

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, November 3, 1931, at 10:50 a. m.

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

ALSO PRESENT: Mr. Harrison, Assistant to the Governor.
Mr. Smead, Chairman, System Committee on Reserves.
Mr. Goldenweiser, Member, System Committee on Reserves.
Mr. Wyatt, General Counsel.

Mr. Smead indicated that copies of the report of the System Committee on Member Bank Reserves would be ready for delivery early next week. After a discussion of the circumstances in which the Committee was appointed, it was expressed as the view of the Board that the Committee should submit its report both to the Chairman of the Governors' Conference and to the Federal Reserve Board. In addition, the feeling was expressed that, since the Subcommittee of the Senate Committee on Banking and Currency is studying proposals to amend the Federal Reserve Act, it would be desirable to discuss the report with Senator Glass. Accordingly, Governor Meyer arranged for such a discussion on the part of Mr. Smead, Mr. Goldenweiser and himself with Senator Glass this afternoon. After a short explanation of the views of the Committee regarding the features of the report involving Government deposits and the personal liability of directors of member banks, Messrs. Smead and Goldenweiser left the meeting.

The minutes of the meeting of the Federal Reserve Board held on October 28 were approved.

The following matters of business were then considered and acted upon by the Board:

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Telegram dated November 2 from the Chairman of the Federal Reserve Bank of Minneapolis, 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 Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of New York of employees for whom the directors authorized leaves of absence with pay on account of illness, during the month of October, where the total of such absences since January 1, 1931, has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Telegram dated October 30 from the Governor of the Federal Reserve Bank of Kansas City referring to the present reserve position of the bank which is below fifty per cent, and requesting that the Board authorize it to rediscount \$94,000 of paper offered by the Federal Intermediate Credit Bank of Omaha, and telegram dated October 31 from the Deputy Governor of the Kansas City bank requesting authority to rediscount paper which will probably be offered this week by the Federal Intermediate Credit Bank of Omaha, in the additional amount of \$500,000; the requests having been approved informally by the Executive Committee of the Federal Reserve Board on October 30 and November 2, respectively.

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

Letter dated November 2 from the Federal Reserve Agent at Atlanta transmitting, with the favorable recommendation of his Executive Committee, an application of the Canal Bank and Trust Company, the Hibernia Bank and

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Trust Company, the Interstate Trust and Banking Company, the Whitney National Bank, and the American Bank and Trust Company, all of New Orleans, Louisiana, for permission to rediscount paper bearing the endorsements of nonmember banks.

Upon motion, it was voted to authorize the Federal Reserve Bank of Atlanta, in its discretion, for a period of six months from this date, to rediscount for the member banks named good and otherwise eligible paper acquired from or bearing the signature or endorsement of nonmember banks.

Letter dated October 29 from the Assistant Federal Reserve Agent at New York, submitting a recommendation of the Board of Directors that the Board approve the designation, effective November 1, 1931, of Mr. Ralph W. Scheffer, as a Federal Reserve examiner, and of Messrs. Loren B. Allen, Homer P. Cochran, James B. Cronin, Randolph V. Daly and John J. Quinn, as Assistant Federal Reserve examiners.

Upon motion, it was voted to approve the designations as recommended.

Report of Committee on Salaries and Expenditures on letter dated October 26 from the Chairman of the Federal Reserve Bank of Dallas, requesting that the Board approve a change in the personnel classification plan of the bank to provide for the position of Junior Stenographer in the Loan Department with a salary range from \$1,200 to \$1,800; the Board's Committee recommending approval.

Approved.

Draft of reply, approved by the Executive Committee, to letter dated October 22 from the Vice President of the First-Farmers and Merchants National Bank, Troy, Alabama, advising that arrangements have been made by the bank to repurchase all of the City of Abbeville bonds sold to certain

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trusts administered by it, and requesting that the Board now give further consideration to its application for trust powers; the proposed reply advising that, as stated in its letter of October 13, the Board is of the opinion that the application should not be approved until it has been demonstrated that the trust department of the bank is being properly managed and that the conditions which previously occasioned the criticism of the national bank examiner will not again be permitted to develop, and that further consideration will be given to the application on the basis of the report of the next examination of the bank.

Upon motion, the proposed letter was approved.

