

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Thursday, October 6, 1932, at 12:20 p. m.

PRESENT: Mr. Magee, Presiding
Mr. Hamlin
Mr. James

Mr. Morrill, Secretary
Mr. McClelland, Assistant Secretary
Mr. Harrison, Assistant to the Governor
Mr. Wyatt, General Counsel
Mr. Paulger, Chief, Division of Examinations
Mr. Siems, Federal Reserve Examiner.

The Assistant Secretary stated that on October 5, 1932, the office of the Comptroller of the Currency made a call on all national banks for reports of condition as at the close of business on Friday, September 30, 1932, and that, in accordance with the usual practice, a call was made on behalf of the Federal Reserve Board on all State member banks for reports of condition as of the same date.

The call made on behalf of the Board was ratified.

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

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

Letters dated September 22 and 29, 1932, from the Assistant Secretary of the Federal Reserve Bank of New York, and telegrams dated September 21 and October 5, 1932, from the Chairman of the Federal Reserve Bank of Boston, September 23, 1932, from the Chairman of the Federal Reserve Bank of Chicago, and October 5, 1932, from the Chairmen of the Federal Reserve Banks of Philadelphia and St. Louis, all advising that at meetings of the boards of

10/6/32

-2-

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.

Telegram dated September 28, 1932, from the Federal Reserve Agent at Dallas, advising of the death on September 27, 1932, of Mr. J. J. Culbertson, a Class B director of the bank.

Noted, with regret.

Memorandum dated September 21, 1932, from Mr. Frank J. Drinnen, Federal Reserve Examiner, recommending the appointment of Mr. Stuart L. Brown and his designation as an Assistant Federal Reserve Examiner, with salary at the rate of \$3,000 per annum.

Mr. Drinnen's recommendation having been approved by three members of the Board on September 26, Mr. Brown was appointed an examiner for all purposes of the Federal Reserve Act, as amended, and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board; and was designated as an Assistant Federal Reserve Examiner, with salary at the rate of \$3,000 per annum, all effective September 27, 1932.

Memorandum dated September 27, 1932, from Mr. Frank J. Drinnen, Federal Reserve Examiner, recommending the appointment of Messrs. Andrew W. Lee and Charles A. Strahorn and their designation as Assistant Federal Reserve Examiners with salaries at the rate of \$2,100 and \$1,600 per annum, respectively.

Mr. Drinnen's recommendations having been approved by three members of the Board on September 30, Messrs. Lee and Strahorn were appointed examiners for all purposes of the Federal Reserve Act, as amended, and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board; and were designated as Assistant Federal Reserve Examiners with salary at the rate of \$2,100 and \$1,600 per annum, respectively; the appointment and salary of

10/6/32

-3-

Mr. Lee being effective October 1, 1932, and the appointment and salary of Mr. Strahorn effective October 6, 1932.

Reply, approved by three members of the Board on October 4, to a letter dated October 3, 1932, from Mr. Norval P. Wigginton, tendering his resignation as an employee on the night force of the Gold Settlement Section of the Federal Reserve Board, effective October 3, 1932; the reply advising of the acceptance of the resignation.

Approved.

Memorandum from the Secretary dated October 5, 1932, advising that the leave of absence without pay on account of illness previously granted by the Board to Miss Mary E. Everett, money counter in the issue and redemption division of the office of the Comptroller of the Currency, expired on September 25, 1932, and recommending that, inasmuch as Miss Everett did not resume her duties until October 1, the Board approve an additional leave of absence without pay covering Miss Everett's absence during the period from September 26 to 30, 1932, inclusive.

Approved.

Letter to the Acting Comptroller of the Currency, approved by three members of the Board on October 3, 1932, advising of approval by the Board of a salary at the rate of \$2,700 per annum for National Bank Examiner Douglas O. Starr, assigned to the Fifth Federal Reserve District.

Approved.

Reply, approved by four members of the Board on September 27, to a letter dated September 22, 1932, from the Chairman of the Federal Reserve Bank of New York stating that the board of directors of the bank, at its meeting on that date, voted to employ Mr. R. M. Cheseldine, on a temporary

10/6/32

-4-

basis, as a special research statistician assigned to the reports department of the bank, and, subject to the approval of the Federal Reserve Board, to fix his salary at the rate of \$5,200 per annum; the reply stating that the Board approves the salary fixed by the board of directors of the New York bank, and requesting advice as to the date on which Mr. Cheseldine's employment becomes effective.

Approved.

Letter to the Federal Reserve Agent at Philadelphia, approved by three members of the Board on September 28, 1932, advising of approval by the Board of the designation as special assistants to examiners of the eleven employees of the Philadelphia bank listed in the agent's letter of September 21, 1932.

Approved.

Reply, approved by three members of the Board on October 3, to a letter dated September 29, 1932, from the Federal Reserve Agent at Chicago requesting approval by the Board of the appointment of Mr. Ernest H. Anderson as an assistant examiner with salary at the rate of \$3,000 per annum; the reply stating that the Board approves the appointment of Mr. Anderson at the salary named, and requesting advice as to the date on which the appointment becomes effective.

Approved.

Reply, approved by three members of the Board on September 27, to a letter dated September 21, 1932, from the Governor of the Federal Reserve Bank of Minneapolis, advising that, at the request of the Reconstruction Finance Corporation, the executive committee of that bank granted to Mr. R. E. Towle, Managing Director of the Helena Branch, a three months leave of absence, without pay, to organize the Regional Agricultural Credit

10/6/32

-5-

Corporation at Spokane, Washington, and that Mr. Leland Powell, registered mail teller and government deposit clerk, has been designated as Acting Assistant Cashier of the branch without change in salary for such time as Mr. Towle is absent from the bank; the reply advising that the Federal Reserve Board interposes no objection to the action of the executive committee in granting leave of absence to Mr. Towle and in temporarily designating Mr. Powell as Acting Assistant Cashier of the branch, but requesting further information with regard to the position of Paying Teller at the Helena branch, to which position Mr. Charles Redpath was reported as having been recently promoted with an increase in salary from \$1,800 to \$2,100 per annum, effective September 1, 1932.

Approved.

Reports of the Committee on Salaries and Expenditures dated September 23 and 30, and approved by three members of the Board on October 4, with regard to letters dated September 17 and 27, 1932, from the Chairman of the Federal Reserve Bank of Dallas requesting approval of salaries at the rate of \$2,400 and \$2,100 per annum, respectively, for Messrs. G. T. Webber and A. Horton, appointed to the appraised position of special representative in the Insolvent Banks Department of the bank; the Board's Committee recommending approval.

Approved.

Telegraphic reply, approved by three members of the Board on September 24, to letters dated September 21 and 22, 1932, from the Chairman of the Federal Reserve Bank of Boston, with regard to the reimbursement of member banks for travel expenses of representatives who attend the stockholders' meeting of the Federal reserve bank on October 20, 1932; the reply stating

10/6/32

-6-

that the Board approves the expenditures authorized by the board of directors of the Boston bank in reimbursement of the amount expended for railroad fare and Pullman accommodation by not more than one representative of each member bank in attending such meeting.

