insolvent)	180	
First National Bank, Ripley, N. Y. (Insolvent)	45	
Union City National Bank, Union City, N. J. (Insolvent)	261	
First National Bank, Washingtonville, N. Y. (V.L.Suc. by First National Bank in Washingtonville)	69	2,115
	<u>Total</u>	<u>2,115</u>
<u>District No. 4.</u>		
Columbus National Bank, Columbus, Ohio. (Insolvent)	330	330
<u>District No. 7.</u>		
Merchants National Bank, Clinton, Iowa. (V.L.Abs. by City National Bank of Clinton)	75	
Farmington State Savings Bank, Farmington, Mich. (Insolvent)	42	
Farmers State Savings Bank, Milford, Mich. (Insolvent)	23	
Marine National Exchange Bank, Milwaukee, Wis. (Increase in capital and decrease in surplus)	360	

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Applications for SURRENDER of Stock: (Cont'd)	<u>Shares</u>	
<u>District No. 7. (Cont'd)</u>		
First State Savings Bank, Birmingham, Mich. (Insolvent)	210	
Pontiac Commercial & Savings Bank, Pontiac, Mich. (Insolvent)	720	
First National Bank, Huntington, Ind. (V.L.Suc. by First State Bank of Huntington)	180	
First National Bank, Lehigh, Iowa. (Insolvent)	<u>18</u>	1,628
<u>District No. 8.</u>		
First National Bank, Sweet Springs, Mo. (Insolvent)	33	33
<u>District No. 10.</u>		
First National Bank, Colony, Kans. (Insolvent)	19	
Walhill National Bank, Walhill, Nebr. (Insolvent)	<u>18</u>	37
<u>District No. 11.</u>		
Colorado National Bank, Colorado, Tex. (V.L.Suc. by Colorado National Bank in Colorado)	120	
First National Bank, Roscoe, Tex. (V.L.Abs. by Roscoe State Bank)	<u>17</u>	137
<u>District No. 12.</u>		
United States National Bank, Los Angeles, Calif. (Insolvent)	720	
First National Bank, Blythe, Calif. (Insolvent)	<u>42</u>	762
	Total	<u>5,120</u>

Report of Standing Committee dated September 22nd, recommending action on an application for fiduciary powers by the following bank:

APPROVED:

DISTRICT NO. 7.

ILLINOIS:

The First National Bank in Aurora. (3369)

Report of Standing Committee dated September 16th, recommending action on an application for admission to membership by the following state institution, subject to the conditions stated in the report attached to the application:

APPROVED:

<u>Name</u>	<u>Shares</u>	<u>F. R. Bank</u>
Security Bank & Trust Co., Madison, S. Dak.	36	Minneapolis

E. W. McClelland

 Assistant Secretary.

Approved:

[Signature]

 Governor.