

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, October 19, 1931, at 12:00 o'clock noon.

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

ALSO PRESENT: Mr. Harrison, Assistant to the Governor.

The following matters were presented for the consideration and action of the Committee:

Letter dated October 15 from the Secretary of the Federal Reserve Bank of New York, advising formally of the action taken by the directors of the bank on that date in voting to establish a rediscount rate of 3 1/2% on all classes of paper of all maturities, which the Federal Reserve Board, on October 15, upon receipt of advice over the telephone of the action of the New York directors, approved, effective October 16; the letter also advising that in accordance with the usual custom the rates on trade bills and Government securities under repurchase agreements were raised to the discount rate, but that no change was made in the bank's effective schedule of buying rates on bankers' acceptances.

Upon motion, the latter actions of the New York directors were noted with approval.

Telegrams dated October 16 from the Chairmen of the Federal Reserve Banks of Boston and Chicago, advising of the establishment at each bank of a rediscount rate of 3 1/2% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board; the Executive Committee of the Board, in accordance with action taken at the meeting on October 14, having approved the rates informally on October 16, effective October 17, 1931.

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Upon motion, the informal actions of the Executive Committee were ratified.

Letter dated October 17 from the Chairman of the Federal Reserve Bank of Boston, advising that the action of the Executive Committee of the bank in establishing a rediscount rate of 3 1/2% was taken because the close proximity of the Boston District to the New York bank made it desirable that the Boston rate be in line with the increased rates now in effect at the New York bank.

Noted.

Telegrams dated October 15 from the Chairmen of the Federal Reserve Banks of Kansas City and San Francisco, advising that the Boards of Directors, at meetings on that date, made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letters dated October 13 from the Secretary of the Federal Reserve Bank of Kansas City, October 14 from the Secretaries of the Federal Reserve Banks of Cleveland and Atlanta, and October 15 from the Chairman of the Federal Reserve Bank of Dallas, advising of the establishment on October 13 at Cleveland and Kansas City and October 14 at Atlanta and Dallas, of the schedule of buying rates on bankers' acceptances made effective at the Federal Reserve Bank of New York on October 13; the Federal Reserve Banks of Atlanta and Dallas having also established a rate of 2 1/4% for purchases of bankers' acceptances under agreement to resell.

Without objection, noted with approval.

Telegram dated October 14 from the Chairman of the Federal Reserve Bank of San Francisco, advising that his telegram of October 13, reporting a rate of 3 1/2% for the purchase of bankers' acceptances maturing within

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91 to 180 days, should have shown a rate of $2\frac{1}{2}\%$ on acceptances maturing within 91 to 120 days and a rate of 3% on acceptances maturing within 121 to 180 days.

Upon motion, the action taken by the Board on October 14 in noting with approval the schedule of effective buying rates reported in Mr. Newton's telegram of October 13 was rescinded, and, there being no objection, the establishment on that date at the San Francisco bank of the following schedule of buying rates on bankers' acceptances was noted with approval.

1 to 75 days	$2\frac{1}{8}\%$
76 to 90 days	$2\frac{1}{4}\%$
91 to 120 days	$2\frac{1}{2}\%$
121 to 180 days	3%
Repurchase	$2\frac{1}{4}\%$

Telegram dated October 16 from Deputy Governor Kenzel of the Federal Reserve Bank of New York, advising that, following a further substantial increase in dealers' rates, the New York bank, desiring to give assistance toward at least temporary stability and to improve the distribution of bills, made the following schedule of buying rates on acceptances effective on that date:

Bankers' acceptances:	
1 to 90 days	$3\frac{1}{8}\%$
91 to 120 days	$3\frac{1}{4}\%$
121 to 180 days	$3\frac{1}{2}\%$
Repurchase	$3\frac{1}{4}\%$
Trade bills	$3\frac{1}{2}\%$

Without objection, noted with approval.

