

A meeting of the Federal Reserve Board was held on Thursday, July 7, 1932, at 12:10 p. m.

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

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

Mr. Hamlin reported that he attended the regular meeting of the executive committee of the Federal Reserve Bank of New York which was held at the bank on Tuesday, July 5, 1932.

The minutes of the meetings of the Federal Reserve Board held on June 27 and 29, 1932, were approved.

The Board then considered and acted upon the following matters:

Telegrams dated July 6, 1932, from the Chairmen of the Federal Reserve Banks of Philadelphia and St. Louis, and July 7, 1932, from the Deputy Chairman of the Federal Reserve Bank of Dallas, 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.

Letter dated July 1, 1932, from the Assistant Treasurer of the United States stating that his office received no applications from national banks for the sale of bonds under section 18 of the Federal Reserve Act during the quarter ending June 30, 1932.

Noted.

Letter from Assistant Deputy Governor Sproul of the Federal Reserve Bank of New York stating that a further withdrawal of \$1,000,000 was made on that date from the bank's deposit with the Bank for International

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Settlements, leaving approximately \$2,000,000 on deposit at sight and about \$2,000,000 invested in bills.

Noted.

Report of the Committee on Salaries and Expenditures on a letter dated June 24, 1932, from Deputy Governor Gilbert of the Federal Reserve Bank of New York, requesting approval of a change in the personnel classification plan of the bank to provide for the creation of a "Reconstruction Finance Corporation Section" in the Safekeeping Division of the Government Bond and Safekeeping Department, and for the creation in that section of fifteen new positions; the Board's committee recommending approval.

Approved.

Memorandum dated July 1, 1932, from the Director of the Division of Research and Statistics recommending that Miss Beatrice Bulla, an employee in that division, be granted a leave of absence without pay during the period from July 13 to August 17, 1932, inclusive, in order that she may attend a course in money and banking at the Harvard Summer School.

Recommendation approved.

Telegraphic reply, approved by five members of the Board on July 1, 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 Perth Amboy National Bank, Perth Amboy, New Jersey, in the amount of \$65,000, for a period of ninety days, at a rate of 5 1/2% per annum, and on the security of unsecured customers' notes aggregating \$97,035.42; the advance being desired to meet withdrawals caused by purchases of merchants in anticipation of the new tax law and to meet heavy withdrawals after July 1,

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which is the interest payable date at the 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 July 1, 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 First National Bank, Carteret, New Jersey, in the amount of \$50,000, for a period of ninety days, at a rate of 5 1/2% per annum, and on the security of miscellaneous securities with a market value of \$98,990; the advance being desired to meet withdrawals which have already been made and further expected withdrawals following the crediting of interest on savings accounts on July 1. 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 July 5, 1932, to a telegram of that date from Deputy Governor Zurlinden of the Federal Reserve Bank of Cleveland, stating that the National Bank of Commerce, Lorain, Ohio, has requested a further renewal of the advance of \$125,000 made by the Cleveland bank, in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, under authority granted by the Board on April 5, 1932; Mr. Zurlinden stating that the renewal is necessary pending the approval of a loan from the Reconstruction Finance Corporation and that approval of the bank's request is recommended. The reply stated that the Board authorizes the renewal for a period of thirty

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days at a rate of 5 1/2% per annum.

Reply unanimously approved.

Telegraphic reply, approved by three members of the Board on July 6, to telegrams dated July 1 and 5, 1932, from Assistant Deputy Governor Gidney of the Federal Reserve Bank of New York requesting authority to purchase from the Caldwell National Bank, Caldwell, New Jersey, \$38,000 of tax notes of the Borough of Caldwell; the reply stating that the Board authorizes the purchase with the understanding that the notes meet all requirements of Regulation E except that the population of the issuing municipality is less than 10,000 and the amount offered exceeds 25% of the total outstanding warrants of the municipality.

Reply approved.

Reply, approved by six members of the Board on July 1, to a letter dated May 17, 1932, from Deputy Governor Logan of the Federal Reserve Bank of New York requesting approval by the Board of the payment, at the proper time, of fees not exceeding in the aggregate the sum of \$5,000 to Jenkins, Deyo & Hitchcock, Esqs., attorneys at law, Binghamton, New York, for services to be rendered by them in connection with the prosecution of two preferred claims filed by the Federal Reserve Bank of New York against the State Bank of Binghamton and E. C. Brewer Company, private bankers, Gilbertsville, New York; the reply stating that the Board has approved the proposed payment of fees which are to cover all services in connection with the proceedings in the trial court in connection with both claims.

Reply approved.

Letter to the Federal Reserve Agent at Richmond, approved by five members of the Board on July 6, inclosing a copy of a letter dated June 20,

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1932, from the Comptroller of the Currency recommending approval of the application of the Planters National Bank in Fredericksburg, Virginia, for permission to exercise full trust powers, and a copy of a memorandum on the subject prepared in the Board's Division of Examinations; the Board's letter stating that in the light of all the information now available it would appear that the Board would be justified in taking favorable action on the bank's application without awaiting the next examination of the institution, as recommended by the executive committee of the Federal Reserve Bank of Richmond. The letter also requested that the agent resubmit the matter to his executive committee for further consideration on the basis of the additional information contained in the Board's letter.

