

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 18, 1931, at 11:35 a. m.

PRESENT: Governor Meyer
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Magee

Mr. Morrill, Secretary
 Mr. McClelland, Assistant Secretary.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on November 9 were approved, and upon motion, the actions recorded therein were ratified.

The minutes of the meeting of the Federal Reserve Board held on November 10 were approved.

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

Telegram dated November 18 from the Chairman of the Federal Reserve Bank of St. Louis, advising that the Board of Directors, at its meeting today, 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 a list submitted by the Federal Reserve Bank of Atlanta 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.

Letter dated November 13 from the Governor of the Federal Reserve Bank of New York requesting approval by the Board of a salary of \$4,000

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per annum for Mr. Herbert H. Kimball who has been appointed Assistant Counsel of the bank, to become effective at the commencement of Mr. Kimball's employment; the Federal Reserve Board on November 17 having approved informally the salary fixed by the directors for Mr. Kimball.

Approved.

Reply, approved by the Executive Committee, to memorandum dated November 7 from the Comptroller of the Currency recommending, upon certain conditions, approval of the application of the First National Bank of Dillonvale, Ohio, for permission to reduce its capital stock from \$100,000 to \$50,000; the proposed reply stating that effective if and when (1) the sum of \$33,600 is paid into the bank by certain of its directors and (2) the bank's liability on account of circulation outstanding is reduced to not more than \$50,000, the Federal Reserve Board approves the application, subject to the condition that no money be returned to stockholders but that the amount of the reduction in capital, together with approximately \$8,250 from the surplus and undivided profits accounts of the bank, and \$33,600 to be paid into the bank by certain of its directors and held in escrow pending the reduction, shall be used to eliminate from the bank assets in the amount of \$66,860.09 and to establish surplus of \$20,000 and undivided profits of \$5,000.

Upon motion, it was voted to approve the reduction, subject to the conditions set forth in the reply.

Reply, approved informally by the Board on November 17, to a letter dated November 10 from the Assistant Federal Reserve Agent at New York transmitting, in response to the Board's letter of October 1, further information with regard to the recent absorption by the Peoples Bank and Trust Company of Passaic, New Jersey, of the American Trust Company of Passaic, and calling

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attention to the proposed merger in the near future by the Peoples Bank and Trust Company of the Lincoln National Bank and the City Trust Company, both of Passaic; the Board's reply stating that in view of all the circumstances, the Board prefers to postpone any action on the question of a possible violation of its conditions of membership by the Peoples Bank and Trust Company until after the next examination of the bank, which should be made as soon as practicable after consummation of the pending mergers, and requests that at the time of the examination a representative of the New York bank be present for the purpose of making such analyses of the assets acquired from the American Trust Company, the Lincoln National Bank and the City Trust Company, each separately, as will furnish the Board with definite information on the question whether the mergers in which the member bank has engaged involve a change in the character of its assets within the meaning of its conditions of membership in the Federal Reserve System.

Upon motion, the reply was approved.

Reply to letters dated November 6 and 9 from the Assistant Federal Reserve Agents at New York transmitting further information with regard to the merger of the Utica Trust and Deposit Company, the Citizens Trust Company and the First Bank and Trust Company, all of Utica, New York, which was effective November 14, under the charter of the latter institution; the reply stating that in the absence of detailed information with reference to the assets of the constituent banks which will be eliminated and an analysis of the present value of the assets which will be retained by the continuing bank, the Board cannot properly undertake to pass on the question whether the merger involves a change in the character of the assets of the First Bank and Trust Company, or in the scope of the functions exercised by it, within the meaning of the general condition of membership to which the

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bank is subject, that the Board is, therefore, deferring final consideration of the question until after the next examination, that the member bank should be advised accordingly, and that following the next examination of the bank, a full report should be forwarded to the Board as to the condition of the bank and the nature of the changes, if any, in the general character of its assets or in the scope of the functions exercised by it, together with a recommendation of the action to be taken.

Upon motion, the reply was approved.

Reply, approved by the Executive Committee, to letter dated November 4 from the Assistant Federal Reserve Agent at Cleveland transmitting information with regard to the action taken on October 15, 1931 by the Woodlawn Trust Company of Aliquippa, Pennsylvania, in absorbing the Aliquippa National Bank; the reply requesting certain additional data with regard to the merger and stating that upon receipt of the information, consideration will be given to the question whether the Board should defer a final decision on whether the transaction involves a change in the general character of the assets of the Woodlawn Trust Company within the meaning of the general condition under which it was admitted to membership in the Federal Reserve System, until after it has received a further report and recommendation from the Federal Reserve Agent's office based upon the report of the next examination of the member bank.

Upon motion, the reply was approved.