Approved.

Telegraphic reply, approved by five members of the Board on September 23, 1932, to a telegram of that date from the Governor of the Federal Reserve Bank of Boston requesting an extension until October 7, 1932, of the authority previously granted by the Board for an advance by the Boston bank, in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Peoples National Bank, Southbridge, Massachusetts, in an amount not to exceed \$75,000, with interest at the rate of 5 1/2% per annum and payable on demand. The reply stated that the Federal Reserve Board interposes no objection to the continuance of the advance, in the amount of \$35,000 outstanding on September 23, without demand for payment, and that, in the event the advance is not repaid nor demand for payment made within thirty days from September 23, the matter should again be brought to the Board's attention with a statement of the circumstances which, in the opinion of the Federal Reserve Bank of Boston, justify the bank in further continuing the advance without demand for payment.

Approved.

Telegraphic reply, approved by five members of the Board on September 23, 1932, to a telegram of that date from the Governor of the Federal Reserve Bank of Boston requesting approval of a renewal until October 7, 1932, in the amount of \$50,000 outstanding on September 23, of the advance, with interest at the rate of 5 1/2% per annum, payable on demand, made by the

10/6/32

-7-

Boston bank, under authority previously granted by the Board, and in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Quincy Trust Company, Quincy, Massachusetts. The reply stated that the Federal Reserve Board interposes no objection to the continuance of the advance, in the amount of \$50,000 outstanding on September 23, without demand for payment, and that in the event the advance is not repaid nor demand for payment made within thirty days from September 23, the matter should again be brought to the Board's attention with a statement of the circumstances which, in the opinion of the Federal Reserve Bank of Boston, justify the bank in further continuing the advance without demand for payment.

Approved.

Telegraphic reply, approved by five members of the Board on October 5, 1932, to telegrams of that date from Governor Young of the Federal Reserve Bank of Boston requesting authority for a new advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Quincy Trust Company, Quincy, Massachusetts, in the amount of \$50,000, with interest at the rate of 5 1/2% per annum, payable on demand, and on the security of ineligible paper with a face value of \$216,492 and readily marketable stocks with a market value of \$64,807; the 10(b) advance to the member bank previously authorized by the Board having been repaid and the new advance being desired because of the continuance of practically the same situation as was outlined in Governor Young's letter of September 23, 1932. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended, and that in the event the advance is not repaid nor demand for payment made within thirty days from October 5, 1932, the

10/6/32

-8-

matter should again be brought to the Board's attention with a statement of the circumstances which, in the opinion of the Federal Reserve Bank of Boston, justify the bank in further continuing the advance without demand for payment.

Approved.

Telegraphic reply, approved by five members of the Board on September 22, 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 Labor National Bank, Paterson, New Jersey, in the amount of \$45,000, for a period of ninety days, with interest at the rate of 5 1/2% per annum, and on the security of customers' collateral loans secured by building and loan shares and miscellaneous listed securities, with a margin of not less than 25%; the advance being desired to take care of unusual withdrawals, pending application to the Reconstruction Finance Corporation for additional accommodation. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended, and that it is understood that the new advance is in addition to that outstanding under the authority granted in the Board's telegram of July 28, 1932.

Approved.

Telegraphic reply, approved by five members of the Board on September 24, to a telegram dated September 23, 1932, 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 Bank of Depew, Depew, New York, in the amount of \$35,000, for a period of ninety days, with interest at the rate of 5 1/2%

10/6/32

-9-

per annum, and on the security of customers' notes, securities and tax warrants with a margin of at least 25%; Mr. Rounds stating that \$15,000 of the proceeds of this advance will be used to retire the 10(b) advance in that amount which is now outstanding and matures on October 14, 1932, and that the balance is desired to meet continued withdrawals. The reply stated that the Board authorizes an advance of \$35,000, for a period of ninety days, with interest at the rate of 5 1/2% per annum, being an additional advance of \$20,000 and an extension until expiration of this period of the \$15,000 advance made under the authority granted in the Board's telegram of July 16, 1932.

Approved.

Telegraphic reply, approved by five members of the Board on September 29, 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 Salt Springs National Bank, Syracuse, New York, in the amount of \$150,000, for a period of ninety days, with interest at the rate of 5 1/2% per annum, and on the security of miscellaneous bonds with a margin of at least 25%; the advance being desired because the bank passed its regular dividend on September 28, and is fearful that the news may create some uneasiness and wishes to prepare for any emergency. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Approved.

Telegraphic reply, approved by five members of the Board on September 30, 1932, to a telegram of that date from Deputy Governor Rounds of the

10/6/32

-10-

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, Croton-on-Hudson, New York, in the amount of \$25,000, for a period of ninety days, with interest at the rate of 5 1/2% per annum, and on the security of miscellaneous bonds with a margin of at least 25%; the advance being desired to meet a steady loss of deposits. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Approved.

Telegraphic reply, approved by five members of the Board on October 3, to letter dated October 1, and telegram dated October 3, 1932, from Deputy Governor Johns of the Federal Reserve Bank of Atlanta 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, Fort Myers, Florida, in the amount of \$30,000, for a period of six months, with interest at the rate of 5 1/2% per annum, and on the security of bills receivable aggregating \$70,161.71; the loan being desired to assist the member bank in meeting the unsettled banking situation in its community as outlined in a letter to the Federal Reserve Bank under date of September 24. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Approved.

Telegraphic reply, approved by three members of the Board on September 30, 1932, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority to purchase from the First National Bank of East Rochester, New York, a tax note of the

10/6/32

-11-

Town of Pittsford, New York, in the amount of \$6,075.49; the reply stating that the Board authorizes the purchase with the understanding that the note meets all requirements of Regulation E except as to the population of the issuing municipality and that the amount offered exceeds 25% of the total outstanding warrants of the municipality.

Approved.

Telegraphic reply, approved by three members of the Board on October 1, to a telegram dated September 30, 1932, from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for the purchase from the Oceanside National Bank, Oceanside, New York, of \$34,000 of tax notes of Union Free School District No. 11, Town of Hempstead, New York; the reply stating that the Board authorizes the purchase with the understanding that the notes meet all requirements of Regulation E except as to the population of the issuing municipality and that the amount offered exceeds 25% of the total outstanding warrants of the municipality.

Approved.

Telegraphic reply, approved by three members of the Board on October 3, 1932, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority to purchase from the Bank of Depew, New York, a tax note of Union Free School District No. 7, Town of Cheektowaga, New York, in the amount of \$10,000; the reply stating that the Board authorizes the purchase with the understanding that the note meets all requirements of Regulation E except that the population of the issuing municipality is less than 10,000 and the amount of the note offered, together with \$15,000 of such notes already held by the New York bank, exceeds 25% of the total outstanding warrants of the municipality.

