

A meeting of the Federal Reserve Board was held on Monday, June 27, 1932, at 12:10 p. 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 meetings of the Federal Reserve Board held on June 9, 13, 15, and 20, 1932, were approved.

The Secretary then stated that, in accordance with the usual order of rotation of membership on the executive committee of the Federal Reserve Board, Mr. James and Mr. Magee will serve with Governor Meyer as members of the committee during the third quarter of 1932.

The Board then considered and acted upon the following matters:

Letter dated June 23, 1932, from the Secretary of the Federal Reserve Bank of New York confirming telephone advice given the Board by Governor Harrison on June 23, that the board of directors of the bank on that date voted, subject to review and determination of the Federal Reserve Board, to establish a rate of 2 1/2% for all rediscounts and advances. The Secretary of the Board reported that, in accordance with the action taken at the meeting of the Board on June 23, the New York bank was advised that the Board approved the rate established by the directors, effective June 24, 1932.

Approved.

The letter from the Secretary of the New York bank also advised that, in accordance with the usual custom, the rate in effect at the bank

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for trade bills and repurchase agreements on Government securities was reduced to the discount rate, and that the following schedule of buying rates on bankers' acceptances was established, effective at the opening of business June 24:

1 to 90 days	1%
91 to 120 days	1 1/8%
121 to 180 days	1 1/2%
Repurchase	1%

Noted with approval.

Letter dated June 24, 1932, from the Governor of the Federal Reserve Bank of New York, setting forth the facts and conditions which actuated the board of directors of the New York bank in reducing the discount rate to 2 1/2%.

Ordered circulated.

Telegram dated June 24, 1932, from the Chairman of the Federal Reserve Bank of Chicago, advising that the board of directors, at its meeting on that date, voted to establish a rediscount rate of 2 1/2% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board; the rate having been approved by five members of the Board on June 24, effective June 25, 1932.

Approved.

Telegrams dated June 24, 1932, from the Chairmen of the Federal Reserve Banks of Richmond and Chicago, the Governor of the Federal Reserve Bank of St. Louis and the Secretaries of the Federal Reserve Banks of Atlanta and Minneapolis, and letters dated June 24, 1932, from the Secretary of the Federal Reserve Bank of Kansas City and the Chairman of the Federal Reserve Bank of Dallas, all advising of the establishment at the respective

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Federal reserve banks of the schedule of buying rates on bankers' acceptances made effective at the Federal Reserve Bank of New York on that date; the Federal Reserve Banks of Atlanta, Minneapolis and Dallas having also established a rate of 1% for purchases of bankers' acceptances under agreement to resell and the Federal Reserve Bank of Minneapolis a rate of 2 1/2% for purchases of trade bills.

Without objection, noted with approval.

Telegraphic reply, approved by five members of the Board on June 24, 1932, to a telegram of that date 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 Gavitt National Bank, Lyons, New York, in the amount of \$60,000, for a period of ninety days, at a rate of 5 1/2% per annum, and on the security of mortgages, collateral notes secured by mortgages, and other collateral with a value of approximately \$90,000; the advance being desired by the national bank to meet the withdrawal of a \$50,000 municipal deposit and a steady loss of deposits following the closing of another bank in the vicinity. 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 24, 1932, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for an additional advance 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 \$600,000, for a period of ninety days, at a rate

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of 5 1/2% per annum, and secured by listed securities, collateral notes secured by building and loan shares, and unsecured notes with a margin of at least 25%; the advance being desired by the member bank to meet a continued withdrawal of deposits resulting from the closing of another bank in the community. 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 23, to a telegram dated June 22, 1932, from the Federal Reserve Agent at Kansas City and a letter dated June 21, 1932, from the Deputy Governor of the Kansas City bank transmitting, with a favorable recommendation, the application of the Fourth National Bank of Tulsa, Oklahoma, for permission to rediscount paper acquired from the American Exchange Bank of Shidler, Oklahoma, a nonmember; the reply stating that the Board authorizes the Kansas City bank, in its discretion, for a period of six months from June 23, 1932, to rediscount for the national bank, good and eligible paper acquired from or bearing the signature or indorsement of the American Exchange Bank. The reply also stated that the Board believes that no such paper should be rediscounted until the Fourth National Bank has first utilized all other paper in its portfolio which is eligible and acceptable to the Federal reserve bank for discount.

