

A meeting of the Federal Reserve Board was held on Monday, September 19, 1932, at 3:15 p. m.

PRESENT: Governor Meyer

Mr. Miller

Mr. James

Mr. Magee

Mr. Pole

Mr. Morrill, Secretary

Mr. McClelland, Assistant Secretary

Mr. Harrison, Assistant to the Governor.

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

Letter dated September 15, 1932, from the Secretary of the Federal Reserve Bank of New York, and telegrams of the same date, from the Chairmen of the Federal Reserve Banks of Kansas City and San Francisco, all advising that, at meetings of the boards of directors on that date, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated September 9, 1932, from the Federal Reserve Agent at Atlanta, advising of the appointment of Mr. John G. Farley of Birmingham, Alabama, as a director of the Birmingham branch for the unexpired portion of the term ending December 31, 1934, to succeed Mr. John H. Frye, recently appointed Managing Director of the branch.

Noted.

Letter to the Comptroller of the Currency, approved by four members of the Board on September 19, stating that, in accordance with the recommendation contained in the Comptroller's letter of September 16, 1932; the Board has approved a salary at the rate of \$2,700 per annum for National Bank Examiner William T. Vandoren, assigned to the Fifth Federal Reserve District.

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Salary and letter approved.

Reply, approved by five members of the Board on September 17, to a letter dated September 2, 1932, from the Federal Reserve Agent at Dallas, reporting that the City National Bank of Georgetown, Texas, has been continuously deficient in its required reserves for the period of six months ending August 15, 1932; the reply stating that, in view of the information submitted, and in accordance with the agent's recommendation, the Board will take no action in the matter at this time other than to forward a copy of the agent's letter to the Comptroller of the Currency for the information of his office. The reply also requested that the agent advise the Board, within a reasonable time, as to whether the bank has restored and is maintaining its required reserves.

Approved.

Reply, approved by five members of the Board on September 17, 1932, to a letter dated September 7, 1932, from the Federal Reserve Agent at San Francisco, reporting that the Yakima Valley Bank & Trust Company, Yakima, Washington, has been continuously deficient in its required reserves for the period of seven months ending August 31, 1932; the reply stating, that in view of the information submitted, and in accordance with the agent's recommendation, the Board will take no action in the matter at this time, although it is suggested that, if the agent has not already done so, he consider the advisability of calling the matter to the attention of the State banking authorities. The reply also requested the agent to advise the Board, within a reasonable time, as to whether the bank has restored and is maintaining its required reserves.

Approved.

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Reply, approved by five members of the Board on September 16, to a letter dated September 7, 1932, from the Federal Reserve Agent at Chicago, with respect to the question whether certain State member banks in Michigan which are in the hands of custodians under the provisions of a recent amendment to the Michigan law are entitled to vote in the approaching elections of Class A and B directors of the Chicago bank; the reply stating that it is the Board's understanding that, although the Federal reserve bank stock held by these banks has not been surrendered, each of them has been placed in the hands of a custodian appointed by a court of competent jurisdiction and a plan of its depositors for reorganization or for the establishment of a new bank is now pending and may be consummated with the approval of the court, and that it is the Board's opinion that so long as the banks in question remain in the hands of such custodians they are not properly entitled to nominate candidates for Class A and B directors or to vote in the election of such directors.

Approved.

Reply, approved by five members of the Board on September 16, to a letter dated September 9, 1932, from the Chairman of the Federal Reserve Bank of Dallas inclosing a copy of the minutes of the regular meeting of the board of directors of the Dallas bank, held on September 7, 1932; the reply stating that the Board has noted with interest and appreciation the reports of the good results that are being obtained from the efforts of the officers of the bank to bring about operating economies. The reply also stated that the portion of the minutes relating to Governor McKinney's visit to the branches of the Federal Reserve Bank of Dallas and to member and nonmember banks of the district during August has been noted by the

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Board, and that a detailed report which Governor McKinney made to Assistant Federal Reserve Agent Evans on August 30, from which it appears that Governor McKinney utilized his vacation period for the purpose of making these visits, has been brought to the attention of the other members of the Board by Mr. James. The reply expressed to the Chairman, and through him to Governor McKinney, the Board's appreciation of Governor McKinney's action in thus utilizing his vacation period and in submitting a detailed and informative report on each of the places visited.

Approved.

Letter, approved by four members of the Board on September 15, 1932, to Mr. W. M. Steuart, Director of the Bureau of the Census, inclosing a statement revised up to date showing the membership of the Federal Reserve Board and personnel of its staff occupying administrative and supervisory positions, omitting individual salaries. The reply stating that, as explained to the Director over the telephone, although it is the view of counsel of the Federal Reserve Board that the law relating to the publication of the Official Register does not apply to the personnel of the Federal Reserve Board and its staff, the occasion for the objection expressed in the Board's previous correspondence was the proposal to list salaries of individual officers and employees of the Board and no objection will be made to the publication of the statement in the form given, without comment upon the omission of the salaries.

Approved.

Telegraphic reply, approved by four members of the Board on September 17, 1932, to a telegram of that date from the Governor of the Federal Reserve Bank of St. Louis, advising that the Mississippi Cotton Seed Products

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Company has applied for a direct loan from the St. Louis bank up to the limit fixed by the Board and is also requesting a limit loan from the Federal Reserve Bank of Atlanta; the principal place of business of the company being located at Jackson, Mississippi, although a large part of its business is done in the Eighth Federal Reserve District. The reply stated that the Board has no objection to the St. Louis bank's entertaining an application up to the limit fixed by the Board, but that it is understood that the St. Louis and Atlanta banks will cooperate closely in the negotiations and in working out details in case the applications are granted. A telegram was addressed to the Governor of the Federal Reserve Bank of Atlanta on the same date quoting the wires exchanged with the Governor of the Federal Reserve Bank of St. Louis.