10/6/32

-12-

Approved.

Letter to Mr. C. E. Calder, New York City, New York, approved by three members of the Board on September 30, 1932, inclosing a permit issued by the Board under the authority of section 8 of the Clayton Anti-Trust Act covering Mr. Calder's service as a director of the National City Bank of New York, and as a director of the First National Bank in Dallas, Texas. The letter stated that the Board is now considering certain general questions affecting a number of applications and permits under the Clayton Act; that some of these questions may have a bearing upon the permit being issued to Mr. Calder; and that the Board may make the permit the subject of further consideration when it has reached its decision upon the general questions referred to.

Approved.

Reply, approved by three members of the Board on September 29, to a letter dated September 15, 1932, from the Federal Reserve Agent at St. Louis, reporting that the receivers of the Bozeman Waters First National Bank, Poseyville, Indiana, and the First National Bank, Chaffee, Missouri, have not, within six months from the dates of their appointment, filed applications for cancellation of the Federal reserve bank stock issued to the banks because it is believed by the receiver of the first bank that there is still a possibility of its reopening, and the receiver of the second bank is of the opinion that the matter of reorganization of that bank will be settled by the last of September; the reply stating that in these circumstances and in view of the agent's recommendation, the Board will not at this time take any action with regard to the cancellation of the Federal reserve bank stock issued to the banks, and requesting the

10/6/32

-13-

agent to make a further report and recommendation to the Board if these cases have not been disposed of within three months.

Approved.

Reply, approved by three members of the Board on September 27, to a letter dated September 21, 1932, from the Federal Reserve Agent at Cleveland, reporting that the First National Bank of Jackson, Kentucky, and the First National Bank of Carrollton, Ohio, have been continuously deficient in their required reserves for periods of six months and six and one-half months, respectively; the reply stating that, in view of the information submitted, the Board will take no action in these matters at this time, other than to forward a copy of the agent's letter to the Acting Comptroller of the Currency for the information of his office. The reply also requested the agent to advise the Board, within a reasonable time, as to whether the banks have restored and are maintaining their required reserves.

Approved.

Reply, approved by three members of the Board on September 30, to a letter dated September 23, 1932, from the Federal Reserve Agent at Cleveland, advising that the First National Bank of Conneautville, Pennsylvania, was continuously deficient in its required reserves for the period of six months ending September 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 Acting 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.

10/6/32

-14-

Approved.

Reply, approved by three members of the Board on September 27, to letters dated September 20 and 21, 1932, from the Federal Reserve Agent at Richmond, relative to the continuous reserve deficiencies of the Citizens National Bank of Parkersburg, West Virginia; the reply stating that the Board is pleased to note from Mr. Hoxton's letter of September 21, that the reserves of the national bank have been restored to the required amount, and that a copy of such letter, together with a copy of the agent's other correspondence, is being forwarded to the Acting Comptroller of the Currency for the information of his office. The reply also requested the agent to advise the Board if the Citizens National Bank of Parkersburg does not continue to maintain its reserves at the required amount.

Approved.

Reply, approved by three members of the Board on September 27, to a letter dated September 20, 1932, from the Federal Reserve Agent at Richmond, reporting that the National Bank of Summers, Hinton, West Virginia, has been continuously deficient in its required reserves during the period of the past six months; 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 Acting Comptroller of the Currency for the information of his office, although it is suggested that, if the agent has not already done so, he consider the advisability of addressing a letter to each of the directors of the bank pursuant to Section IV(b) of the Board's Regulation D. The reply also requested the agent to advise the Board what decision is made on this point and, within a reasonable time, whether the

10/6/32

-15-

bank has restored and is maintaining its required reserves.

Approved.

Reply, approved by three members of the Board on September 27, to a letter dated September 19, 1932, from the Federal Reserve Agent at Minneapolis, relative to the continuous reserve deficiencies of certain banks in the Ninth Federal Reserve District; the reply stating that it is the Board's assumption that the reserve deficiencies of the Drovers State Bank, South St. Paul, Minnesota, and the Citizens and Security National Bank, St. James, Minnesota, have been continuous for six months or more, but that, in view of the information submitted and in accordance with the agent's recommendation, the Board will take no action in these matters at this time, other than to forward a copy of the agent's advice concerning the national bank to the Acting Comptroller of the Currency for the information of his office, although it is suggested that, if the agent has not already done so, he consider the advisability of addressing a letter to each of the directors of these banks pursuant to Section IV(b) of the Board's Regulation D. The reply further stated that, in view of the advice contained in the agent's letter of September 19, with regard to the continuous reserve deficiencies of the First National Bank of Foley, Minnesota, the First National Bank of Swanville, Minnesota, the First National Bank of Egan, South Dakota, and the First National Bank of Conrad, Montana, which have been previously reported to the Board, and in accordance with the agent's recommendation, the Board will take no action concerning these deficiencies at this time other than to forward a copy of the agent's advice regarding their present status to the Acting Comptroller of the Currency

10/6/32

-16-

for the information of his office. The reply also advised that the Board is pleased to note that the reserves of the First National Bank of Iron River, Michigan, previously reported as deficient, have now been restored to the required amount.

Approved.

Letter to the Federal Reserve Agent at San Francisco, approved by three members of the Board on October 3, referring to Assistant Federal Reserve Agent Sargent's letter of September 23, 1932, reporting that the Rigby National Bank, Rigby, Idaho, was continuously deficient in its required reserves during the period of six months ending May 31, 1932; the reply stating that in view of the information submitted the Board will take no action in the matter at this time other than to forward a copy of Mr. Sargent's letter and inclosures to the Acting Comptroller of the Currency for the information of his office. The letter also requested that the agent advise, within a reasonable time, as to whether the bank's reserves have been restored and are being currently maintained.

Approved.

Reply, approved by three members of the Board on September 27, to a letter dated September 13, 1932, from the Federal Reserve Agent at Boston, submitting further information with regard to the fact that the Treasurer of the Union Trust Company of Ellsworth, Maine, who is reported to have been careless and inefficient, has been relieved of all executive authority in accordance with the requirements of the bonding company; the reply stating that in view of the information contained in the agent's letter, it does not appear necessary for the Board to take any further action in this matter, but requesting the agent to advise the Board after the next examination of the trust company what steps have been, or should be, taken to strengthen

10/6/32

-17-

the management which was severely criticized in several previous reports of examination, and to keep the Board currently advised of any corrective action taken by the bank to improve its unsatisfactory condition. The reply further requested the agent to discuss the matter of the payment of dividends by the trust company with the State Banking Department, with the view of obtaining its cooperation in bringing about the necessary correction of the situation as far as possible through the cessation of dividend payments and otherwise.

Approved.

