

A meeting of the Federal Reserve Board was held on Monday June 20, 1932, at 11:50 a. m.

PRESENT: Mr. Miller, Presiding
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Pole

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 June 6, 1932, were approved.

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

Letter dated June 16, 1932, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated June 15, 1932, from the Chairman of the Federal Reserve Bank of Boston, and June 16, 1932, from the Chairmen of the Federal Reserve Banks of Kansas City and San Francisco, all advising that at meetings of their 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.

Letter dated June 15, 1932, from the Acting Comptroller of the Currency advising of the resignation, as of the close of business on June 15, 1932, of Mrs. Thelma D. Melia, a money counter in the Federal Reserve Issue and Redemption Division of the Comptroller's office.

Noted.

Reports of the Committee on Salaries and Expenditures on letters dated June 13, 1932, from the Chairman and the Secretary of the Federal Reserve Bank of Atlanta requesting approval by the Board of changes in the

6/20/32

-2-

Personnel classification plans at the head office and branches of the Atlanta bank; the Board's Committee also recommending approval of the changes as follows:

The creation of a new department at the head office and each of the branches to be called the "Custodian-Reconstruction Finance Corporation Department", and the creation in those departments of a total of 33 new positions, including 3 positions in connection with a special custody arrangement at Knoxville, Tennessee.

A change in the title and salary range of the position "Steno-Clerk" in the accounting department of the head office with a salary range of \$1,800 - \$2,200 to "Secretary to Assistant Deputy Governor and Steno-Clerk" with a salary range of \$2,100 - \$2,400 per annum.

Approved.

Letter dated June 15, 1932, from the Federal Reserve Agent at Dallas stating that if it meets the approval of the Board he will arrange to take his vacation during the month of July.

Noted without objection.

Reply, approved by four members of the Board on June 16, to a letter dated June 9, 1932, from Assistant Deputy Governor Netterstrom of the Federal Reserve Bank of Chicago requesting approval by the Board of the continuation of the temporary assignment of Mr. C. A. Freeberg to the position of loan clerk, senior, in the discount department of the bank; the reply stating that the Board approves the continuation of the assignment for an additional period of three months without change in salary.

Reply approved.

Reply, approved by five members of the Board on June 15, to a letter dated June 6, 1932, from Mr. W. J. Eck, Cashier of The Chase Bank, New York

6/20/32

-3-

City, New York, requesting approval by the Board of the removal of the Paris branch of the bank from 31 Avenue George V to 29 Avenue George V on or about August 8, 1932; the reply stating that the Board will offer no objection to the removal, and requesting advice of the date upon which the removal actually takes place.

Reply approved.

Telegraphic replies, approved by five members of the Board on June 17, to telegrams dated June 16, 1932, from Deputy Governor Paddock of the Federal Reserve Bank of Boston, requesting the extension to June 30, 1932, of the authority previously granted by the Board for advances by the Federal Reserve Bank of Boston, in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Worcester Bank and Trust Company, Worcester, Massachusetts, the Peoples National Bank, Southbridge, Massachusetts, the United States Trust Company, Boston, Massachusetts, and the Quincy Trust Company, Quincy, Massachusetts; the replies stating that the Board extends to June 30, 1932, the authority requested.

Replies unanimously approved.

Telegraphic reply, approved by five members of the Board on June 15, 1932, to a telegram of that date from the Governor of the Federal Reserve Bank of Boston requesting authority for an advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the National Tradesmens Bank and Trust Company, New Haven, Connecticut, in the amount of \$50,000, at a rate of 5 1/2% per annum, payable on demand, and secured by \$80,000 of local loans to customers supported by financial statements; the advance being desired to meet a situation resulting from the

6/20/32

-4-

closing of a large bank in the community last week. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended, and requested that in the event the advance is not repaid nor demand for payment made within 90 days from June 15, the matter again be brought to the attention of the Board with a statement of the circumstances which, in the opinion of the Federal reserve bank, justify it in continuing the advance without demand for payment.

Reply unanimously approved.

Telegraphic reply, approved by five members of the Board on June 18, to a telegram dated June 17, 1932, from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority for an advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the East Orange Trust Company, East Orange, New Jersey, in the amount of \$20,000, for a period of ninety days, at a rate of 5 1/2% per annum, and on the security of ineligible unsecured notes amounting to \$38,000; the advance being desired in connection with the unexpected withdrawal of a large municipal deposit which the bank was unable to meet through the temporary assistance of a neighboring bank. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Reply unanimously approved.

