

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 23, 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.

The minutes of the meeting of the Federal Reserve Board held on March 15, 1932, were approved.

The following matters were then presented for the consideration and action of the Board:

Renewal bond in the amount of \$50,000, executed on March 15, 1932, by Mr. William Joseph Evans as Assistant Federal Reserve Agent at the Federal Reserve Bank of Dallas.

Bond approved.

Telegraphic reply, approved by five members of the Board on March 22, 1932, to a telegram dated March 21, 1932, from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting approval of the purchase from the First National Bank and Trust Company, Mamaroneck, New York, of \$72,000 of tax revenue notes of the Village of Mamaroneck; the reply stating that the Board authorizes the purchase with the understanding that the notes meet all requirements of Regulation E except that the amount offered exceeds 25% of the total warrants of the municipality outstanding.

Reply approved.

Letter dated March 18, 1932, from Deputy Governor Crane of the Federal Reserve Bank of New York stating that having in mind the purpose for

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which the demand deposit of \$10,000,000 was made with the Bank for International Settlements, in July, 1931, the New York bank has contemplated some reduction in the deposit when it could be effected conveniently, that \$1,000,000 was withdrawn on March 18, 1932, and that the Board will be advised as further reductions in the account are made.

Noted.

Letter dated March 18, 1932, from Deputy Governor Crane of the Federal Reserve Bank of New York stating that the bank had been advised by the Bank for International Settlements that in view of the reduction in the discount rate of the Reichsbank from 7% to 6% on March 9, 1932, and of the effect of the 7% rate now carried by the central bank credit upon the interest demands of private creditors with respect to their German debtors, the Bank for International Settlements had decided to authorize a reduction in the effective rate of interest on its participation in the central bank credit to the Reichsbank, provided the other participating banks agree to a similar reduction; and, further, that the Board of Directors of the Federal Reserve Bank of New York, at its meeting on March 17, 1932, expressed the view that it would be advisable for the New York bank to agree to a reduction from 7% to 6%, as of April 4, 1932, in the rate of interest being charged on its participation of approximately \$22,500,000 in the credit, provided a similar reduction is made by the other participants. The letter also called attention to the fact that if this reduction is made it will represent a return to the original terms of the credit agreement in so far as the interest rate is concerned.

After a brief discussion, the Secretary was instructed to advise the Chairman of the

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Board of Directors of the Federal Reserve Bank of New York that the Federal Reserve Board will interpose no objection to the action contemplated by the directors.

Letter to the Federal Reserve Agent at Philadelphia stating that in accordance with the recommendation contained in his letter of March 17, 1932, made in view of the fact that the banking business of the Dime Bank-Lincoln Trust Company, Scranton, Pennsylvania, has been transferred to the First National Bank of Scranton, and the charter of the former continued in order that it may for the time being act in fiduciary capacities, the Federal Reserve Board has voted to waive in this case the usual requirement of six months notice, and to approve the request of the Dime Bank-Lincoln Trust Company that it be permitted to withdraw from membership in the Federal Reserve System immediately under the voluntary notice of intention to withdraw filed by it under date of March 1, 1932.

Letter approved.

Letter to the Federal Reserve Agent at Chicago referring to his letter of February 25, 1932, and to Assistant Federal Reserve Agent Young's letter of February 27, 1932, relative to the action of the Terre Haute Trust Company, Terre Haute, Indiana, on November 12, 1931, in acquiring the assets and assuming the deposit liabilities of the closely affiliated Twelve Points State Bank of Terre Haute, a nonmember, and requesting that the Agent advise the Board whether or not he has held a contemplated conference with state authorities with regard to the elimination from the member bank of the losses set up at the time of the last examination and the provision of proper reserves for doubtful assets and bond depreciation, and, if so, what conclusions

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were reached, and what, if any, corrections in its condition have been made by the member bank. The letter also stated that pending receipt of this information the Federal Reserve Board will defer consideration of the question whether there has been any change in the general character of the assets or broadening in the functions of the Terre Haute Trust Company as a result of the transaction referred to and that it will take no action at this time affecting the membership of the trust company in the Federal Reserve System.

Letter approved.

Letters dated March 18 and 21, 1932, from the Chairman of the Board of Directors of the Federal Reserve Bank of St. Louis reporting that Mr. John C. Martin, a Class A director of the bank, is a candidate for nomination as State Treasurer of Illinois in the Democratic primary to be held in April, and inquiring with regard to his status as a director of the bank in the light of the Board's ruling of December 27, 1915, relative to directors of Federal reserve banks holding political or public office. It was the consensus that Mr. Martin's case clearly comes within the spirit of the ruling referred to and that in view of his announced candidacy for the office of State Treasurer, there appears to be no alternative to his resigning as a director of the St. Louis bank.

The Secretary was directed to advise the Chairman of the St. Louis bank accordingly.

Report of Standing Committee dated March 22, 1932, recommending approval of the following change in stock at a Federal reserve bank:

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Application for ORIGINAL Stock:
District No. 11.
First National Bank, Odessa, Texas.

Shares

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Approved.

Thereupon the meeting adjourned.

Orestor Mowiel
Secretary.

Approved:

Wm L. ...
Chairman.

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