

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Tuesday, October 11, 1932, at 12:10 p. m.

PRESENT: Governor Meyer  
Mr. Hamlin  
Mr. Magee

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

The following matters were considered and acted upon by the Committee:

Letter dated October 6, 1932, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated October 6, 1932, from the Chairmen of the Federal Reserve Banks of Kansas City and San Francisco, and October 7, 1932, from the Secretary of the Federal Reserve Bank of Cleveland, all advising that at meetings of the boards of directors on the dates stated no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegraphic reply, approved by five members of the Board on October 6, 1932, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for the renewal, in the reduced amount of \$46,000, for a period of ninety days, with interest at the rate of 5 1/2% per annum, and on the security of miscellaneous collateral, unsecured notes and domestic bonds with a margin of at least 25%, of the advance made by the Federal Reserve Bank of New York, in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Cornwall National Bank, Cornwall, New York; Deputy Governor Rounds stating that conditions have not improved sufficiently to warrant repayment of the entire loan. The reply stated that the Board authorizes the renewal sub-

10/11/32

-2-

ject to the terms and conditions recommended.

Approved.

Telegraphic reply, approved by five members of the Board on October 7, 1932, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for a renewal, in the reduced amount of \$482,942, for a period of ninety days, with interest at the rate of 5 1/2% per annum, and on the security of miscellaneous stocks and bonds and unsecured notes with a margin of at least 25%, of the advance made by the Federal Reserve Bank of New York, in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, to the Peoples Bank and Trust Company, Passaic, New Jersey; Deputy Governor Rounds stating that the bank is experiencing continued withdrawals and is not in a position to repay the loan at this time. The reply stated that the Board authorizes the renewal of the advance subject to the terms and conditions recommended.

Approved.

Telegraphic reply, approved by five members of the Board on October 8, to a letter dated October 6, 1932, from the Governor of the Federal Reserve Bank of Atlanta transmitting an application filed by the American Bank and Trust Company, New Orleans, Louisiana, for an extension for ninety days, in the reduced amount of \$425,264.85, of the time of payment of the advance made to the bank by the Federal Reserve Bank of Atlanta, in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended; the extension being desired to meet conditions very similar to those existing at the time the loan was originally made. The reply stated that the Board interposes no objection to the continuance of the advance without demand for pay-

10/11/32

-3-

ment, in the reduced amount, payable on demand, with interest at the rate of 5 1/2% per annum payable monthly, and requested that in the event the advance is not repaid nor demand for payment made within ninety days from September 15, 1932, 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 Atlanta, justify the bank in continuing the advance without demand for payment.

Approved.

Telegraphic replies, approved by three members of the Board on October 8, to telegrams dated October 7, 1932, from Assistant Deputy Governor Gidney of the Federal Reserve Bank of New York, requesting authority to purchase from the Caldwell National Bank, Caldwell, New Jersey, \$30,000 of tax revenue notes of the Borough of Caldwell, and from the First National Bank, Midland Park, New Jersey, \$25,000 of tax anticipation notes of the Borough of Midland Park; the replies stating that the Board authorizes the purchases with the understanding that the notes offered meet all requirements of Regulation E except that the populations of the respective issuing municipalities are less than 10,000 each and that the amount of the notes offered in each case exceeds 25% of the total outstanding warrants of the municipality. The reply with regard to the purchase from the Caldwell National Bank stated that it appears that the notes of the Borough of Caldwell purchased from the national bank under the authority of the Board's telegram of July 6, 1932, have been repurchased, and requested advice as to whether or not such is the case.

Approved.

10/11/32

-4-

Telegraphic reply to a letter dated October 8, 1932, from the Federal Reserve Agent at Richmond transmitting, with the favorable recommendation of the executive committee of the Richmond bank, the application of the South Carolina National Bank of Charleston, South Carolina, for an extension for another six months of the permission previously granted by the Board to rediscount paper bearing the signature or indorsement of the South Carolina State Bank, a nonmember; the reply stating that the Board extends for a further period of six months from October 12, 1932, the authority granted to the Richmond bank, in its discretion, to rediscount for the national bank, good and eligible paper acquired from or bearing the signature or indorsement of the nonmember State bank.

Approved.