Confidential letter to the Federal Reserve Agent at Minneapolis, approved by three members of the Board on October 3, referring to Assistant Federal Reserve Agent Bailey's letter of September 21, 1932, advising of the steps which have been taken by the State Bank Commissioner of Minnesota in his efforts to improve the unsatisfactory condition of the Drovers State Bank of South St. Paul, Minnesota; the Board's letter submitting, for the guidance of the Federal reserve agent in negotiations with the principal stockholder of the Drovers State Bank, Mr. Otto Bremer, certain confidential information which has come to the Federal Reserve Board through reports of examination of banks located in New York and Chicago, concerning the indebtedness of Mr. Bremer to those banks, together with a brief digest of the comments made by the examiners thereon.

Approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on September 28, replying to a letter dated September 20, 1932, from Assistant Federal Reserve Agent Dillistin, advising that the matter of the application of the Steuben Trust Company, Hornell, New York, for membership in the Federal Reserve System has been discussed with the

10/6/32

-18-

President of that institution, who advised that the trust company has decided to do nothing further regarding its application until the affairs of the institution are in a better condition; the Board's letter stating that, in view of the information submitted, the Board will take no action on the application and will consider the matter closed.

Approved.

Telegraphic reply, approved by the Executive Committee on September 21, under the authority granted by the Board on that date, to a letter dated September 19, 1932, from the Federal Reserve Agent at St. Louis, with regard to the membership in the Federal Reserve System of the Guaranty-Plaza Trust Company, St. Louis, Missouri; the reply stating that the Board has voted that condition No. 3 set forth in its letter of August 19, to the trust company, and amended by its telegram of September 2 to Mr. Wood, be further amended, by adding at the end thereof the following:

"and provided further, that such agreement may stipulate that payments to the bank on account of such guaranty shall be carried in a special bond reserve account for a period of twelve months and that, at the expiration of eighteen months from date of bank's admission to membership, the directors making any such payments may be reimbursed out of such special bond reserve account to an extent not exceeding the net appreciation and/or profit, if any, on such bonds for any actual payments they may have made to the bank on account of such guaranty, the amount of such net appreciation and/or profit to be determined by the Federal Reserve Agent at St. Louis on the basis of the book value of all bonds classified below the four highest grades which were in the bank's portfolio at the time of its admission to membership and on which there was a depreciation at such time as compared with the price actually realized on the sale of any such bonds, the amount received upon the payment of any such bonds, and the appraised market value of any such bonds remaining in the bank's portfolio at the expiration of such eighteen months' period; and any amounts remaining in such special bond reserve account after such reimbursement of directors shall be covered into the general assets of the bank."

10/6/32

-19-

The reply also stated that the Board agrees with the agent that such guaranty must be joint and several; that if he is of the opinion that the financial responsibility of the other directors is adequate for the bank's protection, the Board will not object to the omission from the guaranty of the two directors mentioned in the agent's letter; and that in view of the terms stated in the Board's wire of September 2, it is essential that either the regular counsel for the St. Louis bank or some other attorney regularly engaged in the practice of law approve the form of agreement.

Approved.

Letter to the Citizens State Bank of Dalhart, Texas, approved by three members of the Board on September 30, 1932, advising that the Board has approved the bank's application for membership in the Federal Reserve System and for forty-five shares of the capital stock of the Federal Reserve Bank of Dallas, subject to certain conditions set forth in the letter.

Approved.

Letter to the Federal Reserve Agent at Dallas, approved by three members of the Board on September 28, 1932, advising that, in view of the information submitted in the agent's letter of September 9, and the recommendation of the board of directors of the Federal Reserve Bank of Dallas, the Federal Reserve Board has again deferred decision on the question whether the membership of the Junction State Bank, Junction, Texas, should be terminated under the proceedings previously instituted by the Board, in order that the institution may have a further opportunity to demonstrate its ability to comply with the provisions of the Federal Reserve Act and the Board's regulations. The letter also requested the agent to keep the

10/6/32

-20-

Board currently advised of any important changes which may take place in the condition of the Junction State Bank and, upon completion of the next examination of the institution, to forward to the Board an analysis of the report of examination, together with the recommendation of the board of directors of the Federal reserve bank in the matter.

Approved.

Letter, approved by three members of the Board on September 27, 1932, to the First State Bank, Lorenzo, Texas, referring to the Board's letter to the bank under date of August 2, 1932, with regard to the proceedings instituted by the Board to determine whether the bank's membership in the Federal Reserve System should be terminated, and to the letter addressed by the bank to the Board under date of August 8, stating that the bank waived its right to appear before the Board and that its representative would appear before the Federal Reserve Agent at Dallas. The letter stated that the Board has been advised of the information submitted to the Federal Reserve Agent at Dallas and in accordance with this advice and the recommendation of the board of directors of the Dallas bank, the Board has deferred making a final decision on the question whether the membership of the First State Bank of Lorenzo should be terminated, in order that the bank may have an opportunity to demonstrate its ability to comply with the provisions of the Federal Reserve Act and the Board's regulations. A letter along the same lines, addressed to the Federal Reserve Agent at Dallas and also approved by three members of the Board on September 27, requested that, in accordance with the agent's suggestion, the matter be presented to the board of directors of the Dallas bank for further consideration at their meeting on November 7, 1932, and that a recommendation be submitted to the

10/6/32

-21-

Federal Reserve Board as to the action which should then be taken.

Approved.

Letter to the Newton National Bank, Newton, Iowa, approved by three members of the Board on September 28, 1932, advising that the Federal Reserve Board has approved the bank's application for permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, 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 Iowa; the exercise of all such rights being subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

Approved.

Letter to the Federal Reserve Agent at Kansas City, approved by three members of the Board on September 28, 1932, advising that the Board has considered the application of the First National Bank in Bartlesville, Oklahoma, for permission to exercise certain additional trust powers under the provisions of section 11(k) of the Federal Reserve Act, and that in view of the criticisms set forth in the report of examination of the bank as of April 14, 1932, both in the commercial and trust departments, the Board has deferred action on the application until after another examination of the institution has been made.

Approved.

Reply, approved by three members of the Board on September 30, to a letter dated September 10, 1932, from the Cashier of the State-National

10/6/32

-22-

Bank, Peru, Illinois, requesting that the Federal Reserve Board take no further action upon the bank's application for permission to exercise trust powers; the reply stating that in accordance with the request the Board will take no further action on the application.

Approved.

Letter, approved by three members of the Board on September 28, 1932, to the First-Stroudsburg National Bank, Stroudsburg, Pennsylvania, which institution was formed on September 12, 1932, through consolidation under the Act of November 7, 1918, of The First National Bank of Stroudsburg and The Stroudsburg National Bank, under the charter of the latter bank; the letter transmitting a certificate of the consolidated bank's authority to exercise the fiduciary powers previously granted to the constituent national banks.

Approved.

