

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 15, 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 following matters of business were considered and acted upon by the Board:

Application of Mr. C. K. Boettcher for permission to serve at the same time as director of the Denver National Bank and the International Trust Company, both of Denver, Colorado; approval of the application being recommended by the Federal Reserve Agent at Kansas City and Mr. Hamlin of the Law Committee. Mr. Miller, the other member of the Law Committee, stated that he had not joined in the recommendation as, in his opinion, the Clayton Act did not contemplate that interlocking directorates such as that involved in Mr. Boettcher's application should be permitted.

A discussion followed at the conclusion of which it was decided to advise Mr. Boettcher that, on the basis of the information before it, the Board is unwilling to approve his application, although, in accordance with Regulation L, Section IV(f) it will, before taking final action, consider such additional facts or arguments bearing on the subject as he may care to submit.

Telegrams dated March 11, 1932, from the Secretary of the Federal Reserve Bank of Atlanta and March 14, 1932, from the Secretary of the Federal Reserve Bank of Minneapolis, both advising that at meetings of the 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.

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

- Kansas City - The creation of the new positions "Stenographer-Clerk" and "Typist-Clerk" in the Loans, Rediscounts and Acceptances, Credit Department of the bank.
- Dallas - The creation of a new department at the head office to be called the "Reconstruction Finance Corporation Department", and of the new position of "Manager" of that department; the expenses of the department being reimbursable by the Reconstruction Finance Corporation.

Recommendations approved.

Telegram to Deputy Governor Logan of the Federal Reserve Bank of New York, replying to his wire of March 14, 1932, requesting approval of the purchase by the New York bank from the Metuchen National Bank, Metuchen, New Jersey, of a Vocational School Note of Middlesex County, New Jersey, in the amount of \$33,000; the reply stating that the Board authorizes the purchase with the understanding that the note meets all of the requirements of Regulation E except that together with \$135,000 of Middlesex County tax anticipation bonds which were also acquired from the Metuchen National Bank, the New York bank's total holdings of warrants of that municipality will be in excess of 25% of the total warrants of the municipality outstanding.

Reply approved.

Reply, approved by five members of the Board on March 14, to a letter dated March 7, 1932, from the Chairman of the Federal Reserve Bank of St. Louis requesting approval of an amendment to the by-laws of the Louisville Branch, adopted by the Board of Directors of the bank at its

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meeting on March 2, to provide for a regular meeting of the branch board on the Thursday next after the first Wednesday of each month instead of on the Thursday next after the third Wednesday of each month; the reply stating that the Federal Reserve Board approves the amendment referred to.

Reply approved.

Letter to the First National Bank in Highland Falls, New York, approved by five members of the Board on March 14, 1932, stating that the Federal Reserve Board has deferred action on the bank's application for permission to exercise fiduciary powers under the provisions of Section 11(k) of the Federal Reserve Act, until after receipt of the next report of examination of the bank.

Letter approved.

Telegraphic reply, approved by five members of the Board on March 12, to a letter dated March 9, 1932, from the Governor of the Federal Reserve Bank of Kansas City, referring to the possibility of the receipt in the near future of applications of member banks in Tulsa, Oklahoma, for advances under Section 10(b) of the Federal Reserve Act and requesting an expression of opinion as to the possibility of such advances receiving the approval of the required five members of the Federal Reserve Board; the reply stating that it is not possible for the Board to express an opinion in advance but that upon receipt of the information requested in its letter of March 10, 1932, regarding the procedure to be followed under Sections 10(a) and 10(b) of the Federal Reserve Act, the Board is prepared to give prompt consideration to the matter.

Reply approved.

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At this point the Chairman joined the meeting.

Letter dated March 12, 1932, from Congressman T. Alan Goldsborough stating that hearings on stabilization will begin before the Committee on Banking and Currency of the House of Representatives on March 16 and will be continued before a sub-committee, of which he has been designated Chairman, and that the Committee would like to have representatives of the Federal Reserve Board present at these hearings. The Governor stated that Congressman Goldsborough had also called him on the telephone with regard to the matter.

A discussion followed, at the conclusion of which it was decided to request Mr. W. W. Riefler of the Division of Research and Statistics to attend the hearings for the purpose of furnishing the Committee with such information and statistical data as may be desired and the Secretary was directed to prepare a letter to Congressman Goldsborough for the signature of the Governor, advising that Mr. Riefler will attend the hearings but that it is understood that he will not be expected to speak for the Board nor to express an opinion as to the merits of the measures under discussion.

