

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, March 21, 1932, at 11:30 a. m.

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

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

Governor Norris and Mr. Arthur Sewall, Chairman of the Building Committee, of the Federal Reserve Bank of Philadelphia, were also present and presented a letter dated March 18, 1932, signed by the Chairman of the Philadelphia bank, requesting approval by the Board of the purchase at a price of \$250,000, under authority of a resolution adopted by the Board of Directors at its meeting on March 2, 1932, of the so-called "Record property" situated on the east side of the Philadelphia building, fronting 50 feet on Chestnut Street and extending back 215 feet 9 inches to Ludlow Street, this price to include the demolition of the building now standing on the property. The letter also stated the reasons why the acquisition of the property is considered desirable and Messrs. Norris and Sewall discussed with the Board other aspects of the proposed transaction. At the conclusion of the discussion Messrs. Norris and Sewall left the meeting.

The Board then considered the request of the Philadelphia bank that the Board approve the purchase of the property referred to above and, upon motion, it was voted to interpose no objection to the acquisition of the property at the price named.

Messrs. Norris and Sewall were then called into the meeting and advised orally of the Board's action, following which they again withdrew.

The Board then considered and acted upon the following matters:

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Letter dated March 17, 1932, from the Secretary of the Federal Reserve Bank of New York 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.

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

Atlanta	Increase in the salary range of the position "Clerk (Currency)" at the Havana Agency to \$2,400 - \$2,700 per annum.
St. Louis	The creation of the new positions "Assistant Manager and Assistant Custodian" and "Typist" and two new positions under the title "Clerk" in the Custody Department of the Louisville Branch, the new positions being necessary in connection with the work of the Reconstruction Finance Corporation.

Recommendations approved.

Telegraphic reply, approved by five members of the Board on March 19, 1932, to a telegram dated March 18, 1932, from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority to purchase from the First National Bank, Spring Lake, New Jersey, \$49,000 of tax revenue notes of the Borough of Sea Girt, New Jersey; the reply stating that the Federal Reserve Board authorizes the purchase with the understanding that the notes meet all requirements of Regulation E except as to population of the issuing municipality and the proportion of the amount offered to the total amount of warrants of the municipality outstanding.

Reply approved.

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Letter to the Federal Reserve Agent at Dallas, approved by five members of the Board on March 18, replying to his letter of March 8, 1932, reporting deficiencies for the six months period ending February 15, 1932, in the reserves of the Marlin-Citizens National Bank, Marlin, Texas; the reply stating that inasmuch as an examination of the national bank was completed some time during the latter part of the week of March 7, it will not be possible for the Comptroller of the Currency, as suggested in the Agent's letter, to instruct the examiner to discuss personally with the officers and directors of the bank its unsatisfactory reserve position, although a copy of the Agent's letter is being sent to the Comptroller for his information. The letter also requested that the Board be advised as to the replies received by the Agent to the letters which he addressed to the directors of the bank concerning the maintenance of its reserves.

Letter approved.

Reply, approved by five members of the Board on March 18, to a letter dated March 4, 1932, from the Federal Reserve Agent at Dallas reporting that the First National Bank of Lott, Texas, was deficient in its reserves for the period June 1, 1931 to January 15, 1932, and recommending that the Comptroller of the Currency be requested to address a letter to the bank stating that, unless more careful attention is given to the maintenance of its required reserves and to the prompt rendition of its semi-monthly reports of net deposits, the bank will be placed on the special list for frequent examinations; the reply enclosing copy of a letter to the Comptroller of the Currency, also approved by five members of the Board on March 18, transmitting a copy of the Federal Reserve Agent's letter for such action as he deems

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advisable in the circumstances and requesting that he forward to the Board for its information and that of the Federal Reserve Agent at Dallas, a copy of any communication which he may decide to address to the First National Bank of Lott, as well as a copy of the bank's reply thereto. The letter to the Federal Reserve Agent also requested that he advise the Board of the replies received to letters addressed by him to the directors of the national bank concerning its unsatisfactory reserve position.

Letters approved.

Telegram to the Governor of the Federal Reserve Bank of St. Louis, replying to his wire of March 18, 1932, requesting approval of a change in the circular to all member banks outlining the procedure to be followed in connection with applications by member banks for advances under the provisions of Sections 10(a) and 10(b) of the Federal Reserve Act, to provide for the use of a special form of member bank promissory note for advances under Section 10(b) of the Act instead of the regular form of member bank promissory note as contemplated in the circular letter as approved by the Board; the reply stating that the Board approves the proposed change, and requests that a copy of the promissory note which it is contemplated will be used be forwarded to the Board for its information.

Telegram approved.

Letter to the Secretary of the Reconstruction Finance Corporation, advising that arrangements have been made to forward regularly to the Statistician of the Reconstruction Finance Corporation the published and confidential statements requested in the Secretary's letter of March 15, 1932, and to forward to the Secretary five copies of each monthly bank

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holiday letter which is addressed to all Federal reserve banks, it being understood that all of the statements which are marked "confidential" are furnished for the information of the Reconstruction Finance Corporation only, and that the reports of closed banks are subject to verification and to correction on account of errors and omissions.