Approved.

Reply, approved by five members of the Board on September 17, to a letter dated July 14, 1932, from the Federal Reserve Agent at Atlanta, with regard to the information contained therein that member banks located in Miami, Florida, are not making charges in excess of 10¢ per \$100 or fraction thereof for cashing out-of-town checks presented by depositors of the member banks, but that they are in the practice of making charges in excess of 10¢ per \$100 or fraction thereof for cashing such checks when presented by non-depositors; the Federal Reserve Agent having suggested that the member banks be permitted to make a charge of 10¢ per \$100 or fraction thereof on checks cashed for non-depositors when drawn on member banks or nonmember banks, and that as to such checks drawn on non-par banks, the member banks in Miami be permitted to charge the cost incurred in collecting the checks plus a charge not in excess of 10¢ per \$100 or fraction thereof. The reply

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stated that under the express terms of section 13 of the Federal Reserve Act, a member bank may not in any case make a charge in excess of 10% per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for the collection or payment of checks, and the Federal Reserve Board is not authorized to permit member banks to make charges in excess of that amount, and that, in these circumstances the agent is requested to advise the member banks in Miami, Florida, of the requirements of the law and to obtain information and advise the Board as to the corrections which are made to bring the practices of these banks within the provisions of section 13 of the Federal Reserve Act. The reply further stated that in this connection the agent is advised that when the checks handled for collection are drawn on non-par banks any exchange charge made by the drawee bank for the payment of a check need not be included when computing the charge which may be made by the collecting bank under the provisions of law described above, since such an exchange charge cannot properly be considered a charge made by the collecting bank.

Approved.

Letter, approved by five members of the Board on September 17, to the Governor of the Federal Reserve Bank of San Francisco, advising that the Federal Reserve Board has approved the revised personnel classification plan, Form A, for the San Francisco bank and its branches which was inclosed with Governor Calkins' letter of June 28, 1932, and that the revised plan has been substituted for the one previously on file with the Board. The letter stated that it is noted that the summary transmitted by Governor Calkins shows the salary range for the head of the Transit and Mail Department at

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the Portland branch as \$2400-\$3000, whereas Form A shows the salary range as \$2400-\$3300; that the summary shows the salary range for government bookkeeper in the Transit Department of the Head Office as \$1500-\$1800, whereas Form A gives the range as \$1200-\$1500; that a number of changes have been made in the personnel classification plan which were not included in the summary, for example, no mention being made in the summary of the consolidation of the Mail and Messenger and Transit Departments at the Portland branch into the Transit and Mail Department; and that the Board assumes that the personnel classification plan, Form A, is correct in each instance and that it has approved the plan with that understanding.

Approved.

Letter, approved by four members of the Board on September 17, 1932, to the Chairman of the Federal Reserve Bank of New York stating that the Board has received the report of examination of the New York bank made by the Board's examiners as of June 18, 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.

Approved.

Reply, approved by five members of the Board on September 16, to Mrs. Charles P. Fox, Montgomery County, Pennsylvania, referring to her letter of August 31, 1932, addressed to Governor Meyer, and returning the file of papers which were sent to Governor Meyer, with the statement that they have been examined carefully by Counsel to the Federal Reserve Board and that he has advised that the matters referred to therein relate to the administration of estates which are matters within the exclusive jurisdiction of the courts of the State of Pennsylvania, and that the Federal Reserve Board has

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no jurisdiction or power over them.

Approved.

Telegram dated September 19, from the Governor of the Federal Reserve Bank of Minneapolis requesting approval of a rediscount rate of 7% established by the executive committee of that bank on feeder loans to be carried until the regional Agricultural Credit Corporation is in position to function, at which time they will be turned over to the corporation; Governor Geery advising that it is vital that these loans be made promptly, that the three large banks in Minneapolis and St. Paul and the Federal reserve bank are planning to take the loans over temporarily and that the rate fixed by the regional Agricultural Credit Corporation is 7%, which accounts for the Federal reserve bank voting to establish this rate on the particular loans.

Upon motion, it was voted to approve for the Federal Reserve Bank of Minneapolis, effective September 20, 1932, a rediscount rate of 7% on feeder loans made in the circumstances described in Governor Geery's wire, with the understanding that such loans will conform to the requirements of the amendment to the Federal Reserve Act of July 21, 1932, and the Board's circular letter of July 26, 1932.

Reports of Standing Committee dated September 10 and 15, 1932, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 12.</u>		
Farmers National Bank, Colfax, Washington.	3	
(Increase in surplus)		
Walker Bank and Trust Company, Salt Lake City,	7	
Utah. (Increase in surplus)		10

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Applications for SURRENDER of Stock:SharesDistrict No. 2.Lackawanna National Bank, Lackawanna, New York.
(Decrease in surplus)

60

60

District No. 7.National Fowler Bank, LaFayette, Indiana.
(Voluntary liquidation)

180

180

District No. 9.First National Bank, St. Lawrence, South Dakota.
(Voluntary liquidation)

24

24

District No. 12.Nevada First National Bank, Tonopah, Nevada.
(Voluntary liquidation)

72

First National Bank, Torrance, California.
(Decrease in surplus)

15

87

Total351

Approved.

Thereupon the meeting adjourned.

Clifford Merrill

Secretary.

Approved:

Eugene Hest

Governor.