Letter to Mr. Luther K. Brice, attorney-at-law, Spartanburg, South Carolina, approved by three members of the Board on September 28, replying to his letter of September 20, 1932, with regard to the requirements as to the deposit of securities in the trust department of the First National Bank of Spartanburg, as a condition precedent to the use of trust funds by the bank in the conduct of its business; the Board's letter advising that the provisions of Section VIII of Regulation F permit all securities which comply with the requirements set forth in the regulation to be used as collateral for trust funds awaiting investment or distribution which are deposited in the commercial or savings departments of national banks; that it is unnecessary for national banks to consult the Federal Reserve Board with respect to the use of securities which meet these requirements; and that the Board has not passed upon the use of any specific securities for

10/6/32

-23-

this purpose by the First National Bank of Spartanburg. The letter also stated that the Federal Reserve Board can not properly undertake to determine whether the owner of a certain deposit in the First National Bank would have a claim against bonds and securities set aside by it for the protection of trust estates held in its trust department.

Approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on September 30, 1932, inclosing a copy of a letter dated September 15, 1932, from Mr. H. E. Machold, New York City, New York, requesting, in view of certain improvements in the condition of the Carthage National Exchange Bank, Carthage, New York, that the Federal Reserve Board expedite approval of the application of the institution for full trust powers, and copy of the Federal Reserve Board's reply thereto, also approved by three members of the Board on September 30; the reply stating that the application was given very careful consideration by the Board but in view of all the circumstances, and in line with its usual policy where similar situations exist, the Board felt compelled to defer action until the results of the next examination, which the office of the Comptroller of the Currency advises will be made at an early date, are available. The letter to the Federal Reserve Agent at New York called attention to the statement contained in Mr. Machold's letter that the national bank was advised by a representative of the board of directors of the New York bank that the member bank's application received favorable action by the New York board in May, but that action had been withheld by the Federal Reserve Board to await a subsequent examination of the condition of the bank, and suggested that when occasion arises for advising an applicant as to the status of an

10/6/32

-24-

application it would serve the purpose adequately if the applicant were informed simply that the application had been transmitted to the Board, together with an appropriate statement of the Board's action thereon, without indicating the nature of the recommendation submitted to the Board or whether the Board's action was in accord therewith.

Approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on September 28, referring to Assistant Federal Reserve Agent Dillistin's letter of September 2, 1932, with which was transmitted a request of the Union Trust Company, Endicott, New York, for permission to hold in its assets three small lots of bank stock purchased by it in violation of one of the conditions under which the company was admitted to membership in the Federal Reserve System; the Board's letter stating that the Board has considered the matter in the light of the information submitted, and requesting the agent to advise the Union Trust Company that the Board does not look with favor upon the acquisition of stocks of other banks and trust companies, but will raise no objection for the time being to the retention in the assets of the trust company of the shares of stock referred to.

Approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on October 1, referring to Assistant Federal Reserve Agent Dillistin's letter of September 26, 1932, inclosing copies of correspondence with the President of the Ogdensburg Trust Company, Ogdensburg, New York, relative to that company's noncompliance with a condition of membership requiring it to obtain and maintain adequate credit data in

10/6/32

-25-

connection with unsecured loans, and the holding by the institution of its own stock as collateral to loans. The Board's letter noted the statement of the President of the trust company that since the date of the last examination considerable progress has been made by the trust company in the accumulation of current credit data, and stated that in the circumstances outlined the Board will take no action at this time with regard to the stock of the trust company held by it as collateral to loans, although the Board will expect the bank to keep the matter constantly in mind and to dispose of such stock as soon as it is practicable to do so. The letter also requested that the agent advise the Board of the status at the time of the next examination of the matter last referred to, together with his recommendation in the premises, and that he report at that time the progress made by the institution in obtaining adequate credit data in connection with its unsecured loans.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by three members of the Board on September 27, referring to Assistant Federal Reserve Agent Young's letter of September 14, 1932, in connection with the analysis of the report of examination, as of March 14, 1932, of the Fayette Bank and Trust Company, Connersville, Indiana; the Board's letter stating that, in view of the information contained in Mr. Young's letter, the Board will take no action at this time in the matter of the member bank's carrying 38 7/32 shares of its own stock subscribed for by employees of the bank, which have now been trusteeed and which the bank has promised to dispose of within one year. The letter also requested that at the time of the next examination of the bank, which it is assumed will be made within

10/6/32

-26-

the next few months and in which a representative of the Federal reserve bank will participate, the agent determine the status of the stock and advise the Board fully in regard thereto, with his recommendation in the premises.

Approved.

Letter to the Federal Reserve Agent at Cleveland, approved by three members of the Board on September 28, referring to the fact that the analysis of the report of examination of the Erie County Banking Company, Vermilion, Ohio, as of August 16, 1932, discloses that the company was holding 10 shares of its own stock as side collateral to a loan and that apparently such stock has been held for a period of several years; the letter requesting the Federal reserve agent to advise the company that it should eliminate this loan or otherwise secure the same within a reasonable time, and to inform the Board as soon as possible as to the disposition the institution proposes to make of this matter. The letter also requested the agent to take up with the bank and advise the Board regarding a loan in excess of the limitations prescribed by the State law which apparently has also been carried as such by the bank for several years.

Approved.

Reply, approved by three members of the Board on September 28, to a letter dated August 24, 1932, from Assistant Federal Reserve Agent Fletcher of the Federal Reserve Bank of Cleveland with regard to the manner in which the Central Trust Company of Cincinnati, Ohio, should report \$616,400 of real estate mortgage bonds sold to customers with a guaranty of payment by the Pearl Market Bank and Trust Company of Cincinnati, later absorbed by the Central Trust Company; the reply stating that if the

10/6/32

-27-

mortgage bonds in question were not issued by the Pearl Market Bank and Trust Company but had been purchased and were owned by it at the time of sale to the bank's customers, the liability assumed by the Central Trust Company should be reported as a contingent liability in Schedule C of the call report form, but that if mortgage bonds were issued by the Pearl Market Bank and Trust Company against which real estate mortgages were held by it or by another for its account as trustee, the amount of the liability of the Central Trust Company thereon should be shown in condition reports against the liability item, "Mortgage Bonds and Participation Certificates Outstanding", while the real estate mortgages pledged against such bonds and participation certificates should be included in the resources item, "Loans and Discounts".

Approved.