Telegraphic reply, approved by five members of the Board on June 17, to a letter dated June 14, 1932, from the Governor of the Federal Reserve Bank of Atlanta requesting authority for an advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the American Bank and Trust Company, New Orleans, Louisiana, in the amount of \$450,000, at a rate of 5 1/2% per annum, payable on demand with interest

6/20/32

-5-

payable monthly, and on security amounting to \$557,308.55, made up largely of bills receivable and notes of the city of New Orleans and the New Orleans Parish School Board; the advance being desired to meet a withdrawal of deposits and as a matter of protection against any situation which might arise in New Orleans. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended and requested that in the event the advance is not repaid nor demand for payment made within ninety days from June 17, the matter again be brought to the Board's attention with a statement of the circumstances which, in the opinion of the Federal Reserve Bank of Atlanta, justify it in continuing the advance without demand for payment.

Reply unanimously approved.

Telegraphic reply, approved by three members of the Board on June 17, to a telegram of that date from the Federal Reserve Agent at Philadelphia advising that the Peoples National Bank of Laurel, Delaware, which was placed in the hands of a receiver on January 18, 1932, and whose Federal reserve bank stock was canceled on February 13, 1932, has been restored to solvency and has applied for, and has made payment on, 120 shares of Federal reserve bank stock; the reply stating that in view of the circumstances involved and the recommendation of the Federal reserve agent, the Federal Reserve Bank of Philadelphia is authorized to issue 120 shares of Federal reserve bank stock to the member bank.

Reply approved.

Telegram to the Federal Reserve Agent at Minneapolis, approved by four members of the Board on June 17, 1932, in reply to his telegram of that date recommending approval by the Board of the application filed by the Stock

6/20/32

-6-

Yards National Bank, South St. Paul, Minnesota, for permission to rediscount paper acquired from nonmember banks; the reply stating that the Board authorizes the Federal Reserve Bank of Minneapolis, in its discretion, for a period of six months from June 17, 1932, to rediscount for the Stock Yards National Bank, good and eligible paper acquired from or bearing the signature or indorsement of nonmember banks. The reply also stated that the Board believes that no such paper should be rediscounted until the national bank has utilized all other paper in its portfolio which is eligible and acceptable to the Federal reserve bank for rediscount.

Reply approved.

Reply, approved by four members of the Board on June 17, to a letter dated June 8, 1932, from the Federal Reserve Agent at Dallas transmitting with the favorable recommendation of the board of directors of the Federal reserve bank, the application of the First National Bank of Roswell, New Mexico, for an extension for an additional six months of the authority previously granted by the Board to the Federal reserve bank, in its discretion, to rediscount for the First National Bank of Roswell, good and eligible paper acquired from or bearing the signature or indorsement of the Bank of Commerce, Roswell, New Mexico; the reply stating that the Board grants the authority requested for an additional period ending October 26, 1932, and that the Board believes that paper acquired from the nonmember bank should not be rediscounted until the First National Bank of Roswell has utilized all other paper in its portfolio which is eligible and acceptable to the Federal reserve bank for rediscount.

Reply approved.

6/20/32

-7-

Letter, approved by four members of the Board on June 18, 1932, to the First Farmers and Merchants National Bank, Troy, Alabama, which institution was formed through the consolidation on August 14, 1931, under the Act of November 7, 1918, of the Farmers and Merchants National Bank of Troy with the First National Bank of Troy; the letter 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.

Letter and certificate approved.

Letter to the Federal Reserve Agent at Kansas City, approved by four members of the Board on June 18, 1932, referring to previous correspondence with regard to the action of the Sundance State Bank, Sundance, Wyoming, a member, in acquiring certain of the assets and assuming the deposit and loan liabilities of the Hulett State Bank, Hulett, Wyoming, as of November 14, 1931, and of the American State Bank, Moorcroft, Wyoming, as of January 9, 1932; the Board's letter stating that it is evident from the information submitted that the condition of the member bank was considerably weakened through the absorption of the Hulett State Bank and that the transaction resulted in a material change in the general character of the assets of the member institution, but that, in view of the agent's letters to the bank of May 9 and 27, 1932, urging correction in its condition, the Board will defer action on the question of requesting the institution to withdraw from membership in the Federal Reserve System, until after the bank has advised what measures it proposes to take with regard to a necessary correction in its condition.

Letter approved.

