

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 1, 1932, at 11:30 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 February 18, 1932, were approved.

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

Letter dated February 25 from the Secretary of the Federal Reserve Bank of New York advising formally of the action taken by the directors of the bank on that date in voting to establish a rediscount rate of 3% on all classes of paper of all maturities, which the Federal Reserve Board approved effective February 26; the letter also advising that in accordance with the usual custom the rates in effect at the bank for trade bills and Government securities under repurchase agreements were reduced to the discount rate, but that no change was made in the bank's effective schedule of buying rates on bankers' acceptances.

The latter actions referred to in the Secretary's letter were noted with approval.

Telegram dated February 26 from Deputy Governor Kenzel of the Federal Reserve Bank of New York advising of the establishment on that date of the following schedule of effective buying rates on acceptances:

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Bankers' Acceptances:

1 to 45 days	2 5/8%
46 to 120 days	2 3/4%
121 to 180 days	3%
Repurchase	2 3/4%
Trade Bills	3%

Without objection, noted with approval.

Telegrams dated February 26 from the Secretaries of the Federal Reserve Banks of Atlanta and Minneapolis, the Chairman of the Federal Reserve Bank of Chicago, and the Governor of the Federal Reserve Bank of St. Louis, and February 27 from the Chairman of the Federal Reserve Bank of Richmond, and letters dated February 26 from the Secretary of the Federal Reserve Bank of Kansas City and February 27 from the Chairman of the Federal Reserve Bank of Dallas, all advising of the establishment at the respective Federal reserve banks of the schedule of buying rates on bankers' acceptances made effective at the Federal Reserve Bank of New York on February 26; the Federal Reserve Banks of Atlanta, Minneapolis and Dallas having also established a rate of 2 3/4% for purchases of bankers' acceptances under agreements to resell, and the Federal Reserve Bank of Minneapolis a rate of 3% for purchases of trade bills.

Without objection, noted with approval.

Telegram dated February 26 from the Chairman of the Federal Reserve Bank of Chicago advising that, at the meeting of the Board of Directors on that date, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated February 27, 1932, from Assistant Secretary McClelland recommending approval of the appointment, effective March 2,

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1932, of Gordon P. Johnson, as a messenger on the Board's staff with salary at the rate of \$1,000 per annum; it being proposed to detail Johnson to the Otis Building to fill the vacancy caused by the termination of the services of Essex Banks.

Recommendation approved.

Reports of Committee on Salaries and Expenditures recommending approval of changes in the salary classification plans at Federal reserve banks as follows:

New York: The abolition of the position of "Senior Clerk" in the Loan and Discount Department of the head office.

Kansas City: The creation of the position of "Clerk-Typist" with a salary range of \$1,600 to \$1,900 per annum in the custody department of the head office, and changes in the description of work and qualifications required for certain other positions in that department.

Recommendations approved.

Telegraphic reply, approved by five members of the Board on February 27, to a letter dated February 25, from Assistant Deputy Governor Gidney of the Federal Reserve Bank of New York requesting approval of the purchase from the Bank of Nutley, New Jersey, of \$100,000 of tax revenue notes of the Town of Nutley; the reply stating that the Board approves the purchase with the understanding that the notes meet all requirements of Regulation E except that the net funded indebtedness of the municipality exceeds 10% of the valuation of its taxable property, and the amount of the warrants offered exceeds 25% of the total amount of the eligible warrants of the municipality outstanding. The reply also stated that consideration is being given by the

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Board to a suggestion contained in Mr. Gidney's letter as to the amendment of Regulation E.

Reply approved.

Telegraphic reply, approved by five members of the Board on February 26 to a letter dated February 25 from the Acting Assistant Federal Reserve Agent at Richmond, advising that the First National Bank of Luray, Virginia, which had been declared insolvent and placed in the hands of a receiver, has resumed business, and inquiring whether the Board will require an application for Federal reserve bank stock in the regular form for original subscriptions or in some other form; the reply stating that, upon receipt of payment therefor, the Federal Reserve Bank of Richmond is authorized to reissue to the First National Bank of Luray the amount of Federal reserve bank stock formerly held by the bank on which refund was made on January 5, 1932.

Reply approved.

Telegraphic reply, approved by five members of the Board on February 27, to a telegram of that date from the Federal Reserve Agent at Chicago, recommending approval of an application of the First National Bank and Trust Company at Flint, Michigan, for permission to rediscount notes 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 27, to rediscount for the national bank good and eligible paper acquired from or bearing the signature or indorsement of nonmember banks.

Reply approved.

