

A meeting of the Federal Reserve Board was held on Wednesday, June 29, 1932, at 11:45 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.

The minutes of the meeting of the Federal Reserve Board held on June 23, 1932, were approved.

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

Letter dated June 27, 1932, from the Chairman of the Federal Reserve Bank of Chicago setting forth the facts and conditions which actuated the board of directors of the bank, at its meeting on June 24, 1932, in voting to establish a rediscount rate of 2 1/2%.

Ordered circulated.

Telegram dated June 28, 1932, from the Chairman of the Federal Reserve Bank of San Francisco, advising that the bank, on that date, established the following schedule of effective buying rates on bankers' acceptances:

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

Without objection, noted with approval.

Telegram, approved by five members of the Board on June 28, referring to telephone conversations on June 27 and 28, 1932, with the Governor of the Federal Reserve Bank of Atlanta in which he requested authority for an advance, in accordance with the provisions of section 10(b) of the Federal

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Reserve Act, as amended, to the First National Bank and Trust Company in Orlando, Florida, in the amount of \$120,000, for a period of six months, at a rate of 5 1/2% per annum, and on the security of first mortgages amounting to \$170,000; the advance being desired to meet a loss of deposits and to place the bank in funds to take care of decreasing deposits during the summer months. The telegram stated that the Board authorizes the advance subject to the terms and conditions recommended.

Telegram unanimously approved.

Telegraphic replies, to telegrams dated June 28, 1932, from Assistant Deputy Governor Gidney of the Federal Reserve Bank of New York, requesting authority to purchase from the Cliffside Park National Bank, Cliffside Park, New Jersey, a tax note of the Borough of Cliffside Park, in the amount of \$120,000, and from the Danbury National Bank, Danbury, Connecticut, tax notes of the Town of Danbury in the amount of \$175,000; the replies stating that the Board authorizes the purchases referred to with the understanding that the notes offered meet all requirements of Regulation E except that the amount offered by the Cliffside Park National Bank exceeds 25% of the total outstanding warrants of the Borough of Cliffside Park, and that the amount offered by the Danbury National Bank, together with notes of the Town of Danbury now held by the Federal reserve bank, exceeds 25% of the total outstanding warrants of the Town of Danbury.

Replies approved.

Letter to the Federal Reserve Agent at Minneapolis, approved by five members of the Board on June 27, 1932, stating that the Board notes from his letter of June 21, 1932, that no change is contemplated at this time in the arrangement made by the Federal Reserve Bank of Minneapolis with the Recon-

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struction Finance Corporation, effective February 14, 1932, whereby the corporation since that date has reimbursed the Federal reserve bank at the rate of \$4,000 per annum for the services rendered by Mr. R. E. Towle, Managing Director of the Helena branch, as Manager of the Loan Agency of the corporation at Helena.

Letter approved.

Reply, approved by five members of the Board on June 27, to a letter dated June 14, 1932, from the Federal Reserve Agent at Cleveland reporting ten member banks in the Fourth Federal Reserve District which have shown an average deficiency in reserves for each reserve computation period during six consecutive months; the reply stating that, in accordance with the agent's recommendation, no action will be taken in connection with these deficiencies at this time other than to forward a copy of the agent's letter to the Comptroller of the Currency for his information in connection with the national banks listed. The reply also requested that the agent keep the Board fully advised regarding the reserve records of the institutions referred to and whether or not steps are taken to restore the deficiencies in reserves. The banks reported in the Federal reserve agent's letter are as follows:

First National Bank, Bridgeville, Ohio.
 Citizens Banking & Trust Co., Conneaut, Ohio.
 First National Bank, Dunkirk, Ohio.
 First National Bank, Ellwood City, Pennsylvania.
 Homer City National Bank, Homer City, Pennsylvania.
 Citizens National Bank, Indiana, Pennsylvania.
 Midway National Bank, Midway, Pennsylvania.
 Sheffield National Bank, Sheffield, Pennsylvania.
 First National Bank, Verona, Pennsylvania.
 First National Bank, Yukon, Pennsylvania.

Reply approved.

Reply, approved by five members of the Board on June 27, to a letter

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dated June 21, 1932, from the Federal Reserve Agent at Cleveland stating that advice had been received from the Farmers and Merchants Bank, Caldwell, Ohio, that it is impossible for that bank to comply with the conditions which were prescribed by the Board when it recently approved the application of the bank for membership in the Federal reserve system, and that the bank is accordingly withdrawing its application for membership; the reply stating that in these circumstances no further action by the Board with regard to the bank's application will be necessary. The reply also requested that the agent advise the Farmers and Merchants Bank that, if it desires to submit a new application for membership at a later date, the Board will be glad to give consideration to such an application in the light of all the circumstances then existing.

Reply approved.