6/20/32

-8-

Letter to the Shoreham Investment Company, Inc., approved by five members of the Board on June 15, 1932, with reference to their letter of June 14, inclosing the form of lease of certain space in the Shoreham Building, executed in triplicate by the Vice President and Secretary of the company, and stating that the resolution of the board of directors authorizing the execution of the lease, requested in the Board's letter of June 13, is unnecessary. The Board's letter stated that it is necessary either that the execution of the lease be properly authorized by a resolution of the board of directors of the Shoreham Investment Company or that the action of the officers in executing the lease be properly ratified at the next meeting of the directors, and that upon condition that the action of the officers of the Shoreham Investment Company in executing the lease will be ratified at the next meeting of the board of directors to be held in July and that a properly certified copy of the resolution ratifying the action be furnished the Federal Reserve Board, the Governor of the Federal Reserve Board has executed the lease, a copy of which was inclosed in the Board's letter, together with a suggested form of resolution to be used by the board of directors in ratifying the execution of the lease. The letter also stated that it is assumed that the board of directors of the corporation has not previously taken action, properly recorded, granting to its vice-president and secretary general authority to execute leases of space in the Shoreham Building on behalf of the corporation and that, if such action has been taken, a certified copy of the record thereof may be furnished to the Board in lieu of the resolution of ratification above referred to.

Letter approved.

Reply to a letter dated May 9, 1932, from Assistant Secretary of the

6/20/32

-9-

Treasury Douglas, requesting a report for the signature of the Secretary of the Treasury to the Chairman of the Committee on Banking and Currency of the Senate on Bill S. 4559; the reply inclosing the report requested which stated that the first section of the bill would amend section 10(b) of the Federal Reserve Act, so as to (1) make this section permanent instead of permitting it to expire on March 3, 1933, (2) remove the limitation which restricts the privileges afforded by this section to "exceptional and exigent circumstances" and (3) remove the requirement that each advance must be approved by not less than five members of the Federal Reserve Board; and that the second section of the bill would amend the second paragraph of section 16 of the Federal Reserve Act, as amended, so as to make permanent the authority granted by the amendment of February 27, 1932, for the pledge of direct obligations of the United States as collateral security for Federal reserve notes. The report also stated that in the circumstances and since the legislation sought to be amended by the bill has been in effect for only a few months, the Treasury Department is disposed to defer an expression of opinion on the proposed amendments until its report can be based upon longer experience under the present law.

The letter to Mr. Douglas also inclosed a copy of a proposed letter to Senator Goldsborough in reply to his letter of May 2, 1932, with regard to a similar bill proposed by the National Association of Finance Companies, and requested that, as soon as the report to the Chairman of the Banking and Currency Committee is signed, the Board be advised so that the letter to Senator Goldsborough, with which it is proposed to inclose a copy of the report to the Chairman of the Banking and Currency Committee, may be dispatched.

6/20/32

-10-

Letter to Assistant Secretary Douglas, report to the Chairman of the Banking and Currency Committee of the Senate, and letter to Senator Goldsborough approved.

Reports of Standing Committee dated June 17, 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. 1.</u>		
Merchants National Bank, Newburyport, Mass. (Decrease in surplus)	30	
Public National Bank, Rochester, N. H. (Decrease in surplus)	<u>30</u>	60
<u>District No. 2.</u>		
First National Bank and Trust Co., Mamaroneck, N. Y. (V.L.Suc. by First National Bank in Mamaroneck, New York.)	180	180
<u>District No. 4.</u>		
First National Bank, Cumberland, Ohio. (V.L.Abs. by Cumberland Savings Bank)	<u>32</u>	<u>32</u>
	<u>Total</u>	<u>272</u>

Approved.

Reports of Standing Committee dated June 15, and 17, 1932, recommending approval of the following Clayton Act applications:

Mr. Harry W. Bauer, for permission to serve at the same time as officer of the Westwood Bank and Savings Company of Cincinnati, Ohio, and as officer of the Second National Bank of Cincinnati, Ohio.

Mr. Jerome Bradley, for permission to serve at the same time as director of the Tarrytown National Bank and Trust Company of Tarrytown, New York, as director and officer of the First National Bank of Hastings-upon-Hudson, New York, and as director of the First National Bank and Trust Company of Yonkers, New York.

Mr. James W. Berryman, for permission to serve at the same time as employee of the First National Bank in Wichita, Kansas, and as director of the Stockgrowers National Bank of Ashland, Kansas.

Approved.

Thereupon the meeting adjourned.

Approved:

A. C. Miller
Chairman, Executive Committee.

Peter Morie
Secretary.