

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, February 11, 1932 at 11:52 a. m.

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

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

The minutes of the meetings of the Federal Reserve Board held on February 1, 3 and 5 were approved.

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

Telegrams dated February 5 from the Secretary of the Federal Reserve Bank of Cleveland, February 8 from the Chairman of the Federal Reserve Bank of Dallas, February 10 from the Chairman of the Federal Reserve Bank of Boston, and February 11 from the Chairman of the Federal Reserve Bank of Richmond, all advising that at meetings of the Boards of Directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Report of Committee on Salaries and Expenditures on a letter dated February 1 from Deputy Governor Attebery of the Federal Reserve Bank of St. Louis requesting approval of a change in the personnel classification plan of the Louisville branch to provide for the creation of the new position of "Clerk and Recorder", with a salary range of \$900 to \$1,200 per annum, in the Custody Department of the branch, and a change in the description of the work and qualifications required for the position of "Manager and Cus-

2/11/32

-2-

todian" in that department; the Board's Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on a letter dated February 5 from the Chairman of the Federal Reserve Bank of New York requesting approval of a salary at the rate of \$5,500 per annum, fixed by the directors of the bank, for Mr. Arthur Phelan who has been appointed manager of the newly created Discount Department; the Board's Committee recommending approval.

Approved.

Telegraphic reply, approved by five members of the Board on February 5, to a telegram of that date from Deputy Governor Logan of the Federal Reserve Bank of New York requesting approval of the purchase from the First National Bank, West New York, New Jersey, of \$300,000 of tax revenue bonds of the Town of West New York, in addition to \$300,000 of such bonds already held by the New York bank; the reply stating that the Board authorizes the purchase with the understanding that the bonds meet all requirements of Regulation "E" except that the total of \$600,000 will exceed 25% of the total amount of outstanding warrants of the municipality.

Reply approved.

Telegraphic reply, approved by five members of the Board on February 10, to telegrams dated February 8 and 9 from Deputy Governor Logan of the Federal Reserve Bank of New York requesting approval of the purchase from the West Side National Bank, West Paterson, New Jersey, of \$32,000 of tax revenue notes of the Borough of West Paterson; the reply stating that the Board authorizes the purchase with the understanding that the notes meet all requirements of Regulation "E" except as to the population of the issuing

2/11/32

-3-

municipality and the proportion of the amount offered to the total amount of warrants outstanding.

Reply approved.

Telegraphic reply, approved by five members of the Board on February 5, to a telegram of that date from the Federal Reserve Agent at the Federal Reserve Bank of Chicago recommending approval of an application filed by the Guardian National Bank of Commerce, Detroit, Michigan, for permission to rediscount paper acquired from nonmember banks; the reply stating that the Board authorizes the Federal Reserve Bank of Chicago, in its discretion, for a period of six months from February 5, to rediscount for the applicant bank good and eligible paper acquired from or bearing the signature or endorsement of nonmember banks.

Reply approved.

Telegraphic reply, approved by five members of the Board on February 9, to a letter dated February 4 from the Federal Reserve Agent at Minneapolis submitting with a favorable recommendation, an application filed by the Union Bank and Trust Company of Helena, Montana, for permission to rediscount paper acquired from nonmember banks; the reply stating that the Board authorizes the Minneapolis bank, in its discretion, for a period of six months from February 9, to rediscount for the member bank, good and eligible paper acquired from or bearing the signature or endorsement of nonmember banks.

Reply approved.

Telegram to the Federal Reserve Agent at Boston, in reply to his letter of February 8 recommending, for the reasons stated in his letter, that the Board extend to March 1 the period in which the Somerville Trust

2/11/32

-4-

Company, Somerville, Mass., which was admitted to membership in the Federal Reserve System on January 28, 1932, may effect the increase in capital and surplus required by the second of its conditions of membership; the telegram stating that the Board extends to March 1, 1932, the period in which the condition in question may be complied with.

Telegram approved.

Telegram, approved by the Executive Committee on February 9, 1932, to the Federal Reserve Agent at Atlanta, advising that the Board has received through, and with the indorsement of, the Department of Justice a request of the United States Attorney at Macon, Georgia, for certified copies of certain reports of condition made by the Bank of Dawson, Georgia, for use in connection with the preparation of counts covering false entries in the reports, incident to the prosecution of criminal charges against the former cashier of the bank; the telegram also stating that in view of the circumstances involved in the case, the Board sees no objection to compliance by the Agent with the request of the United States Attorney for complete certified copies of the reports of condition in question.

Telegram approved.

