A meeting of the Federal Reserve Board was held in the office of the
Federal Reserve Board on Saturday, October 24, 1931, at 11:35 a. m.

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

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

The following matters were presented for consideration and action by
the Board:

Telegram dated October 22 from the Chairman of the Federal Reserve
Bank of Kansas City, advising of the establishment by the Executive Committee
of the 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 rate established by the Kansas City bank
having been approved informally by the Federal Reserve Board on October 22,
effective October 23.

Upon motion, the rate of 3 1/2%
established by the Kansas City bank,
effective October 23, was formally
approved.

Telegram dated October 23 from the Chairman of the Federal Reserve
Bank of Cleveland, advising of the establishment by the Executive Committee
of the 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, under the
authority given at the meeting on October 21, having approved informally on
October 23 the rate established by the Cleveland bank, effective October 24,
1931.

Upon motion, the action of the
Executive Committee was ratified.
Letter dated October 22 from the Secretary of the Federal Reserve Bank of New York and telegram dated October 23 from the Chairman of the Federal Reserve Bank of Chicago, both advising that their Boards of Directors, at meetings on the dates stated, made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated October 22 from the Chief of the Division of Bank Operations, submitting statement showing the expenditures of Federal Reserve banks for educational and welfare work, etc., during the month of September and for the nine months' period ending September 30.

Ordered circulated.

Telegram dated October 14 from the Federal Reserve Agent at Minneapolis requesting that, in accordance with its letter of October 7, the Federal Reserve Board designate Mr. J. E. O'Connell, director of the Helena branch, as Acting Assistant Federal Reserve Agent at the branch, and Messrs. A. T. Hibbard, Vice President of the Union National Bank and Trust Company, and Fred Heinicke, Vice President of the First National Bank and Trust Company, as Alternate Assistant Federal Reserve Agents at the branch; the Executive Committee of the Federal Reserve Board having informally approved the designations on October 15.

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

Bond in the amount of $50,000, executed under date of October 17, 1931, by Mr. J. E. O'Connell, as Acting Assistant Federal Reserve Agent at the Helena branch of the Federal Reserve Bank of Minneapolis.

The bond, having been approved informally by the Executive Committee on October 23, was formally approved.
Drafts of replies to letters dated October 19 and 21 from the Governors of the Federal Reserve Banks of Minneapolis and Kansas City, respectively, inquiring whether the Board would authorize subscriptions by the banks to the local Community Chests; the proposed replies advising that while the Board sympathizes with the purposes of such contributions, and is pleased to note that the officers and employees of the banks have subscribed 100% of their allotments, it still feels that it cannot authorize expenditures of Federal Reserve bank funds by way of donations to further purposes, no matter how worthy, which are not directly related to the conduct of the affairs of the banks.

Approved.

Draft of telegram replying to a wire received from the Governor of the Federal Reserve Bank of San Francisco under date of October 22, inquiring as to the disposition of the Board at the present time with regard to the rediscount for member banks of paper acquired from nonmember banks which are eligible for membership in the Federal Reserve System; Governor Calkins stating that he is inclined to the view that such permission should not be granted unless a justifying situation exists in both the nonmember bank and the member bank. The proposed reply stated that the Board is granting permission for limited periods of time upon individual applications containing a satisfactory showing of facts and reasons therefor and accompanied by the Federal Reserve agent’s favorable recommendation, that the Board is not requiring that applications be restricted to cover paper of specified nonmember banks, and that the Board will give prompt consideration to each individual case as it arises and will be glad to consider any expression of views which the Federal Reserve bank desires to submit in addition to the recommendation of the Federal Reserve agent.
Upon motion, the proposed reply was approved.

Draft of letter to the Federal Reserve Agent at Philadelphia, approved by the Executive Committee, with regard to the action of the Equitable Trust Company, Atlantic City, New Jersey, a member bank, in acquiring on October 13, 1931, the business of the Pacific Avenue National Bank of Atlantic City and assuming certain liabilities, and acquiring on a liquidation basis the assets of the Chelsea Safe Deposit and Trust Company of Atlantic City; the Federal Reserve Agent stating that an investigation of the Equitable Trust Company will be made within the next few days to ascertain the effect of the mergers on the member bank, following which a report and recommendation will be forwarded to the Board. The proposed letter stated that the investigation should be made sufficiently broad to enable the Federal Reserve Agent to report definitely, on the basis of certain data specifically requested, whether the transactions have resulted in any change in the general character of the assets of, or in the scope of the functions exercised by, the member bank within the meaning of the general condition under which it was admitted to membership in the Federal Reserve System.

Upon motion, the proposed letter was approved.

Memorandum from Counsel dated October 20, prepared pursuant to the action taken at the meeting on September 30, and submitting draft of letter to the Federal Reserve Agent at Boston, requesting certain additional information with regard to the purchase by the Carroll County Trust Company of Conway, New Hampshire, of 500 shares of stock of the Continental Bank and Trust Company of New York City; the information requested being desired to enable the Board to determine whether the purchase referred to is a violation either of the bank’s conditions of membership, or by the director
of the bank who authorized the purchase, of the criminal provisions of Section 5209 of the Revised Statutes of the United States.

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

Telegram dated October 15 from the Governor of the Federal Reserve Bank of New York stating that, at a meeting of the Board of Directors of the New York bank on October 15, it was voted, subject to the approval of the Federal Reserve Board, to authorize the officers of the bank to arrange for the renewal of its participation of $25,000,000 in the central bank credit to the Reichsbank, on substantially the same terms and conditions as heretofore, for a period not exceeding three months from the expiration of the present credit on November 4. In this connection consideration was given to a letter dated October 23 from Deputy Governor Crane of the New York bank reviewing the circumstances leading up to the original granting of the credit and the principal developments in the Reichsbank's position since that time.

At the conclusion of the discussion, it was, upon motion, voted to approve the action taken by the New York directors, with the understanding that renewal of the Federal Reserve banks' participation is predicated upon a like renewal by all other participating central banks.

REPORTS OF STANDING COMMITTEES:

Dated, October 22 Recommending changes in stock at Federal Reserve Banks, 23 as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

The meeting adjourned at 12:35 p.m.

Approved: 

Governor.
AUXILIARY MINUTES
(October 24, 1931.)

Reports of Standing Committee dated October 22 and 23, recommending changes in stock at Federal Reserve banks, approved as follows:

Application for ADDITIONAL Stock:
District No. 7.

Applications for SURRENDER of Stock:
District No. 2.
Labor National Bank, Jersey City, N. J. (V.L.Abs. by New Jersey Title Guarantee and Trust Company of Jersey City) 342

District No. 3.
Main Line National Bank, Wayne, Pa. (Insolvent) 45

District No. 7.
First National Bank, Kewanee, Ill. (Insolvent) 150
First National Bank, Coin, Iowa. (Insolvent) 36 186

District No. 10.
National Bank of Claremore, Claremore, Okla. (V.L.Suc. by Bank of Claremore) 38 38
Total 611

Approved:

Governor.

Secretary.