Telegram to Mr. J. G. McConkey, Counsel for the Federal Reserve Bank of St. Louis, replying to his wire of February 29 requesting certain infor-

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mation with regard to procedure under Sections 10(a) and 10(b) of the Federal Reserve Act; the reply stating that, while the Board believes it would have power to grant blanket consent for any or all Federal reserve banks to make loans under Section 10(a), it feels that, at least for the time being, each case should be submitted to the Board for separate consideration before the loan is made, and that in the Board's opinion, this procedure is required by law as to each advance under Section 10(b).

Telegram approved.

Telegram to the Governor of the Federal Reserve Bank of San Francisco replying to his wire of February 29, 1932, inquiring whether one member bank which has aggregate deposits exceeding 10% of the deposit liabilities of the district is eligible to receive advances under the provisions of Section 10(a) of the Federal Reserve Act; the reply stating that it would seem clear from the context that Section 10(a) does not contemplate a loan to a single bank and that any application for a loan to a single bank which does not have adequate eligible collateral should be dealt with under Section 10(b). The telegram also pointed out that the proviso in Section 10(a) regarding loans to a lesser number than five banks would seem to contemplate groups of at least two banks, especially in view of provisions as to distribution of proceeds and deposit of collateral with a trustee representing the entire group.

Telegram approved.

Reply to a letter dated February 19 from the Federal Reserve Agent at Atlanta reporting deficiencies for more than six consecutive months in the required reserves of the Bank of Eastman, Georgia; the reply stating that in view of the circumstances set forth in the Federal Reserve Agent's letter, and in accordance with his recommendation, the Federal Reserve Board is

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taking no action at this time with regard to the deficiencies in the reserves of the member bank, although the Agent is requested to consider the advisability of furnishing the Superintendent of Banks of the State of Georgia, for his information, with a copy of the Agent's letter of February 19 and of the Board's reply thereto.

Reply approved.

Reply to a letter dated February 17, 1932, from the Federal Reserve Agent at St. Louis reporting that the First National Bank of Jasonville, Indiana, was deficient in its required reserves during the period July 15, 1931 to January 31, 1932; the reply stating that in view of the circumstances involved in the case, as outlined in the Agent's letter, and in accordance with his recommendation, the Federal Reserve Board is taking no action in this matter other than to furnish a copy of his letter to the Comptroller of the Currency for the information of his office.

Reply approved.

Letters to the Federal Reserve Agent at St. Louis, in reply to his letters of February 10 and 13 reporting continuous deficiencies for periods of more than six consecutive months in the required reserves of the Peoples National Bank and Trust Company, Sullivan, Indiana, and the National Bank of Rolla, Missouri; the Board's letters stating that in view of the circumstances involved in each case, and in accordance with the Federal Reserve Agent's recommendations, the Board is taking no action with regard to the banks' inadequate reserve balances other than to forward a copy of the Agent's letters to the Comptroller of the Currency as a matter of record for his office.

Letters approved.

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Reply to a letter dated February 16 from the Federal Reserve Agent at Dallas referring further to the deficient reserves of the First National Bank of Jayton, Texas, and stating that, in spite of repeated efforts to effect an improvement, the bank remains in a seriously extended condition which is accompanied by a gradual loss of deposits and distressed farming conditions in the community, and that in view of these facts the Agent makes no specific recommendation as to disciplinary action except that the matter be brought to the attention of the Comptroller of the Currency. The reply stated that a copy of the Agent's letter is being sent to the Comptroller of the Currency, and suggested that, if no satisfactory results be obtained from the letter addressed by the Agent to the directors under date of February 16, 1932, he give consideration to the advisability of requesting the directors to send a representative to Dallas to discuss the bank's reserve position with him.

Reply approved.

Letter to the Carthage National Exchange Bank, Carthage, New York, stating that the Board has considered the application filed by the bank through the Federal Reserve Agent at New York for permission to exercise fiduciary powers, and has authorized the bank to act, when not in contravention of state or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and committee of estates of lunatics, only in the specific trusts in which the Carthage National Bank and the National Exchange Bank and Trust Company of Carthage had been appointed and were acting on December 30, 1931. The letter also stated that action has been deferred by the Board on the application for full trust

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powers until an examination of the Carthage National Exchange Bank has been made.

Letter approved.