Letter to the International Acceptance Bank, Inc., New York City, prepared in accordance with the discussion at the meeting of the Executive Committee on January 15, 1932, and approved by five members of the Board on February 10, referring to the agreement entered into by that institution with the Federal Reserve Board in 1921 pursuant to the provisions of Section 25 of the Federal Reserve Act, in order that its stock might be eligible for purchase by national banks, and stating that inasmuch as the Board's

2/11/32

-5-

examiners have reported that none of the stock of the bank is owned by any national bank, it is apparent that the basis upon which the agreement in question was entered into has ceased to exist, and that, therefore, the Federal Reserve Board is terminating the agreement and will not require further reports from, or make any further examinations of, the International Acceptance Bank, Inc.

Letter approved.

Telegram dated February 3 from Deputy Governor Crane of the Federal Reserve Bank of New York, stating that the Bank for International Settlements had advised that the other participants in the central bank credit to the Reichsbank had agreed to a renewal of the credit for one month from February 4, 1932 and that the Federal Reserve Bank of New York had replied that, while it would be willing to renew its participation in the credit for any period up to three months, it would agree to a renewal for only one month if that was the maximum period which the other participants would grant.

Noted.

Reply, approved by five members of the Board on February 9, to a letter dated February 1 from the Federal Reserve Agent at Dallas reporting that the Kerens National Bank, Kerens, Texas, was continuously deficient in its reserves for the six months' period ending December 31, 1931; the reply stating that in accordance with the Federal Reserve Agent's recommendation, based on the fact that the bank has been showing a gradual improvement for the past several weeks and that its reserve balance was kept up to the legal requirement during the first computation period in January, the Board will take no action with regard to the deficiencies other than to send a copy

2/11/32

-6-

of the Agent's letter to the Comptroller of the Currency; the reply also requesting that the Board be advised whether a letter has been addressed to the directors of the national bank in accordance with the provisions of Section IV(b) of Regulation D, calling attention to the continued deficiencies in the bank's reserve.

Reply approved.

Reply, approved by five members of the Board on February 10, to letters dated January 23 and 29, 1932, from the Federal Reserve Agent at Dallas reporting that the Texas Bank and Trust Company, Brownsville, Texas, had paid a dividend without first having transferred to its surplus account 10% of its net earnings for the preceding dividend period as required by one of its conditions of membership in the Federal Reserve System but that the bank's attention was called to the matter and a transfer of an amount in excess of that required had been made; the reply stating that in view of the fact that the bank has made the necessary transfer, and the further fact that the failure to comply with the condition in question was apparently due to an oversight, the Federal Reserve Board, in accordance with the Federal Reserve Agent's recommendation, will take no action toward terminating the membership of the bank.

Reply approved.

Reply, approved by five members of the Board on February 10, to a letter dated February 4 from the Federal Reserve Agent at Philadelphia, advising that the First National Bank of Scranton, Pennsylvania, on February 1, 1932, assumed the liabilities, other than to shareholders, of the Dime Bank-Lincoln Trust Company of Scranton, a member, but that the charter of the latter is to be retained for some time pending a decision as to the

2/11/32

-7-

disposal of the trust estates being administered by the state institution; the reply stating that in view of the circumstances there would seem to be no objection to the Federal Reserve Agent taking up with the trust company, as suggested by him, the matter of its filing a notice of intention to withdraw voluntarily from membership in the Federal Reserve System and making application to the Board for the waiver of the usual requirement that such notice shall be given six months in advance of the termination of membership.

Reply approved.

Reply to a letter dated January 29 from the Federal Reserve Agent at Philadelphia advising that on January 26, 1932, the Wyoming National Bank, Wilkes-Barre, Pennsylvania, assumed the liabilities, other than to shareholders, of the Union Savings Bank and Trust Company of Wilkes-Barre, a member, but that the charter of the latter is to be retained for some time pending a decision as to whether the national bank will also absorb the trust department of the state institution; the reply stating that in view of these circumstances there would seem to be no objection to the agent taking up with the state institution the matter of its filing notice of intention to withdraw voluntarily from membership in the Federal Reserve System and making application to the Board for the waiver of the usual requirement that such notice shall be given six months in advance of the termination of the bank's membership.

Reply approved.

Letter to the Federal Reserve Agent at Kansas City, approved by five members of the Board on February 10, with regard to two letters dated January 30 from the Assistant Federal Reserve Agent at Kansas City advising

2/11/32

-8-

of the action of the Sundance State Bank, Sundance, Wyoming, a member, in taking over the assets and assuming certain liabilities of the American State Bank, Moorcroft, Wyoming, a nonmember, on January 9, 1932; the Board's letter stating that action in this matter will be deferred pending receipt of the report of the credit investigation which is to be made in connection with the next regular examination of the Sundance State Bank, at which time it is understood the Federal Reserve Agent will investigate the character of the assets acquired through the consolidation referred to above and also through the recent consolidation with the Sundance State Bank of the Hewlett State Bank of Hewlett, Wyoming.

Letter approved.