Reply approved.

Letter to the Federal Reserve Agent at New York stating that the Federal Reserve Board has again considered the application filed by the First National Bank in Highland Falls, New York, for permission to exercise full trust powers, but, in view of the condition of the bank as disclosed

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by the report of an examination made on March 16, 1932, has denied the application.

Letter approved.

Letter to the Illinois Bank and Trust Company, Rockford, Illinois, approved by six members of the Board on June 24, 1932, stating that the Federal Reserve Board has had under consideration the bank's application for membership in the Federal Reserve System and for stock of the Federal Reserve Bank of Chicago and has approved the application subject to certain conditions set forth in the letter.

Application and letter approved.

Telegraphic reply, approved by four members of the Board on June 24, to a telegram dated June 20, 1932, from the Federal Reserve Agent at San Francisco stating that the First National Bank, Ketchikan, Alaska, desires to become a member of the Federal reserve system, and requesting advice as to the procedure to be followed in submitting the application; the reply suggesting that counsel for the Federal reserve bank make appropriate changes in the Board's form 30 (application of national bank for Federal reserve bank stock) and that the national bank's application be made on the amended form, and stating that when the application is submitted to the Board it should be accompanied by a statement of the bank as to the reasons why it desires to become a member of the system, a recommendation of the membership committee of the Federal reserve bank as to action which the Board should take on the application, and detailed information as to whether it is desirable to admit the bank to membership. The reply also stated that the last report of examination of the applicant bank was made in April, 1931, and suggested that the Federal reserve agent

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confer with the chief national bank examiner with a view to obtaining, if possible, another examination prior to the submission of the bank's application for membership.

Reply approved.

Replies, approved by six members of the Board on June 24, to letters dated June 15, 1932, from the Federal Reserve Agent at Philadelphia reporting that the Springfield National Bank, Springfield, Pennsylvania, and the Chelsea-Second National Bank and Trust Company of Atlantic City, New Jersey, had been deficient in their required reserves for periods of six months; the replies stating that, in view of the information submitted and the agent's opinion, which is concurred in by the chief national bank examiner of the district, that it would be inadvisable to take any action against the national banks at this time, the Federal Reserve Board will take no steps in the matter of the bank's deficiencies in reserves other than to forward copies of the agent's letters to the Comptroller of the Currency. The replies also requested that the agent keep the Board advised regarding the bank's reserve positions and what steps are taken to restore the reserve deficiencies.

Replies approved.

Letter to the Chairman of the Federal Reserve Bank of Kansas City, approved by five members of the Board on June 24, 1932, referring to the report of examination of the Kansas City bank and its branches made by the Board's examiners as of March 5, 1932, and requesting that the report be brought to the attention of the directors of the bank and that the Board be advised as to their comments on the findings of the examiners.

Letter approved.

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Report of the Committee on Salaries and Expenditures dated June 22, 1932, submitting the resolutions adopted by the boards of directors of all Federal reserve banks providing for the payment of dividends at the rate of 6% per annum for the first six months of 1932, the report stating:

"It will be noted * * * * * that estimated current earnings for the six-month period amounted to \$13,163,000 or nearly three times the estimated dividend requirements of \$4,696,000. All of the Federal reserve banks, except St. Louis and Dallas, have sufficient current net earnings to cover accrued dividends, and no Federal reserve bank has asked for authority to set aside additional reserves at this time to cover probable losses on paper discounted for member banks.

"On the basis of quotations on United States securities at the close of business on June 18 there has been a market appreciation since the end of 1931 of about \$9,740,000 on the bonds on which the Federal reserve banks set aside a reserve of \$8,158,268 on December 31, 1931.

