A meeting of the Federal Reserve Board was held in Washington on
July 20, 1932, at 12:30 p. m.

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 minutes of the meeting of the Federal Reserve Board held on
July 8, 1932, were approved.

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

Telegram dated July 20, 1932, from the Chairman of the Federal Re-
serve Bank of St. Louis stating that the board of directors, at its meeting
on that date, made no change in the bank's existing schedule of rates of
discount and purchase.

Without objection, noted with approval.

Telegraphic reply to a telegram dated July 20, 1932, from Deputy
Governor Rounds of the Federal Reserve Bank of New York requesting
authority to purchase from the First National Bank in Mamaroneck, New York,
$100,000 of tax warrants of the Village of Mamaroneck; the reply stating
that the Board authorizes the purchase with the understanding that the
warrants meet all requirements of Regulation E, except that the amount
offered, in addition to the warrants already held by the New York bank,
exceeds 25% of the total outstanding warrants of the municipality.

Reply approved.

Letter to The First National Bank, Port Arthur, Texas, stating
that, in addition to the authority previously granted to the bank to act,
when not in contravention of State or local law, as trustee, executor, administrator, and registrar of stocks and bonds, the Federal Reserve Board has approved the application filed by the bank for permission to act as guardian of estates, the exercise of such right to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

Application and letter approved.

Letter to the Federal Reserve Agent at Dallas referring to his letter of July 8, 1932, regarding the action taken by the board of directors of the bank in recommending that the Federal Reserve Board institute proceedings under the provisions of section 9 of the Federal Reserve Act to terminate the membership in the Federal Reserve System of the First State Bank, Lorenzo, Texas; the Board's letter stating that, in view of the information submitted from which it appears that the First State Bank has violated the provisions of section 9 of the Federal Reserve Act in that it has failed to maintain the reserve required by law, the Federal Reserve Board has decided to institute proceedings looking toward the forfeiture of the membership of that bank. The letter also outlined the procedure to be followed by the Federal reserve agent in this matter and enclosed a letter to the member bank, to be forwarded by the agent, notifying the member bank that the Federal Reserve Board will afford it an opportunity for a hearing in the Board's offices in Washington, D. C., at eleven o'clock on the morning of August 15, 1932, at which time the bank's representatives may appear to show cause why the bank should not be required to surrender its stock in the Federal Reserve Bank of Dallas and to forfeit all rights and privileges of membership in the Federal Reserve
The letter to the member bank further stated that in the event that the bank desires to waive its right to appear before the Federal Reserve Board, and provided it gives reasonable notice in advance, both to the Federal Reserve Board and the Federal Reserve Agent at Dallas, of its intention to appear before the Federal reserve agent, it may, through its representatives, appear before the agent at Dallas on a date to be fixed by the latter to present such evidence as the bank may care to have transmitted to the Federal Reserve Board for its consideration in determining whether or not the bank should be required to surrender its stock in the Federal Reserve Bank of Dallas and to forfeit all rights and privileges of membership in the Federal Reserve System.

Letters approved.

Reply to a letter dated July 9, 1932, from the Governor of the Federal Reserve Bank of San Francisco, as Chairman of the Governors' Conference, with further regard to the continuance of insurance under group policies on the lives of officers and employees of Federal reserve banks who have been retired because of disability or incapacity to perform their duties due to old age; the reply noting that Governor Calkins has referred the Board's letter of July 5, 1932, to the Insurance Committee of the Governors' Conference with the request that it make a study of this question. The reply also noted that the question of the continuance of insurance on the lives of employees retired because of disability or incapacity to perform their duties has not arisen at the San Francisco bank, it being the practice, in any case where the insurance company is unwilling to recognize an employee as totally disabled, to grant leave of absence without pay and have the insurance continued until such time as the claim
under the total disability clause of the policy has been settled. It was suggested that the Insurance Committee be requested, in connection with its consideration of the subject discussed in the Board's letter of July 5, to consider also the question of continuance of insurance in cases such as those mentioned in Governor Calkins' letter, with a view to suggesting a uniform practice in this respect at Federal reserve banks, if this should appear desirable.

Letter approved.