Letter to the Federal Reserve Agent at Kansas City, approved by three members of the Board on October 5, referring to the Board's letter of August 18, 1932, and the agent's reply of August 23, and inclosing a copy of a letter addressed to the Deputy Comptroller of the Currency under date of September 24, 1932, by the board of directors of the Miami County National Bank, Paola, Kansas; the letter stating that the Board would be interested in any comments which the agent may care to submit, after consultation with the chief national bank examiner, as to the progress which is being made by the bank, as reported in the letter, and the explanation contained therein of the matters referring particularly to President Frank W. Sponable.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by three

10/6/32

-28-

members of the Board on October 4, referring to the agent's letter of September 7, 1932, with further regard to the reduction of the capital stock of the Wheaton Trust and Savings Bank of Wheaton, Illinois, from \$100,000 to \$50,000. The Board's letter stated that since the bank is not complying with the capital requirements of the Federal Reserve Act, the Board can not properly approve the reduction in the bank's capital nor permit the existing situation to continue indefinitely; that it will be necessary for the bank to increase its capital to not less than \$100,000 as soon as it is feasible to do so, but that in view of the unanimous recommendation of the board of directors of the Chicago bank, and in view of the improvements made in the bank's condition, the Federal Reserve Board, in the exercise of its discretion, will not require the bank to terminate its membership at this time, although the Board reserves the right to take any action at any time with regard to this matter which seems advisable in the circumstances then existing, but that it will not take final action without first notifying the bank and granting it an opportunity to be heard. The letter further requested that, in the event the bank's capital is not restored to at least \$100,000 within six months, the agent advise the Board as to the condition of the bank at that time; what steps, if any, have been taken to provide for an increase in capital; and what action, if any, the agent and the board of directors of the Chicago bank recommend.

Approved.

Letter to the Director General of the Institute of Scrap Iron and Steel, Inc., New York, New York, approved by three members of the Board on September 23, referring to his letter of September 9, 1932, inquiring as to commodities which are considered merchantable and discountable by the Federal

10/6/32

-29-

Reserve Board; the letter stating that it is assumed by the Board that the inquiry relates to commodities which may be regarded as "readily marketable staples" within the meaning of certain provisions of Section 13 of the Federal Reserve Act, and that the Board has from time to time passed upon questions as to whether certain specific commodities are to be regarded as readily marketable staples within the meaning of these provisions of law, but it has not prepared a list of commodities which may be so classified and has not had occasion to consider the question whether scrap iron and steel are readily marketable staples. The letter also inclosed a copy of the Board's Regulation A calling attention to the definition of a readily marketable staple contained therein.

Approved.

Reply, approved by three members of the Board on October 3, to a letter dated September 20, 1932, from Mr. Earle R. deMoney, Buffalo, New York, suggesting that claims of salesmen for deferred payments of commissions on sales be considered a proper basis for the extension of credit; the reply stating that the advisability of extending credit of this character is one of banking policy to be determined in the exercise of sound judgment by the directors and officers of each bank, that the Board is not vested with authority to determine the course which the banks should follow with respect to this matter, and that, accordingly, the Board has not had occasion to give consideration to the question and is not in a position to express any opinion concerning it.

Approved.

Reply, approved by three members of the Board on September 27, to letters dated September 17 and 23, 1932, from Mr. R. H. Switzler, Vice

10/6/32

-30-

President and General Manager of the St. Louis Refrigerating and Cold Storage Company, St. Louis, Missouri, with regard to the appointment of a special committee of the Association of Refrigerated Warehouses for the purpose of obtaining a hearing before the Board with reference to the eligibility for rediscount of the paper of customers of cold storage companies; the reply stating that it is understood from Mr. Switzler's second letter that no hearing is desired by the committee in view of the fact that there is still in force and recognized by all Federal reserve banks the ruling of the Board published on page 308 of the Federal Reserve Bulletin for March, 1921, that notes of the customers of a cold storage company, representing loans made to them by the company, are eligible for rediscount if the customers have used or are to use the proceeds for agricultural or commercial purposes and if the notes comply in other respects with the law and the regulations of the Board.

Approved.

Telegram to the Governor of the Federal Reserve Bank of Dallas, approved by three members of the Board on September 28, referring to his letters of August 30 and September 20, 1932, and advising that the Board is of the opinion that a note of the Verhalen Nursery Company, Scottsville, Texas, the proceeds of which have been or are to be used by it for the production or marketing of products such as those referred to in a letter addressed by the company to Deputy Governor Gilbert of the Dallas bank under date of September 9, 1932, or for the carrying of such products by the company pending orderly marketing, is a note given for an agricultural purpose within the meaning of the Federal Reserve Act and the Board's Regulation A, and that such a note, if it complies in other respects with

10/6/32

-31-

the requirements of eligibility, may be discounted by a Federal reserve bank with a maturity not in excess of nine months. The telegram also stated that a bill of exchange drawn by the company on a purchaser of its products and accepted by such purchaser arises out of a commercial transaction and may not properly be classified as agricultural paper, although such an acceptance, if otherwise eligible, may be discounted by a Federal reserve bank when its maturity is not in excess of ninety days.

Approved.

Circular letter to the Governors of all Federal reserve banks, approved by three members of the Board on October 3, 1932, inclosing a copy of a letter received from the Chief of the Bureau of Agricultural Economics of the Department of Agriculture under date of September 28, 1932, advising of the extension of the Bureau's commercial grading service to include canned fruits and vegetables.

Approved.

The Secretary was requested to bring the matter to the attention of the Governors at their forthcoming conference as one of the topics of discussion with the suggestion that they take the necessary steps to call the service to the attention of their member banks.

Letter to Mr. J. Van Cartmell, Executive Vice President of the Lawrence Warehouse Company, Chicago, Illinois, and letter to Mr. N. A. Olsen, Chief of the Bureau of Agricultural Economics of the Department of Agriculture, both approved by four members of the Board on September 23, 1932, with further regard to the question whether certain warehouse receipts proposed to be issued by that company for goods stored in warehouses leased from the Southern Idaho Bean Growers Cooperative Association would comply with the requirements of the Federal Reserve Act and the Board's

10/6/32

-32-

306

Regulations with reference to warehouse receipts securing bankers' acceptances drawn to finance the storage of readily marketable staples; the letters stating that, notwithstanding the fact that the Lawrence Warehouse Company has withdrawn its request for a reconsideration by the Department of Agriculture of certain questions pertaining to its operations, the Board has continued its consideration of the question whether such warehouse receipts comply with the requirements of the Federal Reserve Act and the Board's regulations because it appears that some of the Federal reserve banks may have discounted or purchased bankers' acceptances secured by receipts issued under similar circumstances and that the Lawrence Warehouse Company has advertised that credits based on its field warehouse receipts are eligible for rediscount at Federal reserve banks. The letters also stated that in connection with its investigation of this matter the Board has consulted with several of the Federal reserve banks, has carefully considered the information furnished by the Lawrence Warehouse Company and its attorneys and the arguments made by them, together with information received from other sources, and after studying all of the information received on the subject, is of the opinion that bankers' acceptances issued against receipts such as those proposed to be issued in the name of the Lawrence Warehouse Company under the arrangements entered into between that company and the Southern Idaho Bean Growers Cooperative Association are not eligible for rediscount at Federal reserve banks, because it is doubtful whether such receipts comply with the requirements of section 13 of the Federal Reserve Act that warehouse receipts securing bankers' acceptances drawn to finance the storage of readily marketable staples must convey or secure title to such staples, and because such receipts do not, in the Board's judgment, comply with the requirements of section XI of the Board's

10/6/32

-33-

Regulation A that warehouse receipts securing such bankers' acceptances must be "issued by a party independent of the customer". The letter further stated that in giving expression to this opinion the Board is not undertaking to pass upon the merits of field warehousing in general, either as conducted by the Lawrence Warehouse Company or by any other company, and that the Board's opinion relates solely to warehouse receipts such as those proposed to be issued under the arrangements entered into between the Lawrence Warehouse Company and the Southern Idaho Bean Growers Cooperative Association.