Letter to the local division manager of the American Telephone and Telegraph Company, approved by five members of the Board on February 6, referring to the Board's contract with that company covering the additional telephone wire installed on November 9, 1931, between the Federal Reserve Bank of New York and the Board's offices in Washington, under the terms of which the service was to extend for a period of three months, with the proviso that if the Federal Reserve Board should request in writing on or before February 9, 1932, that the period of the contract be extended after that date, the contract would remain in full force and effect until terminated by the Board or the American Telephone and Telegraph Company by thirty days written notice; the letter stating that in accordance with this provision the Board requests that the period of the contract be extended after February 9, 1932, with the understanding that the service provided will be furnished until the contract is terminated by either party by thirty days previous notice in writing.

Letter approved.

2/11/32

-9-

Reply, approved by five members of the Board on February 6, to a letter dated January 30 from the Federal Reserve Agent at Atlanta, referring to the possible desirability of the temporary appointment of Acting Assistant Federal Reserve Agents at the branches of the Atlanta bank in order more effectively to meet the currency requirements of member banks in the respective branch territories, and requesting authority from the Board to make such appointments; the reply stating that the Federal Reserve Board has no objection to the proposal to appoint, for temporary periods of three months, Acting Assistant Federal Reserve Agents at the branches of the Atlanta bank for the purpose referred to, and that, while it is not the practice to give blanket approval in advance, the Board will be glad to give prompt consideration to any specific appointments which the Agent may desire to submit. The letter also noted that if the contemplated appointments are found necessary, it is the Agent's plan to appoint the same persons who served in this capacity in 1929, and requested that, if an appointment becomes necessary at the New Orleans Branch, where the branch auditor served in 1929, the Federal Reserve Agent give consideration to the appointment of someone other than an employee of the Federal Reserve bank or branch.

Letter approved.

Reply, approved by the Executive Committee on February 9, to a telegram dated February 5, from the Federal Reserve Agent at Chicago, submitting a request of the Adams State Bank of Chicago for permission to withdraw from membership immediately under the voluntary notice of intention filed by it on December 12, 1931; the reply stating that in accordance with

2/11/32

-10-

the Federal Reserve Agent's recommendation, and for the reasons stated in his telegram, the Federal Reserve Board will waive in this case the usual requirement of six months notice, and permit the member bank to withdraw from membership immediately.

Reply approved.

Reply, approved by five members of the Board on February 10, to a letter dated January 9, 1932, from Senator David I. Walsh requesting the views of the Board in regard to Senate Bill 2675, "a bill providing for an emergency circulation and for other purposes"; the reply outlining the considerations which led the Board to the conclusion that the enactment of the bill would be inadvisable.

Reply approved.

Letters received from the various Federal Reserve Agents, other than at Boston, in reply to the Board's letter of January 4, 1932, (X-7055) requesting that they forward to the Board a list of the state member banks in their respective districts which were not examined either by state authorities or Federal reserve examiners during 1931, and advise what arrangements were being made by the Agents or state authorities for early examinations of the banks listed; together with proposed replies requesting each Federal Reserve Agent to advise the Board when dates have been set for the examination of institutions where no definite arrangements had been made at the time of the Agent's report.

Replies approved.

Reports of Standing Committee dated February 1, 2, 4, 5, 8, 9 and 11, recommending approval of the following changes in stock at Federal Reserve banks:

2/11/32

-11-

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 4.</u>		
Peoples National Bank, New Lexington, Ohio.	45	45
<u>District No. 7.</u>		
First National Bank in Fennimore, Wisc.	36	36
	<u>Total</u>	<u>81</u>
 <u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 3.</u>		
Littlestown National Bank, Littlestown, Pa.	6	
Peoples National Bank, State College, Pa.	<u>1</u>	7
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
Bank of Commerce & Trust Co., Boston, Mass. (merged with the United States Trust Co.)	830	830
<u>District No. 2.</u>		
Seacoast Trust Company, Asbury Park, N.J. (Insolvent)	600	
Plainfield National Bank, Plainfield, N. J. (Cons. Guaranty Trust Co. with the above bank)	120	
West Orange Trust Company, West Orange, N. J. (Insolvent)	195	
Hibernia Trust Company, New York, N. Y. (Reduction in surplus)	<u>150</u>	1,065
<u>District No. 3.</u>		
Peoples National Bank, Laurel, Del. (Insolvent)	150	
Olyphant Bank, Olyphant, Pa. (V.L.Abs. by Mid-Valley Trust Co.)	240	
North York State Bank, York, Pa. (V.L.Abs. by York Trust Co.)	36	
Central National Bank, Mount Union, Pa. (Insolvent)	72	
Dime Trust & Safe Deposit Co., Shamokin, Pa. (Decrease in surplus)	<u>105</u>	603
<u>District No. 4.</u>		
Peoples National Bank, Burgettstown, Pa. (Insolvent)	45	
Farmers Bank, McCutchenville, Ohio. (Insolvent)	21	
Union National Bank, New Castle, Pa. (V.L.Abs. by First National Bank of Lawrence County at New Castle)	120	
Third National Bank, Pittsburgh, Pa. (Insolvent)	<u>510</u>	696
<u>District No. 5.</u>		
Commercial National Bank, Raleigh, N. C. (Insolvent)	450	
Westminster Bank, Westminster, S. C. (Insolvent)	<u>33</u>	483