Certificate, approved by five members of the Board on February 27, certifying that the Genesee River National Bank of Mt. Morris, New York, has duly surrendered the right to act in fiduciary capacities and is no longer authorized to exercise trust powers under the provisions of Section 11(k) of the Federal Reserve Act; together with letters to the Genesee River National Bank, the Comptroller of the Currency, and the Federal Reserve Agent at New York, also approved by five members of the Board on February 27, advising of the issuance of the certificate above referred to. The Secretary reported for the record that the Cashier of the Genesee River National Bank of Mount Morris had filed with the Board a certified copy of a resolution of the Board of Directors of that bank signifying its desire to surrender its right to exercise trust powers; that the Assistant Federal Reserve Agent at the Federal Reserve Bank of New York had recommended that the right of the bank to exercise trust powers be terminated; and that, pursuant to a request made by the Board on January 22, 1932, the Comptroller of the Currency, after an examination of the bank, had advised the Board that the bank had not exercised its right to act as fiduciary under the provisions of Section 11(k) of the Federal Reserve Act.

The certificate referred to was approved as were the letters to the Genesee River National Bank, the Comptroller of the Currency, and the Federal Reserve Agent at New York.

Certificate, approved by five members of the Board on February 27,

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certifying that the Milliken National Bank of Decatur, Illinois, has duly surrendered the right to act in fiduciary capacities and is no longer authorized to exercise trust powers under the provisions of Section 11(k) of the Federal Reserve Act; together with letters to the Milliken National Bank, the Comptroller of the Currency, and the Federal Reserve Agent at Chicago, also approved by five members of the Board on February 27, advising of the issuance of the certificate above referred to. The Secretary reported for the record that the Vice President of The Milliken National Bank had filed with the Board a certified copy of a resolution of the Board of Directors of that bank signifying its desire to surrender its right to exercise trust powers; that the Federal Reserve Agent at the Federal Reserve Bank of Chicago had recommended that the right of the bank to exercise trust powers be terminated and that, in accordance with the request made by the Board at its meeting on June 18, 1931, the Comptroller of the Currency, after an examination of the bank, had advised the Board that the bank had been relieved of all of its duties as fiduciary.

The certificate referred to was approved as were the letters to the national bank, the Comptroller of the Currency and the Federal Reserve Agent at Chicago.

Letter to the Federal Reserve Agent at Cleveland, approved by five members of the Board on February 27, referring to Assistant Federal Reserve Agent Fletcher's letter of February 9, 1932, submitting a certified copy of a resolution of the Board of Directors of the Painesville National Bank and Trust Company of Painesville, Ohio, signifying its desire to surrender its right to exercise trust powers. The Board's letter stated that in accordance with the procedure prescribed by Regulation F, the Comptroller of the

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Currency is being requested to have one of his examiners make a special investigation of the trust department of the national bank upon the occasion of the next regular examination, and to furnish a report on the basis of which the Federal Reserve Board may issue a certificate to the effect that the national bank is no longer authorized to exercise trust powers; also, that the Board is suggesting to the Comptroller of the Currency that inasmuch as the name of the national bank includes the words "trust company", his office may wish to consider the advisability of suggesting that the bank take appropriate action to eliminate these words from its title prior to the issuance of the Board's certificate.

Letter approved, together with a letter to the Comptroller of the Currency in accordance therewith, which was also approved by five members of the Board on February 27.

Memorandum dated February 16, 1932, from the Chief of the Division of Bank Operations stating that it is proposed to eliminate from the confidential daily statement of condition of Federal reserve banks, the estimate of the free gold held by the banks.

Noted with approval.

The Secretary advised the Board that there has been a lack of uniformity in the practice with respect to designations used in connection with the appointments of the various members of the Board's examining staff from time to time in the past, and that for the purposes of the Board's records it is desirable to eliminate uncertainty and possible confusion in this respect.

Accordingly, upon motion, the appointment of each of the following members of the Board's staff was determined to be that of an examiner

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for all purposes of the Federal Reserve Act as amended and of all other Acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board, each of such examiners being designated by the title set opposite his name below:

F. J. Drinnen,	Federal Reserve Examiner
R. H. Brett,	Federal Reserve Examiner
R. F. Leonard,	Federal Reserve Examiner
L. A. A. Siems,	Federal Reserve Examiner
M. R. Wilkes,	Federal Reserve Examiner
C. S. Barker,	Assistant Federal Reserve Examiner
J. A. Bobb,	Assistant Federal Reserve Examiner
W. G. Brown,	Assistant Federal Reserve Examiner
R. B. Chamberlin,	Assistant Federal Reserve Examiner
L. C. Comley,	Assistant Federal Reserve Examiner
J. J. Connell,	Assistant Federal Reserve Examiner
R. W. Cooke,	Assistant Federal Reserve Examiner
W. D. Dougal,	Assistant Federal Reserve Examiner
J. F. English,	Assistant Federal Reserve Examiner
E. A. Farrell,	Assistant Federal Reserve Examiner
T. P. Howard,	Assistant Federal Reserve Examiner
H. O. Koppang,	Assistant Federal Reserve Examiner
L. S. Myrick,	Assistant Federal Reserve Examiner
G. M. Ringen,	Assistant Federal Reserve Examiner
H. J. Wishart,	Assistant Federal Reserve Examiner

