

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, April 11, 1932, at 12:10 p. m.

PRESENT: Governor Meyer
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Pole

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

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

Telegrams dated April 8, 1932, from the Secretaries of the Federal Reserve Banks of Cleveland and Atlanta, advising that their Boards of Directors, at meetings on that date, made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated April 9, 1932, from the Chairman of the Federal Reserve Bank of Atlanta, referring to his letter of March 12, 1932, presented at the meeting of the Board on March 15, which advised that the Board of Directors of the bank had fixed a rate of 1% above the discount rate of the Federal Reserve Bank of Atlanta for advances made under Sections 10(a) and 10(b) of the Federal Reserve Act, and stating that at the meeting of the Board of Directors of the bank on April 8, 1932, further consideration was given to the matter and it was voted, subject to the approval of the Federal Reserve Board, to fix an interest or discount rate of 5 1/2% for advances under Sections 10(a) and 10(b) of the Federal Reserve Act.

Inasmuch as under the procedure outlined in the Board's letter of March 10, 1932, applications for loans under Sections 10(a) and 10(b) of the Federal Reserve Act, including the rate of interest or discount to be charged, will be approved by the Board in each case, the action of the Board of Directors of the Atlanta

4/11/32

-2-

bank was noted, and the Secretary was directed to advise the Chairman of the Atlanta bank accordingly.

Telegram dated April 11, 1932, from the Chairman of the Federal Reserve Bank of Kansas City stating that at the meeting of his Board of Directors on April 7, 1932, it was voted to rescind the action taken at their meeting on March 17, 1932, and reported in his telegram to the Board of that date, in establishing a rate of 5% for loans made by the bank under Sections 10(a) and 10(b) of the Federal Reserve Act; the Chairman advising that the prior action was rescinded in view of the lack of applications for such loans and the belief that conditions existing when applications are received should be considered in setting the rate of discount.

Noted.

Memorandum dated April 9, 1932, from Mr. Drinnen, Federal Reserve Examiner, recommending the appointment of Mr. W. T. Mann as an Assistant Federal Reserve Examiner, with salary at the rate of \$2,000 per annum, effective May 3, 1932.

Upon motion, it was voted to appoint Mr. Mann an examiner 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; to designate him as an Assistant Federal Reserve Examiner, and to fix his salary at the rate of \$2,000 per annum, all effective May 3, 1932.

Telegraphic reply, approved by five members of the Board on April 9, to a telegram dated April 8, 1932, from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority to purchase from the First National Bank and Trust Company, Mamaroneck, New York, \$200,000 of tax anticipation notes of the Village of Mamaroneck; the reply stating that the Board authorizes the purchase with the understanding that the notes meet all

4/11/32

-3-

requirements of Regulation E except that the amount offered, in addition to warrants of the municipality already held by the New York bank, exceeds 25% of the total warrants of the municipality outstanding.

Reply approved.

Telegraphic reply, approved by five members of the Board on April 9, 1932, to a telegram dated April 8, 1932, from the Governor of the Federal Reserve Bank of San Francisco stating that the commercial department of a California departmental bank having a capital under \$5,000,000 has no further eligible or acceptable assets available for adequate credit accommodations through rediscounting at the Federal reserve bank or by any other method provided by the Federal Reserve Act other than that provided by Section 10(a), that the savings department of such bank has eligible and acceptable assets but the commercial department is not in a position to obtain transfer thereof, that exceptional and exigent circumstances exist, and inquiring whether under these conditions the bank is eligible as a borrower under Section 10(b) of the Federal Reserve Act; the reply stating that, assuming that the aggregate capital of all departments of the bank does not exceed \$5,000,000 and that the commercial department does not have an adequate amount of assets eligible for investment by the savings department to enable it to acquire from the savings department eligible and acceptable assets on which to obtain adequate credit accommodations under other provisions of the Federal Reserve Act, except Section 10(a), the Federal reserve bank, under the circumstances outlined, may grant the application, subject to the approval of the Federal Reserve Board, as provided in Section 10(b).

Reply approved.

4/11/32

-4-

Letter to the Federal Reserve Agent at Philadelphia referring to his letter of April 1, 1932, with which he submitted a certified copy of a resolution of the Board of Directors of the Sixth National Bank of Philadelphia, Pennsylvania, signifying its desire to surrender its right to exercise trust powers; the Board's letter stating that, in accordance with the procedure prescribed in Regulation F, the Comptroller of the Currency is being requested to have one of his examiners make a special investigation of the trust department of the Sixth National Bank upon the occasion of the next regular examination of that bank, and to furnish a report upon the basis of which the Board may determine whether it may properly issue a certificate to the effect that the national bank is no longer authorized to exercise trust powers.

Letter approved, as was a letter to the Comptroller of the Currency in accordance therewith.

Letter to the Assistant Cashier of the Capital National Bank of Lansing, Michigan, formerly Cashier of the City National Bank of Lansing, stating that, in accordance with the advice contained in his reply of April 2, to the Board's letter of March 26, 1932, the Federal Reserve Board is requesting the Comptroller of the Currency to have one of his examiners make a special investigation of the trust department records of the City National Bank upon the occasion of the next regular examination of the Capital National Bank of Lansing, and to furnish a report upon the basis of which the Board may determine whether it may issue a certificate terminating the right of the City National Bank to exercise trust powers.