Renewal bond in the amount of \$100,000, executed on September 30, 1932, by Mr. John R. Mitchell as Federal Reserve Agent at the Federal Reserve Bank of Minneapolis.

Approved.

Memorandum dated October 10, 1932, from Mr. Leo H. Paulger, Chief of the Division of Examinations, recommending the employment as his Secretary of Mrs. Marguerite C. Maynard, with salary at the rate of \$2,100 per annum; the appointment to be effective as soon as Mrs. Maynard takes the oath of office.

Approved.

Report of the Committee on Salaries and Expenditures on a letter dated October 3, 1932, from the Chairman of the Federal Reserve Bank of Dallas requesting approval of a change in the personnel classification plan of the bank to provide for the new position of "Assistant Custodian"

10/11/32

-5-

in the Reconstruction Finance Corporation Department of the bank; the Board's Committee recommending approval.

Approved.

Replies to letters dated October 3, 1932, from the Federal Reserve Agent at Dallas reporting that the First National Bank, Harlingen, Texas, and the First National Bank, Perryton, Texas, were continuously deficient in their required reserves for the period of six and six and one-half months, respectively, ending September 15, 1932; the replies stating that in view of the information submitted and in accordance with the agent's recommendations, the Board will take no action in the matters at this time other than to forward copies of the agent's letters to the Acting Comptroller of the Currency for the information of his office. The letters also requested that the agent advise the Board, within a reasonable time, as to whether the banks have restored and are maintaining their required reserves.

Approved.

Reply to a memorandum dated September 27, 1932, from the Acting Comptroller of the Currency recommending approval of the application filed by the First National Bank of Lavonia, Georgia, for permission to reduce its capital from \$80,000 to \$50,000, the funds thus released to be returned to the shareholders; the reply stating that the Board approves the proposed reduction with the understanding that the reduction will be authorized by the vote of shareholders owning two-thirds of the stock of the national bank and on condition that before the reduction becomes effective the liabilities of the national bank for circulation outstanding will be reduced to an amount not in excess of \$50,000.

Approved.

10/11/32

-6-

Reply, approved by three members of the Board on October 7, to a letter dated September 28, 1932, from the Governor of the Federal Reserve Bank of Chicago, stating that incidental expenses of the Banking and Industrial Committee of that district, aggregating \$305.87, had been absorbed by the bank, and that, with a view to cooperating with the committee to the fullest possible extent, the Governor had agreed, subject to the concurrence of the board of directors and with the understanding that the Federal Reserve Board in Washington would be fully apprised, to furnish the committee suitable quarters in the bank building, to assign to the committee from the bank's organization such help as circumstances would warrant, and to defray the expenses involved in the employment of some assistance from the outside. The reply referred to the Board's letter of September 21, 1932, to the Chairman of the Federal Reserve Bank of Boston and to the practice outlined in that letter as having been adopted by the Federal Reserve Bank of New York in connection with the expenses of the Banking and Industrial Committee in that district, which it is believed is entirely practicable and to which no reasonable objection can be made. The letter stated that in the circumstances if in the judgment of the directors of the Chicago bank the existing personnel of the bank is not adequate for the purpose and it should become necessary to incur additional expenses for the employment of help in furtherance of the purpose for which the Banking and Industrial Committee was appointed, the employments involved should be handled either under the provisions of the existing classification plan if applicable or as appraised positions which must be covered by the submission in advance of the specific recommendation of the board of directors and approval by the Federal Reserve Board before the payment of the salaries involved would become effective.

10/11/32

-7-

Approved.

Letter to Mr. Karl E. Prickett, National Bank Examiner, approved by three members of the Board on October 4, 1932, and letter to Mr. W. J. Evans, Assistant Federal Reserve Agent at Dallas, approved by three members of the Board on October 8, 1932, with regard to the examination of the Paris and Mexico City offices of The Chase Bank as of the close of business October 15, 1932. The letter to Mr. Prickett referred to the authority granted to him by the Board on September 5, 1930, to examine the Paris offices of The Chase Bank and stated that he is further authorized, if in his judgment it is advisable to do so, to use such members of the auditing force of The Chase Bank and/or of the Chase National Bank as may be made available to him for the purpose without compensation from the Federal Reserve Board, it being understood that the acceptability of the work of these auditors rests entirely with Mr. Prickett; that such assistance if utilized will be confined to the mechanical part of the examination with test checks on the work performed by the auditors being made by Mr. Prickett, and that all reconcilements will be checked by him. The letter also stated that, if in the judgment of Mr. Prickett, the assistance which can be obtained from the sources mentioned is not sufficient or satisfactory he may arrange, under procedure outlined, for the employment of outside accountants from a firm of recognized standing for such periods as he may deem necessary. The letter to Mr. Evans inclosed a commission authorizing him to conduct for and on behalf of the Board an examination of the Mexico City office of The Chase bank as of the close of business on October 15, 1932, and outlined in a general way the matters to be covered by the examination. The letter also requested that when the report of the examination is forwarded to the Board, Mr. Evans also return for