Telegrams dated October 16 from the Governor of the Federal Reserve Bank of Boston and the Chairmen of the Federal Reserve Banks of Richmond and Chicago, and letters dated October 17 from the Secretaries of the Federal Reserve Banks of Cleveland and Kansas City, advising of the establishment, on October 16 at Boston, Chicago, Cleveland and Kansas City, and on October

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17 at the Federal Reserve Bank of Richmond, of the schedule of buying rates on bankers' acceptances made effective at the Federal Reserve Bank of New York on October 16, 1931, the Governor of the Federal Reserve Bank of Boston also reporting a rate of 3 1/2% for purchases of bankers' acceptances and Government securities under agreement to resell.

Without objection, noted with approval.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Cleveland, showing the name of one employee of the Pittsburgh Branch for whom the directors authorized leave of absence with pay, on account of illness, during the month of September, the total of whose absences since January 1, 1931, exceeds thirty days; the Board's Committee recommending approval of the salary payment involved.

Approved.

Renewal bond in the amount of \$50,000, executed under date of October 9, 1931, by Mr. Charles F. Gettemy, Assistant Federal Reserve Agent at Boston.

Approved.

Telegraphic reply, informally approved by the Executive Committee on October 16, to telegram dated October 15 from the Governor of the Federal Reserve Bank of Dallas, requesting approval of the appointment of Mr. T. E. Parks, at a salary of \$5,000 per annum, as Manager of the Insolvent Banks Department; the Board's reply advising that it approves the restoration of the position of Manager of the Insolvent Banks Department to the personnel classification plan of the Dallas bank, as an appraised position, and the proposed appointment thereto at the salary named.

Upon motion, the informal action of the Committee was ratified.

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Memorandum from Counsel dated October 9, with regard to letter dated October 1 from the Federal Reserve Agent at the Federal Reserve Bank of San Francisco, enclosing certified copies of agreements entered into by the Agent and the Governor of the bank, covering the custody of unissued Federal Reserve notes at the Salt Lake City and Portland branches. In his memorandum Counsel stated that the agreements submitted are in the same form as the agreement recently approved by the Board covering the custody of unissued notes at the Los Angeles Branch, and he submitted draft of letter to the Federal Reserve Agent at San Francisco stating that the Board has no objection to the establishment of the custody arrangements at the Salt Lake City and Portland Branches with the understanding that they may be modified or discontinued by the Board if at any time it should see fit.

Upon motion, the letter submitted by Counsel was approved.

Draft of reply to letter dated October 10 from the Assistant Secretary of the Provident Savings Bank and Trust Company, Cincinnati, Ohio, inquiring whether anything has occurred to change the ruling made by the Board in 1927 that the Provident Savings Bank and Trust Company might not establish a branch in the town of Norwood, which is outside the corporate limits of Cincinnati, but entirely surrounded by that city; the proposed reply advising that there has been no change in the law on this subject since the matter was considered by the Board in 1927, and that a State member bank may not establish a branch at a place not within the corporate limits of the city in which the parent bank is situated, even though the branch be in territory adjacent or contiguous to the corporate limits of such city.

Upon motion, the proposed letter was approved.

Letter dated October 16 from the Chairman of the Federal Reserve Bank

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of Chicago, submitting, with his favorable recommendation, the application of the Iowa-Des Moines National Bank and Trust Company, Des Moines, Iowa, for permission to rediscount notes acquired from nonmember banks.

Under the authority given to the Executive Committee at the meeting of the Board on October 13, 1931, it was, upon motion, voted to authorize the Federal Reserve Bank of Chicago, in its discretion, for a period of six months from this date, to rediscount for the Iowa-Des Moines National Bank and Trust Company, good and otherwise eligible paper acquired from or bearing the signature or endorsement of nonmember banks.

Letter to Mr. Vernon F. Taylor, Indiana, Pennsylvania, with regard to his application for permission to serve at the same time as director of the First National Bank of Pittsburgh, Pennsylvania, the First National Bank of Sykesville, Pennsylvania, and the First National Bank of Indiana, Pennsylvania; and advising that the Board approves the application for permission to serve the first two banks named but has refused it insofar as it involves the First National Bank of Indiana, and that, upon receipt of advice that Mr. Taylor has severed his connection with the latter bank, a formal certificate will be issued covering his services to the First National Bank of Sykesville and the First National Bank of Pittsburgh.

