A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Wednesday, November 2, 1932, at 11:40 a.m.

PRESENT: Governor Meyer
Mr. Hanlin
Mr. Miller
Mr. Magee
Mr. Morrill, Secretary
Mr. McClelland, Assistant Secretary
Mr. Harrison, Assistant to the Governor
Mr. Smead, Chief, Division of Bank Operations
Mr. Paulger, Chief, Division of Examinations.

The Committee considered and acted upon the following matters:

Letter dated October 27, 1932, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated October 28, 1932, from the Chairman of the Federal Reserve Bank of Chicago, October 29, 1932, from the Secretary of the Federal Reserve Bank of Minneapolis, and November 2, 1932, from the Chairmen of the Federal Reserve Banks of Philadelphia and St. Louis, 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 28, 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 amount of $5,000, for a period of ninety days, with interest at the rate of 5 1/2% per annum, of the advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, made by the Federal Reserve Bank of New York to the Atlanta National Bank, Atlanta, New York, under the authority granted in the Board's telegram of July 31, 1932; Deputy Governor Rounds stating that the farmers in the community are holding their crops for
a better market which is resulting in requests for extensions of loans. 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 27, to a telegram dated October 26, 1932, from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for a renewal, in the reduced amount of $30,000, for a period of ninety days, with interest at the rate of 1 1/2% per annum, of the advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, as amended, made by the Federal Reserve Bank of New York to the Labor National Bank, Paterson, New Jersey, under the authority granted in the Board's telegram of July 23, 1932; Deputy Governor Rounds stating that since the original loan the bank has suffered withdrawals of savings and municipal funds, and that it is anticipated that the interest period ending November 1 will be followed by additional withdrawals. The reply stated that the Board authorizes the renewal of the advance subject to the terms and conditions recommended.

Approved.

Telegram to the Federal Reserve Agent at Minneapolis, approved by three members of the Board on October 23, 1932, stating that, effective if and when the American National Bank and Trust Company, Eau Claire, Wisconsin, is authorized by the Comptroller of the Currency to commence business with a paid-in capital and surplus of $100,000 and $20,000, respectively, the Federal Reserve Board approves the application made on behalf of such proposed national bank for permission to exercise, when not in contravention of State or local law, all fiduciary powers authorized by the provisions of section
ll(2) of the Federal Reserve Act, the exercise of such rights being subject to the provisions of the act and the regulations of the Federal Reserve Board. The telegram also stated that the Board's approval of the application is also subject to the condition that the board of directors of the proposed national bank shall, after its organization is completed, pass a resolution ratifying the action taken by the organizers in making application for trust powers on behalf of the national bank.

Approved.

Letter, approved by three members of the Board on October 31, 1932, to the First Blair County National Bank, Tyrone, Pennsylvania, which institution is the result of the consolidation of the First National Bank of Tyrone and the Blair County National Bank and Trust Company of Tyrone under the charter of the former, inclosing a certificate showing the consolidated bank's authority to exercise the trust powers previously granted to the constituent national banks.

Approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on October 31, 1932, referring to the Clayton Act application of Mr. H. Edmund Machold for permission to serve at the same time as director of the Marine Midland Trust Company, New York City, the Chase National Bank of the City of New York, and the Northern New York Trust Company, Watertown, New York, and requesting full information as to the facts which, in the agent's opinion, have a bearing upon the question whether the granting of Mr. Machold's application would be compatible with the public interest.

