

A meeting of the Federal Reserve Board was held on Monday, June 13, 1932, at 12:00 o'clock noon.

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

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

The Board considered and acted upon the following matters:

Letter dated June 9, 1932, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated June 10, 1932, from the Secretaries of the Federal Reserve Banks of Cleveland and Atlanta, all advising that at meetings of the boards of 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.

Report of the Committee on Salaries and Expenditures on letters dated May 12, 1932, from Deputy Governor Helm and May 21, 1932, and June 1, 1932, from Deputy Governor Worthington of the Federal Reserve Bank of Kansas City, submitting for approval changes in the personnel classification plans of the bank and its branches to provide for the creation of new departments at the head office and branches, to be called "Fiscal Agent-Reconstruction Finance Corporation Department", and the creation in these departments of a total of fourteen new positions; the Board's committee recommending approval.

Approved.

Telegram to Deputy Governor Rounds of the Federal Reserve Bank of New York, replying to his telegram of June 11, 1932, requesting authority

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for an advance by the Federal Reserve Bank of New York in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Lincoln National Bank, Newark, New Jersey, in the amount of \$1,000,000, for a period of ninety days, at a rate of 5 1/2% per annum, and on the security of notes of building and loan associations and miscellaneous collateral loans totaling approximately \$1,500,000; the advance being desired to meet possible withdrawals which it is feared may result from the closing on June 11, of the New Jersey National Bank and Trust Company of Newark. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Reply unanimously approved.

Telegram to Deputy Governor Rounds of the Federal Reserve Bank of New York in reply to his telegram of June 13, 1932, requesting authority for an advance by the Federal Reserve Bank of New York in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Franklin Washington Trust Company, Newark, New Jersey, in the amount of \$1,000,000, for a period of ninety days, at a rate of 5 1/2% per annum, and on the security of notes of building and loan associations amounting to approximately \$1,500,000; the advance being desired to place the bank in funds to meet the emergency resulting from the closing on June 11 of the New Jersey National Bank and Trust Company of Newark. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Reply unanimously approved.

Telegram to the Governor of the Federal Reserve Bank of San Francisco in reply to his telegram of June 10, 1932, stating that the Federal

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reserve bank now has an application from the member bank for an additional advance under the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Anglo-California Trust Company, San Francisco, California, in the amount of \$10,000,000, at a rate of 5 1/2% per annum, payable on demand; that the entire advance to the applicant bank of \$15,000,000 will be secured by collateral loans, unsecured loans and real estate loans aggregating \$22,500,000; that the advance is desired to meet the demand arising out of a situation confronting the closely affiliated Anglo & London Paris National Bank of San Francisco which has nineteen affiliated banking institutions; that initial steps have been taken by the board of directors of the applicant bank and the national bank to effect a consolidation on June 30, 1932, which should very materially strengthen the consolidating bank's position; and that the executive committee of the Federal Reserve Bank of San Francisco has recommended approval of this additional advance with the stipulation that following the consolidation referred to the consolidated bank will apply to the Reconstruction Finance Corporation for an advance of a sufficient amount to retire the advances made to the Anglo-California Trust Company under the provisions of section 10(b). The reply stated that the Federal Reserve Board authorizes the additional advance subject to the terms and conditions recommended, it being understood that if and when the proposed consolidation is effected the consolidated institution will apply to the Reconstruction Finance Corporation for an advance of a sufficient amount to retire the section 10(b) indebtedness assumed by virtue of the consolidation.

Reply unanimously approved.

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Letter to the Federal Reserve Agent at Cleveland, approved by six members of the Board on June 10, 1932, stating that the Federal Reserve Board has considered the application of the Bank of Wood County Company, Bowling Green, Ohio, for membership in the Federal Reserve System and that, in view of the present unsatisfactory condition of the applicant as revealed by the report of the credit investigation made as of April 25, 1932, and the recommendation of the executive committee of the Federal Reserve Bank of Cleveland, the Board does not feel that it is warranted in taking favorable action on the application; and asking the agent to suggest to the bank that it request the Board not to take any action on the application at this time and that the bank submit a new application when it has effected a correction in its unsatisfactory condition.

Letter approved.

Letters, approved by five members of the Board on June 10, 1932, to the Chelsea-Second National Bank and Trust Company, Atlantic City, New Jersey, and the First National Bank and Trust Company, Petersburg, Virginia, which institutions were formed through consolidations under the Act of November 7, 1918; each of the letters transmitting a certificate in the form recently approved by the Board of the consolidated bank's authority to exercise the fiduciary powers previously granted to the constituent national banks.

Letters and certificates approved.

Telegram to the Federal Reserve Agent at Minneapolis, approved by five members of the Board on June 9, 1932, regarding his letter of May 7, 1932, with further reference to amendments of the by-laws of the bank; the Board's telegram suggesting certain additional changes in article III and

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stating that, if the suggested changes are adopted, the by-laws as thus amended will be approved by the Board upon submission in the revised form.

