

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, December 9, 1931, at 11:35 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 following items of business were presented for the Board's consideration and action:

Memoranda dated November 17 and December 8 from the Board's Examiner in Charge, outlining the details of the procedure to be followed in a proposed examination of the Paris offices of The Chase Bank by an examiner from the Board's staff, to be made simultaneously with an examination in the near future of the New York office of the Corporation, and stating that in view of the comparative unimportance of the Mexico City office of the Corporation, it is believed that the results obtained from an examination of that office would not warrant the expense involved and unless the Board directs otherwise, no examination of the office will be made this year.

A discussion followed during which Mr. Drinnen, the Examiner in Charge, was called into the meeting. Members of the Board expressed the feeling that in view of existing conditions, it might be desirable to defer sending one of the Board's examiners to Paris for the purpose of making an examination of the offices of The Chase Bank there, especially in view of the fact that, under arrangements previously made with the Comptroller of the Currency, these offices can be examined not later probably than July of next year by a representative of the Comptroller, who is now engaged in the examination of the offices of the Corporation in China. It was the consensus, however, that an examination of the New York office of the Corporation should

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not be deferred pending the examination of the Paris offices.

At the conclusion of the discussion, upon motion, it was voted not to require an examination of the Mexico City office of The Chase Bank at this time, and the Governor was authorized to determine the time and manner of examination of the Paris offices of the corporation.

The Governor stated that he understood it to be the view of the Board that in the absence of any unusual developments as the result of the examination of the New York office or otherwise, the examination of the Paris offices should be deferred until it can be made by the representative of the Comptroller who expects to reach Paris next July.

Mr. Drinnen then left the meeting.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Cleveland and Dallas of employees for whom the directors authorized leaves of absence with pay on account of illness during the month of November, 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.

Draft of reply to a letter dated November 9 from the Assistant Federal Reserve Agent at New York inquiring whether under the procedure outlined in the Board's letter of October 30, 1931, (X-7009), in connection with the approval of applications of state banks for membership, it is necessary for the conditions of membership imposed by the Board to be formally accepted by a resolution of the applicant bank's board of directors; the reply stating that in view of all the circumstances involved the Board deems it advisable to require that conditions of membership shall be formally accepted by the

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board of directors of the applicant bank and that a certified copy of the resolution accepting the conditions shall be furnished to the Board through the Federal Reserve Agent.

Upon motion, the letter was approved.

Reply, approved by five members of the Board on December 8, to a letter dated November 23 from the Federal Reserve Agent at St. Louis, recommending approval of a request of the Chouteau Trust Company, St. Louis, Missouri, for an extension from November 20, 1931 to March 1, 1932, of the period in which it may comply with one of its conditions of membership in the Federal Reserve System, requiring that it dispose of \$80,000 of first mortgage serial real estate notes held in its assets; the reply stating that the Board has approved the extension to March 1, 1932 on condition that the directors of the trust company immediately execute, and forward to the Board through the Federal Reserve Agent, an agreement that they will purchase the real estate notes in question from the institution at their face value and for cash not later than March 1, 1932, if by that date the bank has not otherwise received full payment for the notes.

Upon motion, the reply was approved.

Reports of Standing Committee dated December 7 and 8, 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. 2.</u>                             |               |     |
| National Bank of Ridgewood in New York, N. Y.      |               |     |
| (V.L.Abs. by Richmond National Bank of New York)   | 150           | 150 |
| <u>District No. 4.</u>                             |               |     |
| Union National Bank, Massillon, Ohio. (V.L.Abs. by |               |     |
| First National Bank of Massillon)                  | 120           |     |



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| <u>Applications for SURRENDER of Stock: (Cont'd)</u>   | <u>Shares</u> |            |
|--|---------------|------------|
| <u>District No. 4. (Cont'd)</u>  |               |            |
| First National Bank, Brockway, Pa. (V.L.Suc. by<br>First National Bank in Brockway)                    | 63            |            |
| First National Bank and Trust Co., Monessen, Pa.<br>(Insolvent)  | <u>216</u>    | 399        |
| <u>District No. 5.</u>   |               |            |
| First National Bank, Spartanburg, S. C. (Cons. American<br>National Bank with the above bank)          | 180           |            |
| First National Bank, Newburg, W. Va. (Insolvent)   | <u>27</u>     | 207        |
| <u>District No. 7.</u>   |               |            |
| First National Bank in Hamburg, Iowa. (V.L.Abs. by Iowa<br>State Bank of Hamburg)                      | 45            | 45         |
| <u>District No. 8.</u>   |               |            |
| First National Bank, Noble, Ill. (Insolvent)   | 21            |            |
| National Bank of Albion, Albion, Ill. (Insolvent)  | <u>39</u>     | 60         |
| <u>District No. 9.</u>   |               |            |
| First National Bank, Forman, N. Dak. (Insolvent)   | 21            | 21         |
| <u>District No. 11.</u>  |               |            |
| Ballinger State Bank, Ballinger, Texas. (Taken over by<br>the Security State Bank, Ballinger, Texas)   | 36            |            |
| First State Bank, Cross Plains, Texas. (Insolvent, sold<br>to the Citizens State Bank of Cross Plains) | <u>27</u>     | 63         |
|  | <u>Total</u>  | <u>945</u> |

Approved.

The meeting adjourned at 12:30 p. m.

Walter Moniel  
Secretary.

Approved:

Ernest C. ...  
Governor.