

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, March 26, 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
Mr. Wyatt, General Counsel.

The minutes of the meetings of the Federal Reserve Board held on March 17, 18, 21, 22 and 23, 1932, were approved.

The Board then considered and acted upon the following matters:

Letters to the Federal Reserve Agent at Minneapolis, referring to Assistant Federal Reserve Agent Bailey's letter of March 14, 1932, reporting that the Citizens National Bank of Wessington, South Dakota, and the First National Bank of Gary, South Dakota, were deficient in their required reserves during the period of six and one-half months ending February 29, 1932; the letters stating that, in view of the circumstances involved in each case, the Board is taking no action on either at this time, although a copy of the Assistant Federal Reserve Agent's letter is being sent to the Comptroller of the Currency for the information of his office.

Letters approved.

Letter dated March 23, 1932, from the Comptroller of the Currency recommending approval by the Board of a salary at the rate of \$4,200 per annum for Mr. Frank A. Rees, who has been appointed a National Bank Examiner and assigned to the Tenth Federal Reserve District.

Salary approved.

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Letter to the Federal Reserve Agent at Minneapolis, referring to Assistant Federal Reserve Agent Bailey's letter of March 14, 1932, transmitting, with the favorable recommendation of the Executive Committee of the bank, the request of the Butte County Bank of Belle Fourche, South Dakota, a member, for permission to take over the business of the Little Missouri Bank of Camp Crook, South Dakota, also a member, through the assumption of the liabilities and the acquisition of an offsetting amount of acceptable assets of the latter institution, the reason given for the proposed transaction being that the business of the Little Missouri Bank is declining and there is considerable likelihood that it will not be able to earn its expenses during the current year. The Board's letter stated that, in view of the satisfactory condition of the banks as shown by analyses of recent reports of examination, the Federal Reserve Board will interpose no objection to the proposed transaction, it being assumed that it will not in any way affect the legal status of the Butte County Bank as a member of the Federal Reserve System, and that no new application for membership is necessary, and requested that, when available, the agent forward to the Board copies of any agreements or documents pertaining to the transaction, a copy of any amendment to the charter of the Butte County Bank, and a reference to the provisions of State law covering the transaction. The letter also outlined, for the information of the Federal Reserve Agent, the procedure which is generally followed by the Board in connection with transactions of this kind, of deferring action until after the consolidation has been effected and the Board is in possession of complete information, which ordinarily can be obtained through an examination of the consolidated institution.

Letter approved.

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At this point the Chairman joined the meeting.

Telegraphic reply to a wire dated March 24, 1932, from the Governor of the Federal Reserve Bank of Dallas with reference to the eligibility as collateral to advances under the Glass-Steagall Act of February 27, 1932, of notes representing loans of member banks whose capital and surplus have been impaired by losses; the reply stating that in determining whether a bank has sufficient eligible and acceptable assets to obtain adequate credit accommodations under other sections of the Federal Reserve Act than Sections 10(a) and 10(b), paper which can not be discounted because the borrower is indebted to the offering bank for amounts exceeding the limitations of Section 5200 of the United States Revised Statutes, or because the amount of such borrower's paper offered plus that already discounted exceeds such limitations, should be treated as ineligible paper, but that if the bank is qualified to apply for a loan under Section 10(a) or 10(b), such paper may lawfully be accepted as collateral for loans under either of those sections since they were enacted for the purpose of enabling Federal reserve banks to make advances against paper which is ineligible for discount under other sections of the Act. The reply also stated that the question whether the Federal reserve bank should extend credit under the circumstances described in Governor McKinney's telegram or should accept as collateral paper of the kind described therein, is a question of credit policy which should be given consideration by the Federal reserve bank.

Reply approved.

The Governor then referred to the letter dated March 21, 1932, from Senator Carter Glass with regard to Senate Bill 4115, and to the proposed

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reply thereto, on which action was deferred at the meeting yesterday, and he presented for the consideration of the Board a proposed acknowledgment to the letter received from Senator Glass.

The proposed acknowledgment, for the signature of the Governor, and reading as follows, was approved:

"This is the first opportunity I have had to acknowledge the receipt of your letter of March 21 in regard to bill S. 4115.

My understanding of the matters to which you refer differs materially from yours, but I do not think it would be worth while for me to undertake to review them now. Some of these days, when both of us have more time, I would like to have an opportunity to discuss them with you.

The proposed legislation involves many questions of fundamental importance, and I want to assure you that there is every desire on our part to cooperate with you and the committee in every way. To this end, the Board has directed certain members of its staff to drop, as far as possible, their other duties and to devote themselves to preparing material to aid the Board in its consideration of your bill; and they have been engaged for several days and nights upon that work, with the view of enabling the Board to submit its comments upon the bill at the earliest practicable date.

With cordial regards and best wishes, I am."

Reports of Standing Committee dated March 25 and 26, recommending approval of the following Clayton Act applications:

Mr. P. J. Leeman for permission to serve at the same time as director and officer of the Produce State Bank of Minneapolis, Minnesota, and as director and officer of the First National Bank in Minneapolis, Minnesota.

Mr. D. F. Goodell for permission to serve at the same time as director of the First National Bank in Palm Beach, Florida, and as director and officer of the Central Farmers' Trust Company of West Palm Beach, Florida.

Mr. W. L. McDonald for permission to serve at the same time as officer of the Exchange National Bank, Tulsa, Oklahoma, and as director of the First National Bank of Waynoka, Oklahoma.

Mr. Z. C. Patten for permission to serve at the same time as director and officer of the First National Bank of Chattanooga, Tennessee, and as director of the First National Bank of Fort Payne, Alabama.

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Mr. Bernard H. Kroger for permission to serve at the same time as director of The Provident Savings Bank and Trust Company of Cincinnati, Ohio, and as director of the First National Bank in Palm Beach, Florida.

Mr. E. Carleton Granbery for permission to serve at the same time as director of The Chase National Bank of the City of New York, New York, and as director of the Canal Bank and Trust Company of New Orleans, Louisiana.

Mr. C. C. Hultquist for permission to serve at the same time as director and officer of the First National Bank of Coweta, Oklahoma, as director of the First National Bank and Trust Company of Muskogee, Oklahoma, and as director and officer of the First National Bank of Porter, Oklahoma.

Approved.

Thereupon the meeting adjourned.

Walter Morley
Secretary.

Approved:

Carleton Granbery
Governor.