Approved.
Letter to the Federal Reserve Agent at Philadelphia, approved by three members of the Board on October 31, 1932, with reference to the Clayton Act application of Mr. Arthur C. Dorrance for permission to serve as a director of the Girard Trust Company and of the Philadelphia National Bank, both of Philadelphia, Pennsylvania. The letter stated that the information at hand is not sufficient to make it possible to estimate accurately the extent of the competition existing between the two institutions, and requested that the agent furnish more detailed information regarding the business of each.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by three members of the Board on October 31, 1932, referring to previous correspondence with regard to the service of Mr. Lynn G. Fuller as a director of the First National Bank of Prairie City, Iowa, and as an officer and director of the Central National Bank and Trust Company of Des Moines, Iowa, and requesting that the agent take up with Mr. Fuller or with the banks concerned, the question of Mr. Fuller's unauthorized service of the two institutions, either with a view to having accepted his resignation as a director of the First National Bank or to having him file a Clayton Act application.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by three members of the Board on October 31, with regard to Assistant Federal Reserve Agent Young’s letter of October 20, 1932, relative to the unsatisfactory reserve records, previously reported to the Board, of the First National Bank, Montpelier, Indiana, and the First National Bank, Graettinger, Iowa. The Board’s letter stated that copies of Mr. Young’s letter and inclosures are
being forwarded to the Acting Comptroller of the Currency for the information of his office, and that it is assumed the agent will continue to keep the Board currently advised of any developments in the reserve records of these banks.

Approved.

Reply, approved by three members of the Board on October 31, to a letter dated October 21, 1932, from the Federal Reserve Agent at St. Louis, with further regard to the unsatisfactory reserve record of the First National Bank, Odin, Illinois. The reply noted that, although the bank has not as yet brought its reserves up to requirements, its reserve position is improving; requested that a further report on the matter be made to the Board at the end of a sixty-day period; and stated that a copy of the agent's letter has been forwarded to the Comptroller of the Currency for his information.

Approved.

Reply, approved by three members of the Board on October 31, to a letter dated October 17, 1932, from the Federal Reserve Agent at Kansas City with further regard to the unsatisfactory reserve record of the First National Bank, Gallup, New Mexico, which was originally reported to the Board on April 13, 1932, and which has continued since that date except for the reserve computation period ended June 30, 1932, during which period the required reserves were maintained by the bank. The reply stated that, in view of the circumstances involved in the case 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 his letter to the Acting Comptroller of the Currency for the information of his office. The letter also requested
that the agent continue to keep the Board currently advised of any developments in the reserve record of the national bank.

Approved.

Reply, approved by three members of the Board on November 1, to a letter dated October 21, 1932, from the cashier of the First National Bank, Hardin, Montana, relative to the application of that institution to the Comptroller of the Currency for permission to reduce its capital stock. The reply stated that it is understood that the application is receiving consideration by the Comptroller of the Currency, and there is no action which the Board can take upon it at this time.

Approved.

Reply, approved by three members of the Board on October 31, to a letter dated October 20, 1932, from the Federal Reserve Agent at Atlanta transmitting the voluntary notice of intention to withdraw from membership in the Federal Reserve System filed under date of October 18, 1932, by the Exchange Bank of Tallahassee, Florida, with the request that it be permitted to withdraw from membership immediately. The reply stated that, in view of the agent's recommendation and the fact that after November 25 the member bank will no longer operate as a going concern, the Board waives the usual requirement of six months notice so as to permit the bank to withdraw from membership immediately.

Approved.

Reply, approved by three members of the Board on November 1, to a letter dated October 17, 1932, from the Federal Reserve Agent at Dallas including an analysis of the report of examination of the Forney State Bank, Forney, Texas, as of August 30, 1932, and submitting the recommendation of
the board of directors of the Dallas bank that further action on the question of the termination of the membership of the State bank be postponed pending developments. The reply stated that, in view of the information submitted with regard to the improved reserve record of the bank and the other matters involved in the case, and the recommendation of the board of directors of the Dallas bank, the Federal Reserve Board has again deferred a decision on the question whether the membership of the State bank should be terminated, 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 reply also requested the agent to submit to the Board, following the next examination of the State member bank, an analysis of the report of examination, together with a recommendation as to whether the membership of the bank should be terminated, and that he keep the Board currently advised of any important changes which may take place in the condition of the institution, with a recommendation as to any action which should be taken in the light of such changes.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by three members of the Board on October 31, referring to Assistant Federal Reserve Agent Young's letters of October 1 and 13, 1932, with regard to the reorganization and reopening of the Brown City Savings Bank, Brown City, Michigan. The Board's letter noted that the Federal reserve agent will make an examination of the member bank before the end of the year on the basis of which he will submit a recommendation to the Federal Reserve Board, and requested advice as to whether the reorganization resulted in any amendment to the
bank's charter or change in its corporate existence which would affect its membership in the Federal Reserve System.