Upon motion, the letter was approved.

Telegram dated October 19 from the Governor of the Federal Reserve Bank of Dallas, setting forth the views of his directors with regard to circularizing the member banks in the Eleventh Federal Reserve District concerning the National Credit Corporation, as suggested by the Governor of the Federal Reserve Bank of New York; Governor McKinney stating that if the Board does not agree with these views, the Committee will waive its objections and will make immediate distribution of circulars and subscription blanks.

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After discussion, upon motion, Assistant Secretary McClelland was authorized to communicate with Governor McKinney, advising him of the nature of the circulars issued by other Federal Reserve banks, and stating that the Board sees no objection to the Federal Reserve Bank of Dallas issuing to its member banks a carefully prepared circular on the matter along similar lines.

Telegram dated October 19 from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment of a rediscount rate of 4% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.

In accordance with the action taken at the meeting of the Board on October 14, it was voted to approve for the Federal Reserve Bank of Richmond a rediscount rate of 4%, on all classes of paper of all maturities, effective October 20, 1931.

REPORTS OF STANDING COMMITTEES:

- Dated, October 15 Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
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19 Recommendations approved.
- Dated, October 14 Recommending approval of the application of Mr. Lemuel W. Young, Jr., for permission to serve at the same time as director of the First National Bank at Pittsburgh, Penna., and as director of the Peoples-Pittsburgh Trust Company, Pittsburgh, Penna.
Approved.
- Dated, October 16 Recommending approval of the application of Mr. P. W. Morgan, for permission to serve at the same time as director of the First National Bank at Pittsburgh, Penna., as director of the First National Bank of Wilmerding, Penna., and as director of the East Pittsburgh Savings and Trust Company of East Pittsburgh, Penna.
Approved.

The meeting adjourned at 12:45 p. m.

O. Lester Merrill
Secretary.

Approved:

Raymond P. Magee
Chairman, Executive Committee.

(Executive
Committee)AUXILIARY MINUTES
(October 19, 1931.)

Reports of Standing Committee dated October 15, 16 and 19, recommending changes in stock at Federal Reserve Banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
Continental Bank & Trust Co., New York, N. Y. (Decrease in capital and surplus)	3,600	3,600
<u>District No. 4.</u>		
First National Bank at Smithfield, Ohio. (Insolvent)	38	
Citizens National Bank, Winchester, Ky. (V.L.Abs. by Clark County National Bank of Winchester)	90	
Bank of Pittsburgh National Association, Pittsburgh, Pa. (Insolvent)	3,600	
First National Bank, Chardon, Ohio. (V.L.Suc. by Central National Bank of Chardon)	75	
Commerce Guardian Trust & Savings Bank, Toledo, Ohio. (Insolvent)	<u>1,560</u>	5,363
<u>District No. 5.</u>		
First National Bank, Elloree, S. C. (V.L.Abs. by South Carolina State Bank, Charleston, S. C.)	45	45
<u>District No. 7.</u>		
Farmers National Bank, New Bedford, Ill. (Insolvent)	18	
Old-First National Bank in Bluffton, Ind. (Cons. of Old National Bank and First National Bank of Bluffton)	90	
Rogers Park National Bank, Chicago, Ill. (Insolvent)	90	
Will County National Bank, Joliet, Ill. (Insolvent)	180	
First National Bank, Newton, Iowa. (Insolvent)	90	
State Savings Bank, Fenton, Mich. (Insolvent)	<u>60</u>	528
<u>District No. 9.</u>		
First National Bank in Alexandria, S. Dak. (Insolvent)	36	36
<u>District No. 11.</u>		
First National Bank, Lockney, Tex. (Decrease in surplus)	15	
Pearsall National Bank, Pearsall, Tex. (V.L.Suc. by Pearsall National Bank in Pearsall)	<u>60</u>	75
<u>District No. 12.</u>		
First National Bank, Bancroft, Idaho. (Insolvent)	21	21
	<u>Total</u>	<u>9,668</u>

O. P. Mowbray

Secretary.

Approved:

Raymond T. Magee
Chairman, Executive Committee.