

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, November 20, 1931, at 11:35 a. m.

PRESENT: Governor Meyer  
Mr. Miller  
Mr. Magee

Mr. Morrill, Secretary  
Mr. McClelland, Assistant Secretary  
Mr. Harrison, Assistant to the Governor.

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

Letter dated November 19 from the Secretary of the Federal Reserve Bank of New York and telegrams dated November 18 from the Chairman of the Federal Reserve Bank of Philadelphia and November 19 from the Chairmen of the Federal Reserve Banks of Boston, Kansas City and San Francisco, all advising that the 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.

Telegram dated November 20 from Deputy Governor Kenzel of the Federal Reserve Bank of New York advising that in order to bring the bank's effective buying rate for shorter bills a little nearer the market and to better provide for a partial replacement by short bills during the balance of the year of maturities held for System account, the rate on bills maturing up to 45 days had been reduced today to 3%, making the following schedule of buying rates in effect at the New York bank:

1 to 45 days	3%
46 to 90 days	3 1/8%
91 to 120 days	3 1/4%
121 to 180 days	3 1/2%
Repurchase	3 1/4%

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Without objection, noted with approval.

Telegrams dated November 20 from the Governors of the Federal Reserve Banks of Boston and St. Louis and the Chairmen of the Federal Reserve Banks of Richmond and Chicago, advising of the establishment, in accordance with the action taken at the Federal Reserve Bank of New York, of an effective buying rate of 3% on bankers' acceptances maturing within 1 to 45 days.

Without objection, noted with approval.

Letter dated November 14 from the Chairman of the Federal Reserve Bank of Dallas requesting approval by the Board of the appointment of Mr. John Edmund Young to the appraised position of special representative in the insolvent banks department of the bank at a salary of \$2,400 per annum.

Upon motion, the salary referred to was approved.

Letter dated November 18 from the Chairman of the Federal Reserve Bank of Philadelphia advising of the resignation of Mr. Arthur C. Dorrance, as a Class B director of the bank, effective November 15, 1931.

Noted.

Memorandum from the Secretary dated November 20, stating that advices had been received from the various Federal Reserve banks of the election of the following Class A and B directors, each for a term of three years beginning January 1, 1932:

Class A Directors

Frederick S. Chamberlain  
 Albert H. Wiggin  
 John C. Cosgrove  
 Chess Lambertson  
 James C. Braswell  
 E. C. Melvin  
 Edward R. Estberg  
 John C. Martin

New Britain, Conn.  
 New York, N. Y.  
 Johnstown, Penna.  
 Franklin, Penna.  
 Rocky Mount, N. C.  
 Selma, Alabama.  
 Waukesha, Wis.  
 Salem, Illinois.

F. R. Bank

Boston  
 New York  
 Philadelphia  
 Cleveland  
 Richmond  
 Atlanta  
 Chicago  
 St. Louis

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Class A Directors (Cont'd)

Paul J. Leeman	Minneapolis, Minn.	<u>F. R. Bank</u>
Frank W. Sponable	Paola, Kansas.	Minneapolis
W. H. Patrick	Clarendon, Texas.	Kansas City
C. K. McIntosh	San Francisco, Calif.	Dallas
		San Francisco

Class B Directors

Edward S. French	Springfield, Vermont.	Boston
William H. Woodin	New York, N. Y.	New York
C. Frederick C. Stout	Philadelphia, Pa.	Philadelphia
R. P. Wright	Erie, Pa.	Cleveland
Edwin C. Graham	Washington, D. C.	Richmond
J. B. Hill	Nashville, Tenn.	Atlanta
Stanford T. Crapo	Detroit, Mich.	Chicago
W. B. Plunkett	Little Rock, Ark.	St. Louis
W. O. Washburn	St. Paul, Minn.	Minneapolis
J. M. Bernardin	Kansas City, Mo.	Kansas City
A. S. Cleveland	Houston, Texas.	Dallas
Elmer H. Cox	Madera, Calif.	San Francisco

Noted.

Letter dated November 16 from the Assistant Federal Reserve Agent at Chicago, transmitting, with a favorable recommendation, the application of the Security National Bank of Sioux City, Iowa, for permission to rediscount paper acquired from nonmember banks; the Federal Reserve Board informally on November 19 having authorized the Federal Reserve Bank of Chicago, in its discretion, for a period of six months from that date to rediscount for the Security National Bank, good and otherwise eligible paper acquired from or bearing the signature or endorsement of nonmember banks.