Letter dated March 12, 1932, from the Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, stating that at the meeting of the directors on March 11 it was voted, subject to the approval of the Federal Reserve Board, (1) to fix the interest or discount rate for advances under Section 10(a) of the Federal Reserve Act, at 1% above the discount rate of the bank at the time of making such advances, (2) to fix the interest or discount rate for advances under Section 10(b) of the Act, at 1% above the highest discount rate in effect at the bank on the date the advance is made, and (3) to authorize and empower the Executive Committee of the bank, with the approval of the Federal Reserve Board, to make advances under the provisions of Sections 10(a) and 10(b) of the Federal Reserve Act;

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the letter also stating that, while no applications for such advances have been received, the directors deemed it advisable to establish a rate of interest for the advances so that if applications are received under emergency conditions they may be acted on promptly and the Board's approval requested by telephone or telegraph.

A discussion ensued, which developed that it was the consensus of the members present that advances under Section 10(b) of the Federal Reserve Act should not be lower than the rate (5 1/2%) now charged by the Reconstruction Finance Corporation on loans made by it.

At the conclusion of the discussion, Mr. James was requested to communicate to the Chairman of the Atlanta bank by telephone the attitude of the Board as expressed during the discussion.

Reports of Standing Committee dated March 11 and 15, 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. 1.</u>		
First National Bank, Litchfield, Connecticut. (Decrease in surplus)	15	
North Berwick National Bank, North Berwick, Maine. (Decrease in surplus)	12	
Georgetown National Bank, Georgetown, Mass. (V.L.Terminal)	<u>36</u>	63
<u>District No. 2.</u>		
Citizens National Bank, Albion, N. Y. (Insolvent)	186	186
<u>District No. 3.</u>		
Point Pleasant Beach National Bank & Trust Co., Point Pleasant Beach, N. J. (Insolvent)	81	
Coast National Bank, Sea Side Heights, N. J. (Insolvent)	26	
Curwensville National Bank, Curwensville, Pa. (Decrease in surplus)	48	
New Holland National Bank, New Holland, Penna. (V.L.Abs. by Farmers National Bank and Trust Company of New Holland)	<u>165</u>	320

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 4.</u>		
Peoples National Bank, Wellsville, Ohio. (Insolvent)	120	
First National Bank, Mount Pleasant, Penna. (V.L.Abs. by Citizens Savings and Trust Co.)	135	
Peoples National Bank, Mount Pleasant, Pa. (V.L.Abs. by Citizens Savings and Trust Co.)	<u>60</u>	315
<u>District No. 5.</u>		
First National Bank, Victoria, Va. (Insolvent)	20	
First-Citizens National Bank, Pennsboro, W. Va. (V.L.Suc. by Citizens Bank)	<u>90</u>	110
<u>District No. 7.</u>		
Depositors State Bank, Chicago, Ill. (Insolvent)	390	
Mendota National Bank, Mendota, Ill. (Insolvent)	84	
First National Bank, Rio, Wis. (V.L.Suc. by First State Bank)	21	
First National Bank, Hamilton, Ill. (Insolvent)	36	
First National Bank, Shelbyville, Ind. (Insolvent)	150	
Pioneer National Bank, Waterloo, Iowa. (Insolvent)	<u>180</u>	861
<u>District No. 8.</u>		
First National Bank, Mound City, Ill. (Insolvent)	30	30
<u>District No. 10.</u>		
First National Bank, Pittsburg, Kansas. (Insolvent)	120	120
<u>District No. 11.</u>		
City National Bank, Colorado, Texas. (Cons. Colorado National Bank in Colorado, Texas, with the above bank)	15	
First National Bank in McKinney, Texas. (V.L.Abs. by Collin County National Bank of McKinney)	<u>72</u>	87
<u>District No. 12.</u>		
Seaside National Bank, Long Beach, Calif. (Insolvent)	198	
First National Bank, Condon, Oregon. (Decrease in surplus)	<u>12</u>	210
	<u>Total</u>	<u>2,302</u>

Approved.

Reports of Standing Committee dated March 11, 12 and 15, recommending approval of the following Clayton Act applications:

Mr. W. E. Connell for permission to serve at the same time as officer of the First National Bank of Fort Worth, Texas, and as director of the Citizens National Bank of Post, Texas.

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Mr. Wirt Davis for permission to serve at the same time as director of the Republic National Bank and Trust Company of Dallas, Texas, as director of The Liberty State Bank of Dallas, Texas, and as director of the Oak Cliff Bank and Trust Company of Dallas, Texas.

Mr. C. A. Bowman for permission to serve at the same time as director of the Denver National Bank of Denver, Colorado, and as director and officer of the Guardian Trust Company of Denver, Colorado.

Mr. Charles H. Simms for permission to serve at the same time as director of the Winters National Bank and Trust Company of Dayton, Ohio, and as director of the First National Bank of Osborn, Ohio.

Approved.

Thereupon the meeting adjourned.

O. Lester Merrill
Secretary.

Approved:

W. W. C. [Signature]
Governor.