Letters approved, together with letters, also approved by four members of the Board on September 23, to the attorneys for the Lawrence Warehouse Company, Deputy Governor Kenzel of the Federal Reserve Bank of New York, the Governor of the Federal Reserve Bank of Chicago, and the Governor of the Federal Reserve Bank of San Francisco, each inclosing a copy of the letter addressed to the Executive Vice President of the Lawrence Warehouse Company.

A circular letter to the Federal Reserve Agents at all Federal reserve banks, approved by four members of the Board on September 24, asking for the agent's views as to the advisability of publishing in the Federal Reserve Bulletin a ruling on the question considered in the correspondence above referred to, was also approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on September 30, 1932, stating that in going over the discount schedules recently received from the New York bank covering advances under Section 10(b) and the third paragraph of Section 13 of the Federal Reserve Act, it has been noted that in all cases of schedules that include any paper discounted for individuals, partnerships or corporations, the acknowledgement of the receipt of the paper by the Assistant Federal Reserve Agent has an appended note stating that the paper discounted for individuals, partnerships, and corporations is not eligible to secure

10/6/32

-34-

Federal reserve notes. The letter stated that such paper is eligible as collateral security for Federal reserve notes to the same extent as paper discounted for member banks under other provisions of section 13, and requested that the agent furnish the Board with revised recapitulation sheets covering, with the exception of one case in which the paper was not eligible because of its maturity, all such loans made by the New York bank; also, that a number of questions have arisen from time to time in the past regarding the preparation of schedules covering advances made by the New York bank under the provisions of section 10(b) and the third paragraph of section 13 of the Federal Reserve Act and that, as it is particularly important that the Board's records in connection with these loans should correspond in each instance with the law and contain all the information requested by the Board, it would be helpful if some officer of the bank were charged with the duty of reviewing the schedules carefully before they are submitted to the Board.

Approved.

Letter to the Federal Reserve Agent at Richmond, approved by three members of the Board on September 28, referring to Assistant Federal Reserve Agent Fry's letter of September 16, 1932, relative to the furnishing to the Richmond Loan Agency of the Reconstruction Finance Corporation of information regarding the condition of member banks in the Fifth Federal Reserve District contained in the confidential sections of examination reports. The letter referred to the general policy of the System in the matter of granting access to reports of examination; to the circular letter which the Board addressed to all Federal reserve agents under date of March 9, 1932, with regard to the furnishing of information to the local agencies of the

10/6/32

-35-

Reconstruction Finance Corporation, and to the confidential Loan Agency Bulletin No. 2 of the Corporation. It stated that, in view of the fact that the confidential sections of reports of examination often contain the most valuable information regarding the condition and management of the banks, it would seem that to detach the confidential sections before making such reports available to representatives of the Reconstruction Finance Corporation would be inconsistent with the purposes of the law which authorizes the Federal reserve banks to make such reports available to the corporation, but that it is apparent from the statements contained in Mr. Fry's letter that the number of persons who have access to the information contained in reports furnished by his office to the Richmond agency of the corporation is not sufficiently restricted, and that the necessity exists for prompt action on the agent's part to review the situation and to determine, in consultation with the manager of the agency, the exact persons connected with the agency who may properly have access to such reports and such limitations upon the use of the information contained therein as may seem necessary.

Approved.

Memoranda from Counsel dated September 21 and 23, 1932, approved by three members of the Board on September 28, 1932, recommending that there be published in the next issue of the Federal Reserve Bulletin a supplementary statement regarding the branch banking situation in Virginia based on additional information received from the Federal Reserve Bank of Richmond in connection with the statement as to changes in the law of the several states relative to branch banking which appeared in the July issue of the Bulletin, and also the recent ruling of the Board that funds collected by banks and held for remittance to the Collector of Internal Revenue in

10/6/32

-36-

accordance with the requirements of the Revenue Act of 1932, with respect to the tax on checks, drafts or orders for the payment of money, are not subject to the reserve requirements of the Federal Reserve Act.

Approved.

Letters to the Governors of the Federal Reserve Banks of Richmond and Kansas City, approved by three members of the Board on September 23, 1932, calling attention to the fact that those two districts are now the only ones in which progressive penalties are being assessed against member banks for continued deficiencies in reserves, and stating that in the circumstances the banks may wish to give further consideration to this matter, and that if they should desire to discontinue the assessment of progressive penalties, the Board will be glad to give consideration to a request that this be done. The letter to the Governor of the Richmond bank stated that in any consideration of this subject it is suggested that the bank's counsel be consulted with regard to the question whether the discontinuance of the assessment of progressive penalties in the Fifth Federal Reserve District would in any way adversely affect the interests of the bank in any pending litigation in which it is involved, with particular reference to cases arising out of the closing of member banks in New Bern, North Carolina.

Approved.

Telegraphic reply, approved by three members of the Board on September 30, to a letter dated September 26, 1932, from the Governor of the Federal Reserve Bank of Kansas City referring to the Board's letter of September 23, and requesting that the Board consent to the Kansas City bank discontinuing, as of October 1, 1932, the assessment of progressive penalties for continued deficiencies in reserves of member banks; the reply stating that

10/6/32

-37-

the Board discontinues, effective October 1, 1932, the progressive penalties heretofore in effect in the Tenth Federal Reserve District, and that the assessment of progressive penalties should not be resumed by the Kansas City bank except after application to the Federal Reserve Board.

Approved.

Letter to the Governor of the Federal Reserve Bank of San Francisco, approved by three members of the Board on September 28, referring to Cashier Hale's letters of September 14, 1932, and advising that the Federal Reserve Board interposes no objection to the action taken by the Federal Reserve Bank of San Francisco in the establishment of currency depots at Boise and Twin Falls, Idaho, through the shipment of \$500,000 of currency to Boise on August 31, 1932, and \$200,000 to Twin Falls on the same date, the Boise supply being supplemented by an additional shipment of \$500,000 on September 1; the letter noting that the Twin Falls depot was terminated on September 7, through the return of the \$200,000 in currency to the Salt Lake City Branch, and that at Boise \$125,000 of currency was withdrawn by member banks, \$375,000 was returned to the Salt Lake City Branch on September 9, and it is expected that the remaining \$500,000 will remain in the depot for a temporary period until definite determination is made as to the possibility of reorganizing the First National Bank of Idaho at Boise. The letter also advised that it would be appreciated if, in any case of this kind in the future where advance information can not be furnished to the Board, a report of the action taken be made by telegraph in order that the Board may be currently advised.