Reports of Standing Committee dated February 29 and March 1, recommending approval of the following changes in stock at Federal Reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 7.</u>		
First National Bank at Pontiac, Michigan.	450	450
<u>District No. 10.</u>		
First National Bank in Alma, Kansas.	36	36
	<u>Total</u>	<u>486</u>
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
Merchants National Bank, New Haven, Conn. (Decrease in surplus)	150	
National Tradesmens Bank and Trust Co., New Haven, Conn. (Decrease in surplus)	90	
Millers River National Bank, Athol, Mass. (Decrease in surplus)	30	

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>		<u>Shares</u>
<u>District No. 1. (Cont'd)</u>		
Exchange Trust Company, Boston, Mass.		
(Decrease in surplus)	300	
Middlesex National Bank, Lowell, Mass. (Insolvent)	150	
Millbury National Bank, Millbury, Mass.		
(Decrease in surplus)	<u>24</u>	744
<u>District No. 2.</u>		
Community Trust Company, Middleport, N. Y.		
(Insolvent)	75	
National Bank of Newport, Newport, N. Y.		
(Decrease in surplus)	21	
Painted Post National Bank, Painted Post, N. Y.		
(Insolvent)	<u>35</u>	131
<u>District No. 4.</u>		
First National Bank, Fredericktown, Ohio.		
(Insolvent)	21	
Midland Bank of Cleveland, Ohio. (V.L.Abs. by Cleveland Trust Co.)	3,600	
First National Bank, Youngstown, Ohio. (V.L.Suc. by Union National Bank of Youngstown)	<u>2,250</u>	5,871
<u>District No. 6.</u>		
First National Bank, Lincoln, Ala. (Decrease in surplus)	5	
Bank of Eastman, Eastman, Ga. (Decrease in surplus)	11	
Bank of Soperton, Soperton, Ga. (Decrease in surplus)	<u>4</u>	20
<u>District No. 7.</u>		
Woodlawn Trust & Savings Bank, Chicago, Ill.		
(Decrease in surplus)	90	
Home National Bank, Elgin, Ill. (Insolvent)	180	
First National Bank, Elkader, Iowa. (V.L.Suc. by Central State Bank and Trust Co.)	60	
American State Savings Bank, Lansing, Mich. (Insolvent)	<u>690</u>	1,020
<u>District No. 9.</u>		
Roseau County National Bank, Roseau, Minn. (V.L.Abs. by First National Bank of Roseau)	22	22
<u>District No. 10.</u>		
City National Bank, Colorado Springs, Colo. (V.L.Abs. by Colorado Springs National Bank)	36	
Exchange National Bank, Tulsa, Okla. (Decrease in surplus)	<u>720</u>	756

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>		<u>Shares</u>
<u>District No. 12.</u>		
First National Bank, Culver City, Calif. (Insolvent)		72
Washington National Bank, Tacoma, Wash. (Insolvent)		144
		216
	<u>Total</u>	<u>8,780</u>

Approved.

Reports of Standing Committee dated February 24 and 25, recommending approval of the following Clayton Act applications:

Mr. B. D. Forster for permission to serve at the same time as director and officer of the Bank of Manhattan Trust Company of New York, N. Y., and as director of the Passaic National Bank and Trust Company of Passaic, New Jersey.

Mr. T. W. Yates for permission to serve at the same time as director and officer of the Merchants Bank and Trust Company of Jackson, Mississippi, and as director and officer of the Commercial National Bank and Trust Company of Laurel, Mississippi.

Mr. John T. Stewart for permission to serve at the same time as director and officer of the First National Bank of Medford, Oklahoma, and as director of the First National Bank of Wichita, Kansas.

Mr. E. C. Romfh for permission to serve at the same time as director and officer of the First National Bank of Miami, Florida, as director of the Miami Beach First National Bank of Miami Beach, Florida, and as director of the Coral Gables First National Bank of Coral Gables, Florida.

Mr. W. J. Seufert for permission to serve at the same time as director of the American National Bank of Portland, Oregon, and as director of the Citizens First National Bank of The Dalles, Oregon.

Approved.

Thereupon, the meeting adjourned.

Oester Mowle
Secretary.

Approved:

Cuppenberg
Governor.