Letter to the Federal Reserve Agent at Atlanta referring to the application of the First National Bank of Bradenton, Florida, for permission to exercise certain additional fiduciary powers, the application having been accompanied by advice from the counsel for the Federal Reserve Bank of Atlanta that under the provisions of a Florida statute enacted on May 31, 1929, trust companies organized in Florida subsequent to that date are required to have a paid-in capital of not less than \$100,000 and a paid-in surplus of not less than \$50,000, although trust companies organized with a less capital and surplus prior to that act are permitted to continue to exercise trust powers without increasing their capital and surplus to the amount required by the act; the Board's letter stating that, as the surplus of the First National Bank amounts to only \$35,000, the Board has decided,

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in accordance with its usual practice in cases of this kind, not to grant permission to the First National Bank to exercise additional trust powers and that its application has accordingly been refused. The letter also stated that in the event the bank should increase its surplus to at least \$50,000 without reducing its capital below \$100,000, the Board will be glad to give consideration, in the light of all the circumstances then existing, to an application for additional trust powers. The letter also called attention to the fact that it appears from the last report of examination of the national bank that it was acting as guardian of estates without authority from the Federal Reserve Board, and suggested that, when the agent advises the bank of the Board's action on its application, he call attention to the fact that the Board's permission will be necessary if the bank desires to continue to act as guardian of estates.

Letter approved.

Telegraphic reply to a letter dated June 21, 1932, from the Federal Reserve Agent at San Francisco stating that following receipt of the report of examination of the United States National Bank of Eugene, Oregon, made as of June 1, 1932, the executive committee of the Federal reserve bank reconsidered the national bank's application for full trust powers, and voted to recommend to the Board that action on the application be again deferred until receipt of an examination report showing a more satisfactory condition; the agent also stating that in the event its application for full trust powers is denied the United States National Bank is desirous of receiving a special permit to act as custodian for the Eugene Fruit Growers Association in connection with this season's crops, and that if such a special permit is necessary, the executive committee of the Federal

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reserve bank recommends that it be denied. The reply stated that the Board has deferred taking any further action on the fiduciary application of the national bank until after receipt of another report of examination of the bank. The reply also stated that the Board understands that the trusteeship in which the national bank desires to act is in connection with an entirely new loan to the Eugene Fruit Growers Association by the Federal intermediate credit bank, that such trust was not held by the Eugene Loan and Savings Bank, that, accordingly, the national bank may not act in such a trusteeship under the permission granted to it to act only in the specific trusts held by the Eugene Loan and Savings Bank, and that the Board has decided, in accordance with the recommendation of the executive committee, not to grant the national bank special permission to act in such trusteeship.

Reply approved.

Letters, approved by five members of the Board on June 28, 1932, to Assistant Secretary of the Treasury Douglas, transmitting, in response to the requests contained in his letters of April 29 and May 7, 1932, reports for the signature of the Secretary of the Treasury to the Chairman of the Banking and Currency Committee of the Senate, also approved by five members of the Board on June 28, 1932, on S. 4454, "a bill to amend section 13 of the Federal Reserve Act by making the notes of automobile finance companies subject to discount" and on S. 4550, "a bill to amend section 13 of the Federal Reserve Act by making the notes of finance and credit companies subject to discount"; the reports stating in each case that after careful consideration of the matter in the light of the general principles involved and the purposes of the Federal Reserve Act, the Treasury Department does

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not feel justified at this time in recommending such amendments.

Reports approved, together with a similar letter, for the signature of the Governor, to the Chairman of the Committee on Banking and Currency of the Senate, replying to his request of May 10, 1932, for the views of the Board on S. 4550.

Letter to the Chairman of the Committee on Finance of the Senate, prepared for the signature of the Secretary of the Treasury and approved by five members of the Board on June 28, 1932, discussing the provisions of Senate Bill 4350, "to provide for the immediate payment of the World War adjusted service certificates and for other purposes," and stating that the Treasury is strongly opposed to the principal provisions of the bill.

Letter approved.

Reports of Standing Committee dated June 28, 1932, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 5.</u>		
Cherry River National Bank, Richwood, W. Va.	38	38
<u>District No. 11.</u>		
First National Bank in Decatur, Decatur, Texas.	36	36
	<u>Total</u>	<u>74</u>
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 5.</u>		
Mt. Jackson National Bank, Mt. Jackson, Va. (V.L.Abs. by Peoples Bank)	66	66
<u>District No. 8.</u>		
First National Bank, Robinson, Ill. (V.L.Suc. by Second National Bank)	75	
National Bank of Rolla, Rolla, Mo. (Insolvent)	<u>66</u>	141
<u>District No. 12.</u>		
Citizens National Bank, Salmon, Idaho. (Insolvent)	60	60
	<u>Total</u>	<u>267</u>

Approved.

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Report of Standing Committee dated June 29, 1932, recommending approval of the following Clayton Act application:

Mr. Charles L. Gilliland, for permission to serve at the same time as director of the Chester-Cambridge Bank and Trust Company of Chester, Pennsylvania, and as director of the Commercial National Bank of Philadelphia, Philadelphia, Pennsylvania.

Approved.

Thereupon the meeting adjourned.

Walter Howell
Secretary.

Approved:

Ernest C. Meyer
Governor.