10/11/32

-8-

cancellation the temporary commission issued to him.

Letters approved, together with a letter to the Federal Reserve Agent at Dallas also approved by three members of the Board on October 8, inclosing the letter to Mr. Evans and stating that the expenses incurred by the latter in conducting the examination are to be reimbursed to the Dallas bank by the Board, which will assess them against The Chase Bank in connection with the expenses incurred in examining other offices of the institution.

Telegraphic reply, approved by three members of the Board on October 7, to a letter dated October 6, 1932, from the Governor of the Federal Reserve Bank of New York, stating that the National Bank of Hungary has advised that its free foreign exchange holdings are practically exhausted and its gold reserves so reduced that their present use for repayment of any part of the credits to the National Bank of Hungary which expire on October 18, 1932, would entail grave risk for the bank and seriously endanger the maintenance of the internal value of the Hungarian currency, that the National Bank of Hungary has requested a further renewal of these credits in full for a period of three months ending January 18, 1933, and that the board of directors of the New York bank, at its meeting on October 6, voted, subject to the approval of the Federal Reserve Board, to authorize the officers of the bank to arrange for the renewal for a period not exceeding three months of the bank's participation in the credits, provided the other principal participants in the credits likewise extend their participations. The reply stated that the Board offers no objection to the action of the directors, it being understood that the renewals will be made upon the same terms and conditions as govern the existing credits.

Approved.

Telegraphic reply to a letter dated October 10, 1932, from the Governor



10/11/32

-9-

of the Federal Reserve Bank of New York stating that the Austrian National Bank has requested that the central bank credit to that institution be renewed in full for a further three months on the existing terms and conditions, advising that, in view of the continuing difficulty of its foreign exchange position, repayment of any part of the credit is impracticable at this time, although the proposed renewal would carry with it the provisions incorporated in the last previous renewal that the credit would be repaid if and when the funds resulting from the loan to the Austrian Government, now under negotiation, are placed at the disposal of the Austrian Government or of the Austrian National Bank. The letter also stated that at the meeting of the executive committee of the board of directors of the New York bank, held on October 10, it was voted, subject to the approval of the Federal Reserve Board, to authorize the officers of the bank to arrange for the renewal, for a period not exceeding three months, of the bank's participation in the credit to the Austrian National Bank which expires on October 17, 1932, provided the other principal participants in the credit likewise extend their participations. The reply stated that the Board offers no objection to the action of the directors of the New York bank, it being understood that the renewal will be made upon the same terms and conditions as govern the existing credit.

Approved.

Reply to a letter dated September 30, 1932, from the attorneys for the National City Bank of New York, New York City, stating that delays have been encountered in the opening of the proposed branch of the bank at Geneva, Switzerland, and that the bank desires that the period within which the branch may be established under the authority of the Board's order of April 29, 1932, be extended for ninety days beyond October 29, 1932. The reply

10/11/32

-10-

stated that the Board has extended the period within which the National City Bank of New York may establish the proposed branch in Geneva, Switzerland, until January 27, 1933, and inclosed a certified copy of the following order of the Federal Reserve Board granting the extension:

"ORDER EXTENDING PERIOD WITHIN WHICH THE NATIONAL CITY BANK OF NEW YORK MAY ESTABLISH A BRANCH IN THE CITY OF GENEVA, REPUBLIC OF SWITZERLAND.