Letter approved, as was a letter to the Comptroller of the Currency in accordance therewith.

4/11/32

-5-

Letter to the Federal Reserve Agent at Dallas referring to his letters of March 9 and 16, 1932, regarding the action taken by the Board of Directors of the bank in recommending that the Federal Reserve Board institute proceedings, under the provisions of Section 9 of the Federal Reserve Act, to terminate the membership of the First State Bank of Roby, Texas; the Board's letter stating that, in view of the information submitted and inasmuch as it appears that the First State Bank has violated the provisions of Section 9 of the Federal Reserve Act and the Regulations of the Federal Reserve Board made pursuant thereto, in that it has failed to maintain the reserve required by law, and has failed to exercise its powers with due regard to the safety of its customers, the Federal Reserve Board has decided to institute proceedings looking toward the forfeiture of the membership of that bank. The letter also outlined the procedure to be followed by the Federal Reserve Agent in this matter and enclosed a letter to the member bank to be forwarded by the Federal Reserve Agent, notifying the member bank that the Federal Reserve Board will afford it an opportunity for a hearing in the Board's offices in Washington, D. C., at 11 o'clock on the morning of May 16, 1932, at which time the bank's representatives may appear to show cause why the First State Bank should not be required to surrender its stock in the Federal Reserve Bank of Dallas and to forfeit all rights and privileges of membership in the Federal Reserve System. The letter to the member bank stated further that in the event the bank desires to waive its right to appear before the Federal Reserve Board, and provided it gives reasonable notice in advance both to the Federal Reserve Board and the Federal Reserve Agent of its intention to appear before the Federal Reserve Agent, it may, through its duly appointed representatives appear before the Federal Reserve Agent at Dallas on a date

4/11/32

-6-

to be fixed by the latter, to present such evidence as the bank may care to have transmitted to the Federal Reserve Board for its consideration in determining whether or not the bank should be required to surrender its stock in the Federal Reserve Bank of Dallas and to forfeit all rights and privileges of membership in the Federal Reserve System.

Letters approved.

Letter to the Federal Reserve Agent at Dallas referring to his letters of March 9 and 16, 1932, regarding the action taken by the Board of Directors of the bank in recommending that the Federal Reserve Board institute proceedings, under the provisions of Section 9 of the Federal Reserve Act, to terminate the membership in the Federal Reserve System of the Junction State Bank, Junction, Texas; the Board's letter stating that, in view of the information submitted and inasmuch as it appears that the Junction State Bank has violated the provisions of Section 9 of the Federal Reserve Act in that it has failed to maintain the reserve required by law, the Federal Reserve Board has decided to institute proceedings looking toward the forfeiture of the membership of that bank. The letter also outlined the procedure to be followed by the Federal Reserve Agent in this matter and enclosed a letter to the member bank to be forwarded by the Federal Reserve Agent notifying the member bank that the Federal Reserve Board will afford it an opportunity for a hearing in the Board's offices in Washington, D. C., at 11 o'clock on the morning of May 17, 1932, at which time the bank's representatives may appear to show cause why the bank should not be required to surrender its stock in the Federal Reserve Bank of Dallas and to forfeit all rights and privileges of membership in the Federal Reserve System. The letter to the member bank stated further that in the event the bank desires

4/11/32

-7-

to waive its right to appear before the Federal Reserve Board, and provided it gives reasonable notice in advance both to the Federal Reserve Board and to the Federal Reserve Agent at Dallas of its intention to appear before the Federal Reserve Agent, it may, through its representatives, appear before the Federal Reserve Agent at Dallas on a date to be fixed by the latter, to present such evidence as the bank may care to have transmitted to the Federal Reserve Board for its consideration in determining whether or not the bank should be required to surrender its stock in the Federal Reserve Bank of Dallas and to forfeit all rights and privileges of membership in the Federal Reserve System.

Letters approved.

Letter to the Federal Reserve Agent at New York referring to his letter of February 29, 1932, and to Assistant Federal Reserve Agent Dillistin's letter of March 24, 1932, with regard to the merger, as of December 26, 1931, of the Mountain Trust Company, a nonmember, with the Montclair Trust Company, a member institution, both of Montclair, New Jersey; the Board's letter stating that it appears from the information submitted that the merger has not resulted in any material change in the general character of the assets of the Montclair Trust Company or in the scope of the functions exercised by it within the meaning of the general condition under which it was admitted to membership in the Federal Reserve System, and that the Federal Reserve Board will, therefore, interpose no objection to the transaction.

Letter approved.