Draft of reply, approved by the Executive Committee, to letter dated October 13 from the Assistant Federal Reserve Agent at Chicago transmitting a copy of an agreement under which the Farmers State Bank of Eureka, Illinois, a member bank, on September 24, assumed the deposit liabilities and acquired certain assets of the First National Bank of Eureka, including a check in the amount of \$113,663.91 from the Home Farming Corporation of Eureka, which latter institution advanced a total of \$122,663.91 to the national bank under an agreement whereby certain additional assets of the national bank were trustee to secure payment of the advance; the proposed reply requesting that, before the Board considers the question whether the action of the State member bank involves any change in the general character of its assets or in the scope of the functions exercised by it, the Assistant Federal Reserve Agent advise whether the Farmers State Bank is carrying any note or other obligation of the Home Farming Corporation, the First National Bank of Eureka, its trustees, or any other person, or persons, the payment of which is dependent ultimately upon the liquidation of the

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trusteed assets of the national bank.

Upon motion, the proposed letter was approved.

In connection with the above, consideration was also given to draft of reply, approved by the Executive Committee, to letter dated October 22 from the Assistant Federal Reserve Agent at Chicago inquiring whether it is necessary for the Farmers State Bank of Eureka, Illinois, the liquidating agent of the First National Bank of Eureka, to apply for cancellation of the Federal Reserve bank stock issued to the national bank, or whether the trustees appointed by the national bank and who now hold the stock may make application; the proposed reply stating that the application may be made by the trustees, but that it should be based on a resolution of the board of directors of the national bank specifically authorizing the application, and that advice should be obtained from the Farmers State Bank as to whether it has any objection to the cancellation of the stock in question.

Upon motion, the proposed letter was approved.

Telegrams dated October 29 and November 2 from the Governor of the Federal Reserve Bank of Minneapolis, on the question whether the Grain Stabilization Corporation, which is owned and operated exclusively by cooperative marketing associations, may itself be classed as a cooperative marketing association so as to bring its paper under Section VI (b) of Regulation A; the question having been raised by the possible offering for rediscount by a Federal Intermediate Credit Bank of a note of the Grain Stabilization Corporation which will have a maturity making it ineligible for rediscount unless it can be classed as agricultural paper.

After discussion, upon motion, it was voted to advise the Governor of the Federal Reserve Bank of Minneapolis that, in the opinion of the Board, the corporation referred to is a cooperative marketing

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association within the meaning of Section
13(a) of the Federal Reserve Act and
Section VI (b) of Regulation A.

REPORTS OF STANDING COMMITTEES:

Dated, October 31 Recommending changes in stock at Federal Reserve banks,
November 2 as set forth in the Auxiliary Minute Book of this date.
3 Recommendations approved.

The meeting adjourned at 12:20 p.m.

A. Lester Moule
Secretary.

Approved:

Augustus C. [Signature]
Governor.

AUXILIARY MINUTES
(November 3, 1931.)

Reports of Standing Committee dated October 31, November 2 and 3, recommending changes in stock at Federal Reserve banks, approved as follows:

<u>Applications for ADDITIONAL Stock:</u>		<u>Shares</u>	
<u>District No. 7.</u>			
Gerber State Bank, Argenta, Ill.		1	
Tipton National Bank, Tipton, Iowa.		3	
Lapeer County Bank, Imlay City, Mich.		<u>1</u>	5
<u>Applications for SURRENDER of Stock:</u>			
<u>District No. 5.</u>			
First National Bank, Fort Mill, S. C. (Insolvent)		30	30
<u>District No. 7.</u>			
Moville State Bank, Moville, Iowa. (Insolvent)		37	
Dansard State Bank, Monroe, Mich. (Insolvent)		<u>156</u>	193
<u>District No. 9.</u>			
Labor National Bank of Montana, Three Forks, Mont. (Insolvent)		18	
First National Bank, Fairfield, Wis. (Insolvent)		<u>19</u>	37
<u>District No. 11.</u>			
First National Bank, Bishop, Tex. (Insolvent)		21	
Security National Bank, Bowie, Tex. (Insolvent)		30	
First National Bank, Mathis, Tex. (Insolvent)		<u>24</u>	75
<u>District No. 12.</u>			
Holtville Bank, Holtville, Calif. (Insolvent)		47	47
		<u>Total</u>	<u>382</u>

Chester Mowles

Secretary.

Approved:

Eugene Chesnut
Governor.