2/11/32

-12-

<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 7.</u>		
First National Bank, Harvey, Ill. (Insolvent)	105	
First National Bank, Gary, Ind. (Insolvent)	300	
National Bank of Decorah, Decorah, Iowa. (V.L.Abs. by Decorah State Bank)	42	
Citizens National Bank, Appleton, Wis. (V.L.Abs. by First National Bank of Appleton)	210	
Indiana Harbor National Bank, East Chicago, Ind. (V.L. Abs. by Union National Bank of Indiana Harbor at East Chicago)	180	
First National Bank, Iowa City, Iowa. (Insolvent)	120	
Oskaloosa National Bank, Oskaloosa, Iowa. (Insolvent)	120	1,077
<u>District No. 8.</u>		
Central Trust Company, Owensboro, Ky. (Insolvent)	330	
Bankers Trust Company, Little Rock, Ark. (Decrease in surplus)	36	
First National Bank, Highland, Ill. (Decrease in Surplus)	18	
First National Bank, Cannelton, Ind. (V.L.Abs. by First-Cannelton National Bank)	33	417
<u>District No. 9.</u>		
First National Bank, Farmer, S. Dak. (Insolvent)	17	
First National Bank, Osnabrook, N. Dak. (Insolvent)	18	35
<u>District No. 10.</u>		
First National Bank, McCune, Kan. (V.L. Terminal)	17	17
<u>District No. 11.</u>		
Security State Bank, Tahoka, Texas. (V.L. Terminal)	15	15
<u>District No. 12.</u>		
First National Bank, Yorba Linda, Calif. (Insolvent)	27	
First National Bank, Pendleton, Oreg. (V.L.Suc. by First Inland National Bank of Pendleton)	450	477
	<u>Total</u>	<u>4,715</u>

Approved.

Report of Standing Committee dated February 11, recommending approval of an application for fiduciary powers by the following bank:

2/11/32

-13-

District No. 10.

First National Bank in Ord, Nebraska.
(Approved for powers 1, 2, and 5,
action on other powers applied for
deferred until receipt of next re-
port of examination. No. 3377)

Approved.

Reports of Standing Committee dated February 5, 8, 9 and 11, recommend-
ing approval of the following Clayton Act applications:

Mr. Nelson Morris for permission to serve at the same time
as director of the Drovers National Bank in Kansas City, Missouri,
as director of the West Side Trust and Savings Bank of Chicago,
Illinois, and as director of the Mid-City Trust and Savings Bank
of Chicago, Illinois.

Mr. William Curran for permission to serve at the same time
as director of the National Marine Bank of Baltimore, Maryland,
and as director of the Real Estate Trust Company of Baltimore,
Maryland.

Mr. Adelbert W. Mears, for permission to serve at the same
time as director of the National Marine Bank of Baltimore,
Maryland, and as officer and director of the Real Estate Trust
Company of Baltimore, Maryland.

Miss Edith S. Palmer for permission to serve at the same
time as director of the First National Bank of Hastings, New York,
as director of the First National Bank of Croton-on-Hudson, New
York, and as director of the First National Bank and Trust Company
of Yonkers, New York.

Mr. Christ C. Walthour for permission to serve at the same
time as director of the First National Bank and Trust Company of
Greensburg, Pennsylvania, and as director and officer of the Manor
National Bank of Manor, Pennsylvania.

Mr. Avery G. Clinger for permission to serve at the same time
as officer of the Ohio National Bank of Columbus, Ohio, and as
director of the Delaware County National Bank of Delaware, Ohio.

Mr. August A. Busch for permission to serve at the same time
as director of the Lafayette-South Side Bank and Trust Company of
St. Louis, Missouri, and as director of the First National Bank in
St. Louis, Missouri.

2/11/32

-14-

Mr. Albert C. Whitaker for permission to serve at the same time as director of the National Bank of West Virginia, Wheeling, W. Va., as director of the Wheeling Bank and Trust Company, Wheeling, W. Va., and as director of the Farmers National Bank, Claysville, Penna.

Approved.

The meeting adjourned at 12:45 p. m.

O. P. Mowell
Secretary.

Approved:

Ernest C. Meyer
Governor.