Reply, approved by the Executive Committee, to letter dated November 3 from the Federal Reserve Agent at San Francisco transmitting with a favorable recommendation, the application of the Pacific State Bank of South Bend, Washington, for approval of its recent action, under

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authority granted by the Division of Banking of the State of Washington, in establishing a trust department, a change in the scope of the functions of the member bank within the meaning of the conditions under which it was admitted to membership in the Federal Reserve System; the reply stating that, on the basis of the information before it, the Board is not prepared to give favorable consideration to the bank's application and has deferred action pending receipt from the Federal Reserve agent of a further report, along the lines indicated, based, if necessary, on information developed through participation by a Federal Reserve examiner in the next examination of the member bank, and requesting that the member bank be advised that in the opinion of the Board it should not accept any new trust business until it has received the approval of the Board to the establishment of a trust department.

Upon motion, the reply was approved.

Memorandum from Counsel dated November 7 suggesting, for reasons stated in the memorandum, that there be filed without action, a letter under date of August 24, 1931, received from Mr. Georges St. Jean, one of the organizers of the Federal International Banking Corporation, with regard to the security required for acceptances of corporations organized under Section 25(a) of the Federal Reserve Act.

After discussion, upon motion, it was voted to approve Counsel's suggestion.

Circular letter dated November 16 from Mr. Thomas E. Campbell, Chairman of the District of Columbia Unemployment Committee, outlining the plan adopted by the Committee for the solicitation of Government employees for unemployment relief and the local Community Chest, and requesting that the Board cooperate through the appointment of a chairman to supervise the

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work among the employees of the Board.

After discussion, upon motion, it was voted to appoint Assistant Secretary Noell, who had charge of the activity for the Board last year, as chairman of the Board's committee.

Reports of Standing Committee dated November 17 and 18, recommending approval of the following changes in stock at Federal Reserve banks:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 4.</u>		
First National Bank, Wauseon, Ohio. (Insolvent)	54	54
<u>District No. 5.</u>		
First National Bank, Roxboro, N. C. (Insolvent)	114	
First National Bank, Chase City, Va. (Insolvent)	120	
Alderson National Bank, Alderson, W. Va. (Insolvent)	27	
First National Bank, Anawalt, W. Va. (Insolvent)	39	
First National Bank, Richwood, W. Va. (Insolvent)	42	342
<u>District No. 6.</u>		
Houston National Bank, Dothan, Ala. (Insolvent)	180	180
<u>District No. 7.</u>		
Citizens National Bank, Kokomo, Ind. (Insolvent)	300	
Peoples Trust & Savings Bank, Clinton, Iowa. (Insolvent)	360	
Citizens State Bank, Big Rapids, Mich. (Insolvent)	60	
First National Bank, Traverse City, Mich. (V.L.Suc. by Peoples First State Bank of Traverse City)	81	801
<u>District No. 8.</u>		
City National Bank, Paducah, Ky. (Insolvent)	300	300
<u>District No. 9.</u>		
Dakota National Bank, Yankton, S. Dak. (V.L.Abs. by First Dakota National Bank and Trust Company)	72	72
<u>District No. 10.</u>		
First National Bank, Hastings, Nebr. (Insolvent)	180	180
<u>District No. 12.</u>		
Citizens Bank & Trust Co., Pocatello, Idaho. (Insolvent)	75	75
	<u>Total</u>	<u>2,004</u>

Approved.

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Report of Standing Committee dated November 12, recommending approval of an application for fiduciary powers by the following bank:

District No. 2.

The Auburn-Cayuga National Bank and Trust Company, Auburn, N. Y.
(Confirmatory. Powers 1 to 9 inclusive. Consolidation of the National Bank of Auburn and the Cayuga County National Bank)

Approved.

Reports of the Law Committee dated November 12 and 18, recommending approval of the following Clayton Act applications:

Mr. Moorhead C. Kennedy, for permission to serve at the same time as director of the First National Bank of Philadelphia, Pa., and as director of the Valley National Bank of Chambersburg, Pa.

Mr. Albert Kerr, for permission to serve at the same time as director and officer of the Merchants Trust Company of Union City, N. J., and as director of the Hudson County National Bank of Jersey City, N. J.

Mr. William Werner, for permission to serve at the same time as director of the Hudson County National Bank of Jersey City, N. J., and as director of the Merchants Trust Company of Union City, N. J.

Mr. Herman Beddiges, for permission to serve at the same time as director of the Hudson County National Bank of Jersey City, N. J., and as director of the Merchants Trust Company of Union City, N. J.

Mr. Thomas H. Eckerson, for permission to serve at the same time as director of the Hudson County National Bank of Jersey City, N. J., as director and officer of the Bergen County National Bank of Hackensack, N. J., and as director of the Merchants Trust Company of Union City, N. J.

Mr. Moritz Thomsen, for permission to serve at the same time as director of the Pacific National Bank of Seattle, Wash., and as director of the First National Bank of Kent, Washington.

Mr. T. A. Davies, for permission to serve at the same time as director of the Pacific National Bank of Seattle, Wash., and as director of the First National Bank of Kent, Washington.

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Mr. P. J. Cashman, for permission to serve at the same time as officer of the Exchange National Bank of Tulsa, Okla., as director of the Citizens-First National Bank of Pawhuska, Okla., and as director of the National Bank of Commerce of Wetumka, Okla.

Approved.

The meeting adjourned at 12:20 p. m.

Chester Morrell
Secretary.

Approved:

Agnes Herbert
Governor.