

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, December 3, 1931, at 11:45 a. m.

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

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

The minutes of the meeting of the Federal Reserve Board held on November 25 were approved.

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

Telegrams dated December 2 from the Chairmen of the Federal Reserve Banks of Boston, Philadelphia and St. Louis, 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.

Reply to a memorandum dated November 24 from the Comptroller of the Currency referring to the action of the Board on October 21 in approving a reduction, and subsequent increase, in the capital stock of the Merchants National Bank, Dunkirk, New York, stating that all of the required charge-offs have been or will be made with the exception of loans in the amounts of \$18,316.50 which the bank states are now well secured and \$4,854.25 which the bank states are well endorsed, and recommending that in accordance with a request of the national bank, the Board's action of October 21 be amended to permit the bank to continue to carry the loans referred to; the reply stating that the Board will accept the securing of collateral and endorsements on the \$23,170.75 of loans as a substantial compliance with

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its requirements and will not require their elimination as a condition to the reduction in capital.

Upon motion, the reply was approved.

Letter to the Federal Reserve Agent at Chicago, approved by five members of the Board on December 2, referring to a letter received from the Assistant Federal Reserve Agent at Chicago under date of November 24, transmitting information obtained by a representative of the Federal Reserve bank during a recent visit to the State Bank of Cuba, Illinois, with regard to the classification of the assets acquired by that institution from the State Bank of St. David, Illinois; the Board's letter stating that it appears from the information developed that the assumption of the deposit liabilities of the State Bank of St. David and the acquisition of its assets by the State Bank of Cuba will not result in any change in the general character of the assets of the member bank, or in the scope of the functions exercised by it, such as would constitute a violation of the general condition under which it was admitted to membership, and that the Federal Reserve Board will interpose no objection to the action of the member bank.

Upon motion, the letter was approved.

Reply, approved by five members of the Board on December 2, to a letter dated November 3 from the Assistant Federal Reserve Agent at San Francisco, requesting the Board's comments on the proposal to secure monthly, instead of weekly, reports from leading banks in San Francisco and Los Angeles on loans to brokers and dealers in securities, until such time as the data may again become important; the reply stating that the Board now has under consideration the advisability of expanding somewhat the loan classification shown in the weekly statement of reporting member banks,

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that if this is done it might be desirable to advise member banks at the same time they are asked to furnish a more detailed classification of their loans that they may discontinue certain data relating to brokers loans, and that it is the hope of the Board that it will be able to incorporate any changes decided upon in the first weekly statement issued in January, 1932.

Upon motion, the reply was approved.

There was then presented a report submitted under date of November 26, 1931, by Mr. John Foster Dulles, who at the meeting on October 1, 1931, was requested to make a survey for the Board of financial and credit conditions in Europe, particularly as they affect the export of American agricultural products.

After a brief discussion, upon motion, the report was ordered circulated and the Governor was authorized to transmit a copy thereof to the Governor of the Federal Reserve Bank of New York for his information.

Reference was then made to the action taken by the recent Governors' Conference in adopting a resolution in favor of an amendment to the Federal Reserve Act, which would make debentures of Federal Intermediate Credit banks eligible as collateral for member bank fifteen day notes; which amendment was recommended by the Board in letters addressed to the Chairmen of the Committees on Banking and Currency of the Senate and House of Representatives under date of March 6, 1930.

After discussion, upon motion, it was voted again to approve the amendment in question. Mr. Miller voted "no" on this motion.

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Reports of Standing Committee dated December 1, 2, and 3, recommending approval of the following changes in stock at Federal Reserve banks:

| <u>Application for ADDITIONAL Stock:</u>   | <u>Shares</u> |               |
|--|---------------|---------------|
| <u>District No. 2.</u>   |               |               |
| Chappaqua National Bank, Chappaqua, N. Y.  | 14            | 14            |
| <u>Applications for SURRENDER of Stock:</u>  |               |               |
| <u>District No. 2.</u>   |               |               |
| Bank of America National Association, New York, N.Y.<br>(V.L.Abs. by National City Bank of New York)   | 44,266        | 44,266        |
| <u>District No. 3.</u>   |               |               |
| Chelsea-Second National Bank & Trust Company,<br>Atlantic City, N.J. (Cons. of Chelsea National<br>Bank and Second National Bank of Atlantic City) | 300           |               |
| First National Bank, Sea Isle City, N.J. (Insolvent)   | 48            |               |
| Wildwood Title and Trust Co., Wildwood, N.J. (Insolvent)   | <u>150</u>    | 498           |
| <u>District No. 4.</u>   |               |               |
| Dollar Savings & Trust Co., Youngstown, Ohio.<br>(Insolvent)   | 2,250         | 2,250         |
| <u>District No. 7.</u>   |               |               |
| First National Bank, Sycamore, Ill. (Insolvent)  | 158           |               |
| First National Bank, Logansport, Ind. (Insolvent)  | 210           |               |
| American National Bank, Lincoln, Ill. (V.L.Abs. by<br>Lincoln National Bank)   | 231           |               |
| Peoples State Savings Bank, Britton, Mich. (Insolvent)   | <u>18</u>     | 617           |
| <u>District No. 8.</u>   |               |               |
| National Bank of Commerce, El Dorado, Arkansas.<br>(Decrease in Surplus)   | 12            |               |
| First National Bank, Boonville, Indiana.<br>(Decrease in surplus)  | <u>9</u>      | 21            |
| <u>District No. 9.</u>   |               |               |
| Richfield National Bank, Minneapolis, Minn. (V.L.Abs.<br>by North Western National Bank of Minneapolis)  | 18            | 18            |
|  | <u>Total</u>  | <u>47,670</u> |

Approved.

The meeting adjourned at 12:55 p.m.

O. Lester Mowley  
Secretary.

Approved:

C. J. M. [Signature]  
Governor.