

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, December 14, 1931, at 11:45 a. m.

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

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

The following matters were considered and acted upon by the Committee:

Telegram dated December 11 from the Secretary of the Federal Reserve Bank of Atlanta, 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.

Report of Committee on Salaries and Expenditures on a list submitted by the Federal Reserve Bank of Kansas City 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.

Report of Committee on Salaries and Expenditures on a letter dated December 8 from the Chairman of the Federal Reserve Bank of Kansas City, requesting approval by the Board of the payment of full salary during a leave of absence for the months of December 1931 and January 1932, granted by the Executive Committee of the bank to Mr. D. C. Meigs, clerk in charge of the discount department of the Denver branch; the Board's Committee recommending approval.

Approved.

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Telegraphic reply to letter dated December 7 from the Federal Reserve Agent at San Francisco in which he referred to the Board's telegram of December 5 advising that the Board has no objection to an amendment to the by-laws of the Portland and Seattle branches so as to eliminate therefrom the requirement that at least one director appointed by the Federal Reserve bank, for the term commencing January 1, 1932, shall reside outside of the branch city, and inquired whether the Board would have any objection to a similar amendment to the by-laws of the other branches of the bank so as to make them uniform; the reply stating that the Board's telegram contemplated only a temporary amendment to the by-laws of the Portland and Seattle branches and that the Board feels it would not be desirable to consider similar amendments to the by-laws of the other branches unless and until a situation arises that makes such action necessary.

Upon motion, the reply was approved.

Letter dated December 1 from the Federal Reserve Agent at Dallas reporting that the City National Bank, Wichita Falls, Texas, has been continuously deficient in its reserves during the period May 16 to November 15, 1931, that he has reached the conclusion that the deficiency is due either to managerial inefficiency or some unusual internal condition which has not yet been fully disclosed, and recommending that the bank be notified by the Comptroller of the Currency that unless its reserves be promptly restored to legal requirements, it will be placed upon his special list for frequent examination.

Upon motion, draft of letter to the Comptroller of the Currency, requesting that he write the bank in accordance with the Federal Reserve Agent's recommendation was approved.

Reply, approved by five members of the Board on December 12, to letter

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dated November 16 from Congressman Louis T. McFadden with further reference to his letter of October 28, 1931, in which he requested a list of syndicate acceptance credits amounting to over one million dollars apiece which have been reported to the Board since February, 1918; the reply stating that during a period of two or three years following February, 1918, the Federal Reserve Board was called upon in several cases to pass upon questions as to whether acceptances of member banks drawn under syndicate credits extending over a period of one year or more would be eligible for rediscount or purchase by Federal Reserve banks, that with the exception of the facts submitted in connection with such cases the Board's records do not contain information regarding syndicate acceptance credits of this kind, and that the Board is, therefore, unable to furnish the list requested; that the data received by the Federal Reserve Board in connection with questions as to the eligibility of acceptances pertains to individual transactions of particular member banks and, therefore, was confidential information submitted to the Board for its consideration in the performance of its official duties, and that in the circumstances the Board regrets that it is unable to comply with his request.

Upon motion, the letter was approved.

Reply to letter dated December 7 from the Chairman of the Federal Reserve Bank of Kansas City requesting advice of the Board's action with regard to the resolutions adopted by the Board of Directors of the bank on September 17; the reply stating that the Federal Reserve Board is in agreement with the position taken by the Governors of the Federal Reserve banks at the time of their recent conference, that, from the point of view of the System as a whole, it would be desirable that all Federal Reserve banks, at least for the time being, continue to pay the regular dividends and defer any general

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curtailment of services to member banks or flat reductions of salaries; that this does not mean, however, that economies and adjustments should not be effected in individual cases wherever it is possible to do so in the interest of efficient operation of the Federal Reserve banks, and that the Board will expect that such matters will continue to receive the close and constant attention of the directors and officers.

Upon motion, the letter was approved.

Reports of Standing Committee dated December 14, 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> | | |
| Ashland National Bank, Ashland, Ky. (Insolvent) | 600 | 600 |
| <u>District No. 7.</u> | | |
| Security National Bank, Grand Rapids, Mich. (V.L.Abs. by American Home Security Bank) | 450 | 450 |
| <u>District No. 9.</u> | | |
| Citizens National Bank, Fairmont, Minn. (V.L.Abs. by Fairmont National Bank of Fairmont) | 36 | 36 |
| <u>District No. 10.</u> | | |
| First National Bank, Alliance, Nebr. (Insolvent) | 105 | |
| First National Bank, Ord, Nebr. (V.L.Suc. by First National Bank in Ord, Nebr.) | <u>90</u> | 195 |
| <u>District No. 11.</u> | | |
| First National Bank, Turkey, Texas. (Insolvent) | 18 | 18 |
| <u>District No. 12.</u> | | |
| American National Bank, Aberdeen, Wash. (V.L.Abs. by First National Bank in Aberdeen) | 300 | |
| First National Bank, Port Townsend, Wash. (V.L.Abs. by First American National Bank of Port Townsend) | 60 | 360 |
| | <u>Total</u> | <u>1,659</u> |

Approved.

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Report of Standing Committee dated December 14, recommending that action be deferred on an application for fiduciary powers by the following bank:

District No. 7.
First National Bank in Sioux City, Iowa.

Held.

The meeting adjourned at 12:25 p.m.

Peter Morill
Secretary.

Approved: Cuppenheyer
Governor.