Upon motion, the informal action was ratified.

Memoranda dated November 13 from the Board's Examiner in Charge, submitting reports of examinations of the Federal Reserve Banks of Boston and Philadelphia as of the close of business on September 9 and October 10, respectively.

Ordered circulated.

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Memorandum from Counsel dated November 14, with regard to a letter dated November 10 from attorneys for The National City Bank of New York stating that a question had arisen as to the extent to which certain laws of Porto Rico might be interpreted by the local authorities as in practice curtailing the powers properly to be exercised under the permit granted by the Board on July 15, 1931 to The National City Bank of New York to exercise fiduciary powers at its branches in Porto Rico, and that, unless the Board saw some objection, it was the intention of the attorneys on behalf of the bank to ask the Attorney General of Porto Rico for his opinion as to the extent to which the Porto Rican laws are valid and restrictive under the circumstances. With his memorandum Counsel submitted draft of a reply to the attorneys of The National City Bank, stating that the Board offers no objection to their making such a request but desires to receive a copy of any opinion which may be rendered by the Attorney General of Porto Rico on the question.

Upon motion, the proposed letter was approved.

Reply to letter dated November 12 from the Chairman of the Federal Reserve Bank of Chicago, transmitting the application of the Commercial National Bank of Madison, Wisconsin, for permission to rediscount a \$15,000 note of the Pardeeville State Bank, Pardeeville, Wisconsin, a nonmember, due 90 days from October 26, 1931, and secured by Government bonds; the proposed reply stating that the Federal Reserve Board authorizes the Federal Reserve Bank of Chicago, in its discretion, for a period of six months from this date, to rediscount for the Commercial National Bank, good and otherwise eligible paper acquired from or bearing the signature or endorsement of the nonmember bank, upon the condition recommended by the Chairman of the Federal Reserve Bank of Chicago in his letter, that no such paper shall be rediscounted until the Commercial

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National Bank has first utilized all other commercial and agricultural paper in its portfolio which is eligible and acceptable to the Federal Reserve bank for rediscount; also, that although the question in any case whether paper offered by a member bank should be rediscounted is to be determined by the Federal Reserve bank, the Board wishes to point out that if a note made by a nonmember bank, secured by obligations of the United States, is rediscounted by a Federal Reserve bank for a member bank with a maturity at the time of rediscount in excess of 15 days, the nonmember bank would thus be enabled indirectly to obtain credit from the Federal Reserve bank on its own note for a longer period than is permissible in the case of a direct borrowing by a member bank.

Upon motion, the proposed letter was approved.

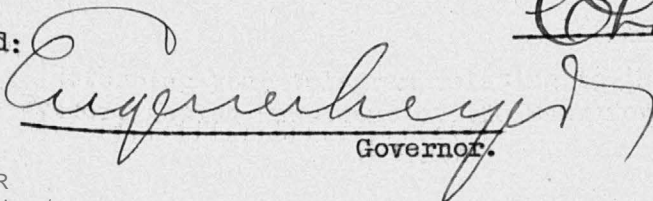
Reports of Standing Committee dated November 20, recommending changes

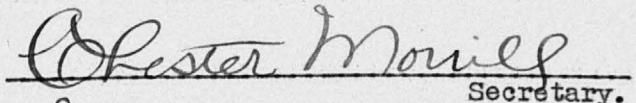
in stock at Federal Reserve banks, approved as follows:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
First National Bank, Fleischmanns, N.Y. (Insolvent)	27	
International Trust Co., New York, N.Y. (V.L.Abs. by Continental Bank & Trust Co.)	<u>4,920</u>	4,947
<u>District No. 4.</u>		
Union Savings Bank & Trust Co., Steubenville, Ohio. (Insolvent)	420	420
<u>District No. 5.</u>		
Citizens National Bank, Prosperity, S. C. (Insolvent)	34	34
<u>District No. 7.</u>		
United Savings Bank, Tecumseh, Michigan. (Insolvent)	84	84
<u>District No. 9.</u>		
First National Bank, Hankinson, N.Dak. (Insolvent)	24	
First National Bank, Pollock, S. Dak. (Insolvent)	<u>18</u>	<u>42</u>
	Total	5,527

The meeting adjourned at 12:40 p.m.

Approved:

  
Governor.

  
Secretary.