Letter approved.

Letter to the Federal Reserve Agent at San Francisco, approved by six members of the Board on July 5, 1932, stating that the Federal Reserve Board has considered the application of the Vancouver National Bank of Vancouver, Washington, for permission to act as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Washington in addition to the right heretofore granted by the Board to act as trustee, executor, administrator and registrar of stocks and bonds, and that in view of the condition of the applicant bank, as disclosed by the report of an examination made as of April 4, 1932, and, in accordance with the recommendation of the executive committee of the San Francisco bank, the Board has decided not to approve the application.

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Letter approved.

Memorandum dated June 29, 1932, from the Board's General Counsel stating that the recent decision of the Circuit Court of Appeals in the case of Lucas v. Federal Reserve Bank of Richmond involves several points of interest and importance, and suggesting that a copy of the opinion be published in the next issue of the Federal Reserve Bulletin, together with a brief introductory statement in the form attached to the memorandum.

Recommendation approved.

Letter to the Secretary of the Treasury, approved by six members of the Board on July 2, 1932, stating that many of the checks and drafts received by Federal reserve banks from collectors of internal revenue, collectors of customs, and other depositors of public money for collection and credit to the Treasurer of the United States, are drawn on banks which are not members of the Federal reserve system, and that the Federal Reserve Bank of Atlanta has advised that while certain of the nonmember banks in its district are willing to remit at par for such checks and drafts, they are unwilling to pay the Federal tax on their own checks and drafts sent to the Federal reserve bank in payment for such items and are deducting two cents for each remittance to reimburse them for the tax, and that, in these circumstances, the Board would appreciate rulings from the Treasury Department on the questions (1) whether the tax imposed by section 751 of the Revenue Act of 1932 applies to checks and drafts drawn by banks on their correspondent banks in remitting to Federal reserve banks for checks and drafts drawn on themselves payable to officials of the Government in their official capacities and sent to the drawee banks by the Federal reserve banks for collection, (2) if so, whether the issuing banks may deduct two cents

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from each remittance to reimburse themselves for the tax, and (3) if so, whether the Treasurer of the United States will accept credit on the books of the Federal reserve bank for the amount of the checks and drafts covered by each remittance minus the two cent tax on the remittance check or draft.

Letter approved.

Letter, approved by five members of the Board on July 5, 1932, to the Governor of the Federal Reserve Bank of San Francisco as Chairman of the Governors' Conference, referring to the payment by Federal reserve banks of premiums on the insurance under their group policies on the lives of officers and employees who have been retired because of disability or incapacity, and stating that, while the Board is disposed to offer no objection to the continuance of the insurance in such cases where the officer or employee affected has been in the service of the Federal reserve bank for a long period and has reached an advanced age, it is felt that it is desirable that there should be uniformity in the treatment of officers and employees of all Federal reserve banks and that the Board is not disposed to favor the retention of employees on the payroll of a bank in such cases. The letter suggested that the matter be referred to the insurance committee of the Governors' Conference for consideration and, if deemed advisable, for negotiation with the insurance companies with a view to having a uniform rider attached to the group life insurance policy of each Federal reserve bank which will permit the insurance of officers and employees retired because of disability or old age to be continued by the reserve bank without the necessity of retaining them on the payrolls of the bank. The letter further stated that if this course should be decided upon, the Board would be glad to have the recommendation of the committee as to the class of cases in which the

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insurance should properly be continued with particular reference to what minimum age and what minimum period of service should be required in such cases.

Letter approved.

Letter to the Federal Reserve Agent at Minneapolis, approved by six members of the Board on July 6, 1932, stating that the Federal Reserve Board has approved the drafts of by-laws of the bank and its Helena branch submitted with the agent's letter of June 21, 1932, with the understanding that the second sentence of section 2 of article III of the latest draft of the by-laws of the Minneapolis bank will be stricken out and the second and third sentences of section 2 of article III as contained in a draft forwarded with the agent's letter of May 7, 1932, will be substituted therefor before the proposed revision is adopted by the board of directors. The letter also requested that the Board be advised when the proposed revisions of the by-laws of the head office and Helena branch are approved by the board of directors of the bank.

Letter approved.

Reports of Standing Committee dated July 5, 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. 10.</u>		
First National Bank in Loveland, Colorado.	60	60
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
Cohasset National Bank, Cohasset, Mass. (V.L.Abs. by Rockland Trust Company, Rockland.)	45	45
<u>District No. 2.</u>		
Ocean Grove National Bank, Ocean Grove, N. J. (Insolvent)	120	120

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 4.</u>		
First National Bank, Sutersville, Pennsylvania. (Insolvent)	30	30
<u>District No. 11.</u>		
American National Bank, Beaumont, Texas. (Cons. of American National Bank and City National Bank of Beaumont)	210	210
	<hr/> Total	<hr/> 405

Approved.

Report of Standing Committee dated July 6, 1932, recommending approval of the following Clayton Act application:

Mr. A. J. Daly, for permission to serve at the same time as officer of the First National Bank of Birmingham, Alabama, and as director and officer of the North Birmingham American Bank of Birmingham, Alabama.

Approved.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved: [Signature]
Governor.