Letter to the Federal Reserve Agent at Cleveland referring to Assistant Federal Reserve Agent Fletcher's letters of March 17 and April 1,

4/11/32

-8-

1932, with regard to the action of the Guardian Trust Company, Cleveland, Ohio, a member, on February 29, 1932, in acquiring for liquidation the assets of the Ohio State Bank, a nonmember, and assuming certain of its liabilities; the Board's letter stating that the information submitted has been reviewed, but that in the absence of detailed information regarding the classification of the assets of the Ohio State Bank which are to be liquidated by the Guardian Trust Company, the Board will defer final consideration of the question whether the transaction will result in any material change in the general character of the assets of the Guardian Trust Company or in the scope of the functions exercised by it within the meaning of the so-called general condition under which it was admitted to membership in the Federal Reserve System. The letter also requested that following the completion of the examination of the Guardian Trust Company which is now being made, the Agent submit a further report to the Board, including therein a detailed statement of the assets and liabilities involved in the transaction and a classification of such assets as are subject to criticism, for the use of the Board in connection with its further consideration of the matter above referred to.

Letter approved.

Reply to a letter dated March 15, 1932, from Assistant Federal Reserve Agent Mosher of the Federal Reserve Bank of Minneapolis, enclosing a copy of the by-laws of the bank, as revised by the Board of Directors on March 14, 1932; the reply noting the changes which have been made therein. The reply called attention to the fact that Section 2 of Article III of the by-laws provides that the Federal Reserve Agent, as Chairman of the Board, shall preside at meetings thereof, and Section 3 of the same Article provides

4/11/32

-9-

that in the absence or disability of the Federal Reserve Agent his powers shall be exercised and his duties performed by an Assistant Federal Reserve Agent; that it is assumed that Section 3 is intended to refer to the powers and duties of the Chairman of the Board in his capacity as such and not in his capacity as Federal Reserve Agent; and that, inasmuch as Section 4 of the Federal Reserve Act provides that one of the Class C directors shall be appointed as Deputy Chairman to exercise the powers of the Chairman of the Board when necessary, it would seem that Section 3 of Article III of the by-laws should by its terms be made applicable to the Deputy Chairman rather than to an Assistant Federal Reserve Agent, and that it also seems desirable to refer to the Federal Reserve Agent as Chairman of the Board in Sections 2 and 3 of Article III rather than as Federal Reserve Agent. The reply also noted that the amendment to Article III of the by-laws of the bank with regard to the election of officers at the first meeting of the Board of Directors after January 1 of each year, which was adopted pursuant to the suggestion contained in the Board's letter of August 16, 1927, has been omitted from the latest revision of the by-laws, and requested that the Board be advised as to the considerations which led to the omission of this provision. The reply further requested that there be forwarded to the Board a copy of the revised by-laws of the Helena Branch which were referred to but not enclosed in the Assistant Federal Reserve Agent's letter.

Reply approved.

Reports of Standing Committee dated April 8, 1932, 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. 2.</u>		
National Bank of Rensselaer, N. Y. (Insolvent)	75	75

4/11/32

-10-

<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 3.</u>		
Farmers & Mechanics-National Bank of Phoenixville, Phoenixville, Pa. (Cons. National Bank of Phoenixville with the above bank)	222	222
<u>District No. 7.</u>		
Joliet National Bank, Joliet, Ill. (Insolvent)	660	660
<u>District No. 8.</u>		
Second National Bank, New Albany, Ind. (Decrease in surplus)	30	
Farmers National Bank, Princeton, Ind. (Decrease in surplus)	15	
First National Bank in St. Louis, Mo. (Decrease in capital)	<u>60</u>	105
<u>District No. 12.</u>		
Jackson County Bank, Medford, Oregon. (V.L.Abs. by First National Bank)	72	
First National Bank, Woodburn, Oregon. (V.L.Abs. by Bank of Woodburn)	<u>18</u>	<u>90</u>
	<u>Total</u>	<u>1,152</u>

Approved.

Reports of Standing Committee dated April 8 and 11, 1932, recommending approval of the following Clayton Act applications:

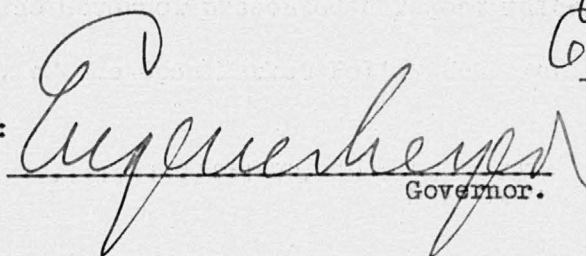
Mr. V. J. Alexander for permission to serve at the same time as director and officer of the American National Bank of Nashville, Tennessee, and as director of the First National Bank of McMinnville, Tennessee.

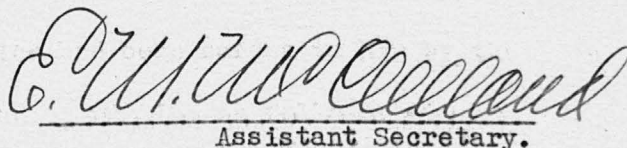
Mr. Clifford B. Fergus for permission to serve at the same time as officer of the Mellon National Bank of Pittsburgh, Pennsylvania, and as director of the Logan National Bank and Trust Company of New Kensington, Pennsylvania.

Approved.

Thereupon the meeting adjourned.

Approved:


Governor.


Assistant Secretary.