Telegram approved.

Telegram to the Federal Reserve Agent at Minneapolis referring to the proposed revision of the by-laws of the Helena branch, and stating that the Board has approved the amendments contained in the revised by-laws inclosed with the agent's letter of April 14, 1932, except (1) the amendment to section 3, article IV, which would provide for meetings of the branch board on the call of the chairman, and (2) the amendments to article V, section 1 and article VII which eliminate the provision for an auditor at the branch and in its place in article VII provide that the Federal reserve agent may, if he so elects, appoint an officer or officers to represent him in the performance of such duties as he may prescribe. The telegram stated the Board's feeling that the branch directors should meet at stated intervals in addition to such special meetings as may be necessary and that the by-laws should continue to provide for meetings at stated intervals; and that, inasmuch as the Federal reserve agent represents the Federal Reserve Board rather than the Federal reserve bank, it is not appropriate for the by-laws of the branch to prescribe powers which may be exercised by the Federal reserve agent. The telegram also stated that consideration is being given to the advisability of revising the Board's standard form of by-laws for branches of Federal reserve banks and that the agent will be advised in this connection at a later date.

Telegram approved.

Letter to Rev. James Waite, Pastor, First Presbyterian Church,

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Georgetown, Texas, approved by five members of the Board on June 10, 1932, replying to his letter of April 30, 1932, requesting advice as to how he should proceed to secure payment of a cashier's check issued by the Central Bank and Trust Company of Ashville, North Carolina, across the bottom of which is written the words "this check will be paid through the Federal Reserve Bank, Richmond, Virginia"; the reply stating that in the circumstances outlined the writing of these words on the check would not attach any liability to the Federal Reserve Bank of Richmond but merely indicate that it was desired that the collection of the check be effected through the agency of the Federal reserve bank; that since the issuing bank, which is a nonmember, closed on November 20, 1930, it would not now be possible for the Federal Reserve Bank of Richmond to collect the check; and that it is suggested that the matter be taken up with a local attorney for advice.

Letter approved.

Telegram to the Governor of the Federal Reserve Bank of San Francisco, approved by four members of the Board on June 11, 1932, with regard to the manner of reporting borrowings of member banks against Government securities and eligible paper held by the Federal reserve bank under a general hypothecation agreement.

Telegram approved.

Letter to Messrs. McKeever and Goss, Inc., as agents for the owners of the Shoreham Building, referring to the agents' letter of June 8, 1932, in reply to the Board's letter of June 1, 1932, with regard to the lease of certain space in the Shoreham Building to the Federal Reserve Board; the proposed letter inclosing a form of lease prepared substantially in conformity with the standard form of Government lease prescribed for use by Govern-

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ment establishments, together with a form of resolution which should be adopted by the board of directors of the Shoreham Investment Company, Inc., owners of the Shoreham Building, authorizing the execution of the lease. The proposed letter stated that if these documents are in form agreeable to the agents it will be appreciated if they will arrange at their earliest convenience to have the resolution adopted and the lease properly executed and acknowledged, and requested that, when this is done, the triplicate originals of the lease be returned to the Federal Reserve Board, together with two certified copies of the resolution adopted by the board of directors of the Shoreham Investment Company, Inc., following receipt of which the Board will execute the lease and return to the agents one of the triplicate originals.

Form of lease and letter approved.

Statement for the press, approved by four members of the Board on June 10, 1932, for release on June 11, containing the review of the month which will appear in the June issue of the Federal Reserve Bulletin, including a statement regarding the course of gold movements.

Statement approved.

Memorandum from Counsel dated June 2, 1932, stating that since the publication in the April, 1930, Federal Reserve Bulletin of a digest of State laws relating to branch banking, several States have amended their laws on this subject, and recommending that the new provisions of State law on the subject, together with a brief introductory statement and a summary of the situation in all of the States, be published in the next issue of the Federal Reserve Bulletin in the form attached to the memorandum.

Recommendation approved.

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Reports of Standing Committee dated June 10, 1932, recommending approval of the following changes in stock at Federal reserve banks:

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 3.</u>		
First National Bank in Mansfield, Pa.	45	45
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 3.</u>		
First National Bank, Houtzdale, Pa. (Insolvent)	150	150
 <u>District No. 10.</u>		
First National Bank, Lafayette, Colo. (Insolvent)	18	18
 <u>District No. 11.</u>		
Lorena National Bank, Lorena, Texas. (V.L.Abs. by Citizens National Bank of Cameron, Texas.)	17	17
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	Total	185

Approved.

Thereupon the meeting adjourned.

Chester Moriel
Secretary.

Approved:

W. P. Reilly
Governor.