"Your committee has reviewed the dividend resolutions submitted by the Federal reserve banks and recommends that the payment of a semi-annual dividend by each Federal reserve bank be authorized by the Board."

Upon motion, it was voted to approve the payment of the semi-annual dividend by the various Federal reserve banks as of June 30, 1932.

Reports of Standing Committee dated June 20, 23, 24, and 27, 1932, recommending approval of the following Clayton Act applications:

Mr. Charles E. Hendrixson, for permission to serve at the same time as director of the Corn Exchange National Bank and Trust Company of Philadelphia, Pennsylvania, and as director of the Chester-Cambridge Bank and Trust Company of Chester, Pennsylvania.

Mr. M. E. Singleton, for permission to serve at the same time as director of the First National Bank in St. Louis, Missouri, as director and officer of the First National Bank in Farmersville, Texas, and as director and officer of the Citizens National Bank in Waxahachie, Texas.

Mr. Henry Upson Sims, for permission to serve at the same time as director of the Industrial Savings Bank of Birmingham, Alabama, and as director of the First National Bank of Birmingham, Alabama.

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Mr. W. D. Tynes, for permission to serve at the same time as director of the Industrial Savings Bank of Birmingham, Alabama, and as director of the First National Bank of Birmingham, Alabama.

Mr. J. D. Kirkpatrick, for permission to serve at the same time as director of the First National Bank of Birmingham, Alabama, and as director of the Industrial Savings Bank of Birmingham, Alabama.

Mr. F. B. Yielding, for permission to serve at the same time as director of the North Birmingham-American Bank of Birmingham, Alabama, as director of the First National Bank of Birmingham, Alabama, and as director of the Industrial Savings Bank of Birmingham, Alabama.

Mr. A. A. Devoto, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Wm. H. Harrelson, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. J. Cereghino, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Will F. Morrish, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. B. C. Brown, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Joseph M. Schenck, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Geo. E. Platt, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

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Mr. Clay Miller, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. J. F. Leahy, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. A. P. Giannini, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. John A. Grennan, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. A. J. Gock, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. A. H. Giannini, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. Will S. Fawcett, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, as director of the Bank of America of San Francisco, California, and as director of the First National Bank of Garden Grove, California.

Mr. Myer Siegel, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. C. J. Sullivan, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. E. R. Thurber, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

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Mr. O. A. Vickrey, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Edw. H. White, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. J. Zentner, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. A. E. Sbarboro, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. Marshal Hale, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, as director of the Bank of America of San Francisco, California, and as director of the California National Bank of Sacramento, California.

Mr. Henry S. McKee, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. F. W. Flint, Jr., for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. L. M. Giannini, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. George J. Giannini, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Louis Ferrari, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

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Mr. Mark E. Fontana, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. H. W. Frank, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Alfred Ghirardelli, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Morgan A. Gunst, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. C. N. Hawkins, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. B. B. Meek, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. H. A. Mazzera, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Louis B. Mayer, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. John E. Marble, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. W. E. Blauer, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

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Mr. W. D. Fennimore, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Paul B. Fay, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Charles W. Fay, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Frank J. Edoff, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Fred L. Dreher, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. D. M. Dorman, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. H. H. Cotton, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. John A. Corotto, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. C. C. Chapman, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. G. E. Caglieri, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

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Mr. A. F. Morlan, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Ira Abraham, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, as director of the Bank of America of San Francisco, California, and as director of the Morris Plan Company of Alameda County of Oakland, California.

Mr. Roger Bocqueraz, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. Leon Bocqueraz, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. Geo. L. Payne, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Angelo Petri, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. P. C. Hale, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, as director of the Bank of America of San Francisco, California, and as director and officer of the First National Bank of San Jose, California.

Mr. D. E. Bacigalupi, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. C. H. Baker, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Scott F. Ennis, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, as director of the Pacific National Bank of San Francisco, California, and as director of the

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California National Bank of Sacramento, California.

Mr. A. J. Scampini, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Approved.

Thereupon the meeting adjourned.

O. Ester Houill
Secretary.

Approved:

W. A. L. Smith
Chairman.

E. L.