Letter to Mr. S. J. Campbell, Assistant Cashier of the First National Bank, Fayetteville, Arkansas, replying to his letter of June 25, 1932, with regard to the collection through the Federal reserve banks of a draft drawn by the Centrox Creamery Company of Centerville, Iowa, on itself and bearing the notation "This order is payable at the Centerville National Bank, Centerville, Iowa"; the reply stating that the Board has communicated with the Federal Reserve Banks of St. Louis and Chicago regarding the matter and has been advised that it is the practice of the Chicago bank to handle items which are "payable at a bank" as cash items in all cases where the banks through which they are collectible are designated and will remit for the items upon receipt at par; that items payable at a bank and drawn on itself by the Centrox Creamery Company are specifically mentioned by the Federal Reserve Bank of Chicago as among those which it handles as cash items, and that the advice given to the First National Bank by the Federal Reserve Bank of St. Louis with respect to the particular draft referred to in the assistant cashier's letter was
apparently due to a misunderstanding of the practice of the Chicago bank as to items of the Centrox Creamery Company.

Letter approved.

Reply to a letter dated June 29, 1932, from the Federal Reserve Agent at Chicago, inclosing a redraft, prepared by the statistical department of the bank in cooperation with other Chicago banks, of a tentative outline, submitted to the agent by the officials of the World's Fair to be held in Chicago in 1933, of an exhibit showing some of the fundamentals of the relation of the banking structure to the community which it serves; the agent inquiring (1) whether the exhibit of the Federal Reserve System could be a part of this general banking exhibit or whether it would be necessary for it to be a part of the general Federal exhibit which might be housed elsewhere, and (2) whether the funds necessary for any Federal reserve exhibit would be a part of the general appropriation by Congress for the Federal exhibit. The reply suggested certain changes in the outline of the bank exhibit submitted with the Federal reserve agent's letter, and stated that it would seem desirable that the Federal reserve exhibit be adjacent to the general banking exhibit; that the Board is sending a letter to all Federal reserve agents asking them to suggest the names of members of their organization who would be available to serve as members of the Federal reserve committee on the exhibit, and to describe any material they may have which would be helpful to the work of the committee; and that when such a committee has been appointed it will be in a position to take up all matters of detail with the commissioner who will be in charge of the general arrangements.
The reply also stated that while the Act of Congress approved on February 8, 1932, authorized the Chicago World's Fair Centennial Commission, established by the act, to allot funds to any executive department, independent office or establishment of the Government for the purpose of defraying expenditures in connection with certain proposed Government exhibits at the exposition, it did not authorize the allotment of funds to the Federal reserve banks to meet the expenses of an exhibit of the Federal Reserve System; that it would seem proper that expenses incurred in connection with such exhibit should be borne by the Federal reserve banks, and that as soon as an approximate estimate of the amount involved can be made by the proposed committee, the Board will be glad to inquire of each Federal reserve bank whether it is willing to bear its share of such expense, prorated on the usual basis.

Letter to the Federal Reserve Agent at Chicago, together with the circular letter to all Federal reserve agents mentioned therein, approved.

The Governor then reported, for the information of the members present, that he had just talked with the Governor of the Federal Reserve Bank of San Francisco on the telephone and that the latter had advised that he was then in conference with the Governor and banking authorities of the State of Nevada with regard to the banking situation in that State; that in spite of the assistance which has been rendered recently in the State by the Reconstruction Finance Corporation, the banking authorities are faced with the alternative of finally closing a number of banks in the State or of having bank holidays declared in order to permit the banks to remain closed until a solution of the problems can be worked out, and that
7/20/32

it is believed that the latter course will be adopted.

Report of Standing Committee dated July 19, 1932, recommending approval of the following change in stock at a Federal reserve bank:

Application for SURRENDER of Stock: Shares
District No. 12.
Anglo California National Bank, San Francisco,
Calif. (Cons. of the Anglo & London Paris
National Bank and Anglo-California Trust Co.,
of San Francisco, under the above name) 3,450 3,450

Approved.

Thereupon the meeting adjourned.

C. Wesley Mouliff
Secretary.

Approved.

Governor.