

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 4, 1931, at 11:30 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.

The Governor stated that in accordance with the discussion at the meeting yesterday, he, together with Messrs. Smead, Goldenweiser, Riefler and Harrison, called upon Senator Glass yesterday afternoon and discussed briefly the plan for the computation of reserves of member banks proposed by the Committee on Bank Reserves. Governor Meyer stated that Senator Glass showed considerable interest in the matter. The Governor also presented, for the Board's consideration, a draft of a letter to Senator Glass transmitting, in accordance with the latter's request, a copy of the Committee report and of a proposed bill incorporating the Committee's recommendations, and stating that while the Board has not had an opportunity to consider the report and bill in detail, it felt that it should be brought to his attention as soon as possible, especially in view of the fact that it is understood that a sub-committee of the Senate Banking and Currency Committee will probably meet some time in the near future.

Upon motion, the proposed letter was approved.

The minutes of the meetings of the Federal Reserve Board held on October 29 and 30 were approved.

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

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Telegram dated November 4 from the Chairman of the Federal Reserve Bank of St. Louis, 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.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston and St. Louis 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.

Telegrams dated November 2 and 3 from the Governor of the Federal Reserve Bank of San Francisco referring to the present reserve position of the bank which is below 50%, and requesting that the Board authorize it to rediscount paper offered by the Federal Intermediate Credit Banks of Berkeley and Spokane in the amounts of \$1,000,000 and \$500,000, respectively; the request having been informally approved by the Executive Committee on November 3.

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

Report of Committee on Salaries and Expenditures on letter dated October 31 from Deputy Governor Helm of the Federal Reserve Bank of Kansas City requesting approval of a change in the personnel classification plan of the bank to provide for a decrease in the salary range for the position of stenographer to the Assistant Cashier in the Loan Department; the Board's

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Committee recommending approval.

Approved.

Draft of reply to letter dated October 15 from the Secretary of the Federal Advisory Council requesting advice as to the topics which the Board desires the Council to discuss at its next meeting which will be held in Washington on November 17; the proposed reply stating that the Board believes that the meeting could be devoted most profitably to a survey of the banking and credit situation and the outlook for business in each of the Federal Reserve districts from the point of view of their bearing upon conditions in the country as a whole, and that, in this connection, the Board is desirous, among other things, of having the benefit of the views of the members of the Council with respect to the manner in which the present financing facilities, including those of the Federal Reserve System, are functioning and to what extent there are legitimate needs that are not being met.

Upon motion, the proposed letter was approved.

Report of Executive Committee with regard to a letter dated October 30 from the Chairman of the Federal Reserve Bank of Chicago, transmitting, with a favorable recommendation, the application of the First National Bank in Aurora, Illinois, for permission to rediscount paper acquired from the Farmers State Bank of Somonauk, Illinois, a nonmember institution; the Board's Committee recommending that the Federal Reserve Bank of Chicago be authorized, in its discretion, for a period of six months from this date, to rediscount for the national bank, good and otherwise eligible paper acquired from or bearing the signature or endorsement of the Farmers State

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Bank of Somonauk.

Recommendation approved.

Draft of reply, approved by the Executive Committee, to telegram and letter dated October 28 from the Federal Reserve Agent at Dallas, advising that on October 31 the Commercial American Bank and Trust Company, Shreveport, Louisiana, would merge with the Continental Trust and Savings Bank of Shreveport, under the authority granted by the Board on May 11, 1931; the proposed reply requesting that a Federal Reserve examiner participate in the next examination of the consolidated bank with a view to determining whether all of the assets of the Continental Trust and Savings Bank which were classified as doubtful or loss at the time of the examination of the bank on April 28, 1931, were eliminated before the merger became effective, as required by the Board, and that the Federal Reserve Agent forward to the Board certain other specified information concerning the consolidation.

Upon motion, the proposed letter was approved.

Draft of reply, approved by the Executive Committee, to letter dated October 7 from the Federal Reserve Agent at Kansas City transmitting, in connection with the application of the First National Bank in Larned, Kansas, for permission to exercise fiduciary powers on which the Board deferred action on July 2, 1931, pending the next examination, a copy of an analysis of a report of examination of the bank made on August 27, 1931, together with a recommendation of his Executive Committee that, for reasons stated in his letter, the application be refused; the proposed reply stating that before acting definitely on the application, the Board would appreciate receiving more detailed observations from the Federal Reserve Agent regarding the effect of the criticized policies and practices of the President on the con-

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dition of the bank, and with regard to the Federal Reserve Agent's opinion that authority for the administration of trust powers should be withheld.

Upon motion, the proposed letter was approved.

Reference was then made to previous informal discussions regarding the advisability, due to the congestion of the present wires, of contracting for an additional leased telephone wire between the Board's offices and the Federal Reserve Bank of New York, and it was suggested that, for the time being at least, an additional wire be installed, and in order that there may be no question of its availability at all times, that it be installed to terminate in the Governor's office rather than the Treasury switchboard, as is the case with the present wires.

After discussion, upon motion, the Secretary was authorized to arrange for a contract for a new wire for a period of three months, at a rental of \$868 per month.

REPORTS OF STANDING COMMITTEES:

- Dated, November 2 Recommending approval of the application of Mr. Max Hirsch, for permission to serve at the same time as director of the Lincoln National Bank of Cincinnati, Ohio, and as director of the Cincinnati Morris Plan Bank of Cincinnati, Ohio.
Approved.
- Dated, November 2 Recommending approval of the application of Mr. E. W. Jones, for permission to serve at the same time as officer of the Iowa-Des Moines National Bank and Trust Company of Des Moines, Iowa, and as director of the Poweshiek County National Bank of Grinnell, Iowa.
Approved.
- Dated, November 2 Recommending approval of the application of Mr. Ernest Griess, for permission to serve at the same time as director of the Lincoln National Bank of Cincinnati, Ohio, and as director of the Cincinnati Morris Plan Bank of Cincinnati, Ohio.
Approved.
- Dated, November 3 Recommending approval of the application of Mr. W. L. Hert, for permission to serve at the same time as director and officer of the First National Bank of Comanche, Okla., and as director and officer of the First National Bank and

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Trust Company of Oklahoma City, Okla.

Approved.

Dated, November 4 Recommending approval of the application of Mr. Richard Harte, for permission to serve at the same time as director of the State Street Trust Company of Boston, Mass., and as director of the First National Bank of Easton, North Easton, Mass.

Approved.

Dated, November 4 Recommending approval of the application of Mr. John A. Hulen, for permission to serve at the same time as director of the Fort Worth National Bank of Fort Worth, Texas, and as director of the Second National Bank of Houston, Texas.

Approved.

Dated, November 4 Recommending approval of the application of Mr. B. H. Martin, for permission to serve at the same time as director and officer of the Fort Worth National Bank of Fort Worth, Texas, and as director of the Alvord National Bank of Alvord, Texas.

Approved.

The meeting adjourned at 12:45 p.m.

A. Lester Mouil
Secretary.

Approved:

Eugene C. Clegg
Governor.