Letter approved.

Reply to a letter dated February 12, 1932, from Senator S. G. Bratton enclosing a letter dated February 8, 1932, from the Floersheim Mercantile Company, Roy, New Mexico, accompanied by a circular letter in which the suggestion is made, among others, that the law be amended so as to give a preferred claim to the holder of a check which has been presented to the drawee bank and by the latter charged to the account of the drawer, but which has not been finally paid because of the failure of the drawee bank before the collection of an exchange draft given by it in payment for the check; the reply calling attention to the Uniform Bank Collection Code, which it is understood has been adopted in the State of New Mexico and which provides that where an item is duly presented by mail to the drawee bank and the check or draft of the latter upon another bank in payment therefor is not paid in due course, the agent collecting bank presenting the item may, at its election, exercised with reasonable diligence, treat such item as dishonored by nonpayment and recourse may be had upon prior parties to the item, and stating that the Federal Reserve Board is advised by its Counsel that in his opinion this provision is applicable in the case of failed national banks as well as failed state banks. The reply also called attention to another section of the Uniform Bank Collection Code, which

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probably applies only where the drawee bank is a state institution, and which provides that, except in cases where the collecting bank elects to treat such an item as dishonored, the owner of the item shall have a preferred claim for the amount thereof if the drawee bank at the time the item is presented has on deposit to the credit of the drawer an amount equal to the amount of the item, and stated that it is apparent that the advisability of the general adoption of such provisions is a question of legislative policy. The letter also stated the reasons why, in the Board's opinion, a Federal reserve bank should not charge the amount of unpaid checks against any balance to the credit of the failed drawee bank on the books of the Federal reserve bank, and why it would be inadvisable to require every purchaser of bank stock to provide a cash deposit or give bond in the amount of his liability as shareholder.

Letter approved.

Further consideration was then given to the report to be submitted by the Federal Reserve Board to the Committee on Banking and Currency of the Senate with regard to the so-called Glass Bill, S. 4115. A brief discussion followed at the conclusion of which the following resolution was adopted:

RESOLVED, That Mr. Morrill, Secretary of the Board, Mr. Wyatt, General Counsel, Mr. Goldenweiser, Director of the Division of Research and Statistics, and Mr. Smead, Chief of the Division of Bank Operations, be requested to devote all their time, as far as possible, to the consideration of the bill, and to submit at least a preliminary report to the Board on or before Friday, March 25, 1932.

Reports of Standing Committee dated March 18, 19 and 21, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
Gloucester National Bank, Gloucester, Mass.	120	120

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<u>Applications for ORIGINAL Stock: (Cont'd)</u>		<u>Shares</u>	
<u>District No. 8.</u>			
Second National Bank, Robinson, Illinois.	113		113
	<u>Total</u>		<u>233</u>
 <u>Applications for SURRENDER of Stock:</u>			
<u>District No. 1.</u>			
Sagamore Trust Company, Lynn, Mass. (V.L.Abs. by Security Trust Company)	180		180
 <u>District No. 2.</u>			
Montour National Bank, Montour Falls, N. Y. (V.L.Suc. by Montour National Bank in Montour Falls)	21		
Peoples National Bank & Trust Co., White Plains, N. Y. (Cons. Plaza National Bank with the above bank)	105		
M & T Trust Company, Buffalo, N. Y. (Decrease in surplus)	<u>4,800</u>		<u>4,926</u>
 <u>District No. 3.</u>			
First National Bank, Renovo, Pa. (Insolvent)	120		120
 <u>District No. 4.</u>			
First Bank & Trust Company, Washington, Pa. (Insolvent)	720		720
 <u>District No. 5.</u>			
Wayne National Bank, Goldsboro, N. C. (Insolvent)	255		255
 <u>District No. 6.</u>			
First National Bank, Thomasville, Ga. (Decrease in surplus)	30		
First National Bank, Rockwood, Tenn. (Cons. Rockwood National Bank with the above bank)	<u>39</u>		<u>69</u>
 <u>District No. 7.</u>			
Hammond National Bank & Trust Co., Hammond, Ind. (Insolvent)	300		
First National Bank, Whiting, Ind. (Insolvent)	120		
First National Bank, Montezuma, Ind. (V.L.Suc. by First-State Bank)	18		
First National Bank, Dougherty, Iowa. (Insolvent)	<u>20</u>		<u>458</u>
 <u>District No. 8.</u>			
First National Bank, Seymour, Ind. (V.L.Abs. by Seymour National Bank)	120		120

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 11.</u>		
Burnet National Bank, Burnet, Texas. (Insolvent)	30	
First National Bank, Paradise, Texas. (V.L.Abs. by First National Bank of Decatur, Texas.)	<u>20</u>	50
<u>District No. 12.</u>		
First National Bank, Sedro Woolley, Wash. (Insolvent)	27	27
	<u>Total</u>	<u>6,825</u>

Approved.

Thereupon the meeting adjourned.

Peter Noull
Secretary.

Approved:

Walter L. Smith
Chairman.

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