"WHEREAS, the Federal Reserve Board, by an order adopted at a meeting held on the 29th day of April, 1932, authorized the National City Bank of New York, in accordance with the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Geneva, Republic of Switzerland, upon condition that the authority thereby granted be exercised and that said branch be actually established and opened for business on or before October 29, 1932:

"WHEREAS, it now appears desirable that the period within which the said branch may be established under the authority conferred by said order should be extended;

"NOW, THEREFORE, IT IS ORDERED that the said order adopted by the Federal Reserve Board on April 29, 1932, be, and it hereby is, qualified and amended so as to provide that unless the authority granted by said order is exercised and the proposed branch in the City of Geneva, Republic of Switzerland, actually is established and opened for business on or before January 27, 1933, all rights granted by said order shall be deemed to have been abandoned and the authority thereby granted shall automatically terminate; but if said branch shall be established and opened for business on or before January 27, 1933, the said National City Bank of New York may operate and maintain the same, subject to the provisions of Section 25 of the Federal Reserve Act."

Approved.

Circular letter to the Governors and Federal Reserve Agents at all Federal reserve banks, stating that a meeting of the Agents and Governors with the Federal Reserve Board has been called beginning on Monday, November 14, 1932, and extending over such period as may be deemed necessary at the time. The letter further stated that it is understood that the Chairmen of the Governors Conference and the Conference of Federal Reserve Agents will

10/11/32

-11-

submit suggestions as to the program for this meeting after consultation with the various Governors and Federal reserve agents, and the Federal Reserve Board will supplement the program by any topics that it may desire to bring up for discussion at the meeting.

Approved.

The Secretary then reported that the Federal Reserve Agent at Cleveland had called him on the telephone and advised that he has now received a report of a recent examination of the Guardian Trust Company of Cleveland and has made a review of the banking situation in Akron, Ohio, that there are several aspects of the situation in Cleveland and Akron which he believes should be discussed orally with the Federal Reserve Board, and that if it meets the approval of the Board, he or Assistant Federal Reserve Agent Fletcher will come to Washington some time next week for that purpose.

The Secretary was requested to advise Mr. DeCamp that members of the Board will be glad to meet with him or Mr. Fletcher on Wednesday, October 19, 1932, at 11:00 a. m.

Reports of Standing Committee dated October 7 and 10, 1932, recommending approval of the following changes in stock at Federal reserve banks:

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
District No. 7. City National Bank and Trust Company, Chicago, Illinois.	3,000	3,000
 <u>Applications for ADDITIONAL Stock:</u>		
District No. 3. Dauphin Deposit Trust Company, Harrisburg, Pa. (Increase in capital and surplus)	180	
First National Bank, Canton, Pa. (Increase in capital, partly offset by decrease in surplus)	<u>24</u>	204
District No. 8. Third National Bank, Union City, Tenn. (Increase in surplus)	2	

10/11/32

-12-

328

<u>Applications for ADDITIONAL Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 8. (Cont'd)</u>		
Taylor National Bank, Campbellsville, Kentucky. (Increase in surplus)	3	5
	<hr/>	<hr/>
	Total	209
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
Derry National Bank, Derry, N. H. (V.L.Abs. by The First National Bank of West Derry)	44	44
<u>District No. 6.</u>		
First National Bank, Thomasville, Ga. (Insolvent)	60	60
<u>District No. 7.</u>		
First National Bank, Leland, Ill. (Insolvent)	30	30
<u>District No. 8.</u>		
Plaza National Bank, St. Louis, Missouri. (V.L.Suc. by Guaranty-Plaza Trust Company)	216	
Peoples American National Bank, Princeton, Indiana. (Decrease in surplus)	15	
First National Bank, Murray, Kentucky. (Decrease in surplus)	20	
First National Bank, Windsor, Missouri. (Decrease in surplus)	<hr/> 15	266
<u>District No. 10.</u>		
Fidelity State Bank, Aurora, Nebraska. (Insolvent)	39	39
<u>District No. 11.</u>		
Junction State Bank, Junction, Texas. (Decrease in surplus)	60	
First National Bank, Rotan, Texas. (Decrease in surplus)	9	
City National Bank, Wichita Falls, Texas. (Decrease in surplus)	<hr/> 120	<hr/> 189
	Total	628

Approved.

Reports of Standing Committee dated October 7 and 8, 1932, recommending approval of the following Clayton Act applications:

Mr. O. H. Odin, for permission to serve at the same time as officer of the Marquette National Bank, Minneapolis, Minnesota, as director of the Camden Park State Bank, Minneapolis,