Approved.

10/6/32

-38-

Letter to the Chairman of the Federal Reserve Bank of Cleveland, approved by three members of the Board on September 30, referring to the Chairman's reply of September 14 to the Board's letter of August 26, 1932, relative to the matters discussed with the officers of the bank by the examiners in connection with the examination as of May 28, 1932; the Board's letter stating that it would appear that when Canadian currency is selling at a substantial discount it is particularly desirable that all Federal reserve banks should continue to offer their facilities to member banks for the collection and conversion of such currency into United States funds at the most favorable rate of exchange obtainable. The letter also requested further advice as to certain other matters referred to in the Board's letter of August 26.

Approved.

Letter to the Chairman of the Federal Reserve Bank of San Francisco, approved by three members of the Board on September 27, referring to his letter of September 1, 1932, in which he advised the Board with regard to adjustments and changes which have been made as a result of the comments of the Board's examiners in the report of their examination of the San Francisco bank as of April 2, 1932; the letter stating that the Board would appreciate advice as to whether its understanding as to the action taken on certain matters is correct.

Approved.

Replies, approved by three members of the Board on October 4, 1932, to letters received from bankers in Durant, Madill, Colbert and Mill Creek, Oklahoma, referring to a proposal to request the transfer to the Tenth

10/6/32

-39-

Federal Reserve District of certain counties in Oklahoma which are now in the territory of the Eleventh Federal Reserve District, and protesting against such a change; the replies stating that such a transfer will be considered by the Board only when submitted to it by the Federal Reserve Banks of Dallas and Kansas City with their recommendations, and that no representations on the subject have been received from those banks. The replies also stated that copies of the letters received by the Board are being forwarded to the Governors of the Federal Reserve Banks of Dallas and Kansas City for their information in connection with any consideration they may be giving to the matter.

Approved.

Reports of Standing Committee dated September 20 and 21, 1932, recommending approval of the following changes in stock at Federal reserve banks; the recommendations having been approved by three members of the Board on October 3, 1932:

<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 10.</u>		
Colorado Bank and Trust Company of Delta, Delta, Colorado. (Increase in surplus)	1	
First National Bank, Anthony, Kansas. (Increase in surplus)	1	
Sundance State Bank, Sundance, Wyoming. (Increase in surplus)	<u>6</u>	8
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 4.</u>		
First National Bank, Jenkins, Ky. (Insolvent)	75	
Crawford County Trust Company, Meadville, Penna. (Decrease in surplus)	<u>60</u>	135
<u>District No. 5.</u>		
First National Bank of Mannington, Mannington, W. Va. (V.L.Suc. by First Exchange Bank, nonmember)	60	

10/6/32

-40-

<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 5. (Cont'd)</u>		
First and Peoples National Bank of Gate City, Va. (Cons. of Peoples National Bank and First National Bank)	20	80
<u>District No. 7.</u>		
First National Bank, Ackley, Iowa. (Insolvent)	36	36
<u>District No. 8.</u>		
Henderson National Bank, Henderson, Kentucky. (Insolvent)	156	156
<u>District No. 9.</u>		
Columbia National Bank, Columbia Heights, Minn. (Insolvent)	18	18
<u>District No. 11.</u>		
The First National Bank of Decatur, Texas. (V.L. Suc. by The First National Bank in Decatur)	78	78
<u>District No. 12.</u>		
City National Bank, San Francisco, California. (V.L.Abs. by Pacific National Bank)	405	
First National Bank, Silverton, Oregon. (Insolvent)	30	435
	Total	938

Approved.

Reports of Standing Committee dated September 22, 23, October 1, 3,
and 4, 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>		
The Weston National Bank, Weston, W. Va.	90	
First National Bank in Henderson, N. C.	72	162
<u>District No. 6.</u>		
Hamilton National Bank, Johnson City, Tenn.	180	180
	Total	342

Applications for ADDITIONAL Stock:

<u>District No. 2.</u>		
First National Bank of Fleischmanns, Fleischmanns, New York. (Increase in capital and surplus)	18	18

10/6/32

-41-

<u>Applications for ADDITIONAL Stock: (Cont'd)</u>		<u>Shares</u>	
<u>District No. 7.</u>			
Clay County National Bank, Spencer, Iowa.			
(Increase in surplus)		3	3
		<u>3</u>	<u>21</u>
<u>Applications for SURRENDER of Stock:</u>			
<u>District No. 2.</u>			
First National Bank, Kenmore, N. Y. (Decrease in surplus)	300		
Citizens National Bank, Freeport, New York. (Decrease in surplus)	<u>60</u>	360	
<u>District No. 3.</u>			
Springfield National Bank, Springfield, Pa. (Insolvent)	45	45	
<u>District No. 4.</u>			
First National Bank, Cairnbrook, Pa. (Insolvent)	30		
First National Bank, Yukon, Pa. (Insolvent)	27		
Citizens National Bank, Indiana, Pa. (Insolvent)	<u>45</u>	102	
<u>District No. 5.</u>			
Twin City National Bank, Bluefield, Va. (Insolvent)	35		
Grayson County National Bank of Independence, Independence, Va. (Cons. of Grayson County National Bank of Independence, Va. and First National Bank of Troutdale, Va.)	<u>18</u>	53	
<u>District No. 6.</u>			
First National Bank, Sevierville, Tenn. (Insolvent)	45	45	
<u>District No. 7.</u>			
Spencer National Bank, Spencer, Indiana. (Insolvent)	45		
First National Bank in Sioux Rapids, Iowa. (Insolvent)	33		
National Bank of Commerce, Milwaukee, Wisconsin. (V.L.Abs. by First Wisconsin National Bank)	<u>720</u>	798	
	<u>Total</u>	<u>1,403</u>	

Approved.

Reports of Standing Committee dated September 29 and 30, 1932,
recommending approval of the following Clayton Act applications:

Mr. Samuel B. Meisenhelder, for permission to serve at
the same time as director of the York Trust Company of York,
Pennsylvania, and as director of the Dillsburg National Bank
of Dillsburg, Pennsylvania.

10/6/32

-42-

Mr. Guy W. Moore, for permission to serve at the same time as director and officer of the Luzerne National Bank of Luzerne, Pennsylvania, and as director of the Miners Bank of Wilkes-Barre, Pennsylvania.

Mr. Craig B. Hazlewood, for permission to serve at the same time as director and officer of the First National Bank of Chicago, Illinois, and as director and officer of the Lake Shore Trust and Savings Bank of Chicago, Illinois.

Approved.

Thereupon the meeting adjourned.

Wester Merrill
Secretary.

Approved:

Raymond T. Magee
Chairman, Executive Committee.