Approved.

Letter to the Federal Reserve Agent at Atlanta, approved by three members of the Board on November 1, 1932, referring to the analysis of the report of examination as of June 20, 1932, of the Leesburg State Bank and Trust Company, Leesburg, Florida, which discloses an unsatisfactory condition, and stating that, in view of the information contained in the analysis and the agent's statement that the Federal Reserve Bank of Atlanta expects to participate in the next examination of the institution, the Board, in accordance with the agent's recommendation, will take no action with regard to the bank's membership in the Federal Reserve System at this time.

Approved.

Letter to the Federal Reserve Agent at St. Louis, approved by three members of the Board on October 31, 1932, referring to the report of examination of the Park Savings Trust Company, Richmond Heights, Missouri, as of May 23, 1932, which discloses estimated losses sufficient to create a material impairment of the bank's capital, and requesting that the agent ascertain and advise what the trust company's plans are with regard to the restoration of its capital.

Approved.

Letter to the Federal Reserve Agent at St. Louis, approved by three members of the Board on November 1, 1932, with regard to the criticisms of the examiner contained in the report of examination, as of June 2, 1932, of the Kentucky Title Trust Company, Louisville, Kentucky. The letter requested that the agent advise the Board of the measures which the trust
company has taken, or proposes to take, with a view to the elimination of items of criticism incident to its stockholdings, as well as to the correction of the other unsatisfactory features of its condition referred to in the agent's letter of August 25, 1932, to the president of the company. The letter also referred to the statement of the examiner that in view of the fact that the trust company no longer caters to commercial banking it would seem that its membership in the Federal Reserve System serves small purpose; suggested that the agent consider the advisability of discussing this matter with the management of the company; and requested that he advise the Board of his views in the matter.

Approved.

Letter, approved by three members of the Board on October 31, 1932, to the Governor of the Federal Reserve Bank of Kansas City, referring to the loan granted by the bank under the provisions of the third paragraph of section 13 of the Federal Reserve Act, as amended, to the New Mexico Lumber and Timber Company of Bernalillo, New Mexico, reported to the Board as being secured by warehouse receipts covering lumber issued by the Lawrence Warehouse Company. The letter requested advice as to whether these warehouse receipts, in the opinion of the bank's counsel, confer upon the Federal Reserve Bank of Kansas City a valid and enforceable lien upon the lumber covered thereby under the law of the State in which the warehouse is located, and also, as a matter of interest in connection with the inquiry contained in the Board's letter of September 24, 1932, (X-7255), a description of the warehousing arrangement under which the receipts securing the loan to the New Mexico Lumber and Timber Company were issued.

Approved.
Telegram to the Governor of the Federal Reserve Bank of Chicago, approved by three members of the Board on October 20, 1932, stating that the Federal Reserve Board has approved the request contained in Assistant Deputy Governor Bachman's wire of October 21, 1932, for changes in the interdistrict time schedule from Chicago to San Francisco and from Chicago to Los Angeles from four to three days; together with a letter to the Governors of all Federal reserve banks, also approved by three members of the Board on October 25, advising of approval of the changes referred to. The Assistant Secretary stated for the record that the Federal Reserve Bank of San Francisco is agreeable to the changes requested.

Approved.

Reply, approved by three members of the Board on November 1, to a letter dated October 19, 1932, from the Federal Reserve Agent at New York enclosing a letter from the Governor of the bank regarding the examination of the Federal Reserve Bank of New York as of June 18, 1932. The reply stated that the information disclosed appears to cover fully the matters referred to in the report of examination, and that the attention which has been given by the New York bank to the comments and suggestions of the Board's examiners is appreciated.

Approved.

Attention was called to the fact that the schedule of liability for custodies, contained in the report of examination of the Federal Reserve Bank of New York as of June 18, 1932, shows that the bank is holding securities in the amount of $181,850 for the Harding Memorial Association, and in the amount of $2,763.40 for the trustees of a bequest of former Governor Benjamin Strong. Question was raised as to the propriety of the Federal Reserve Bank
of New York holding these securities and Mr. Paulger was requested to take up with the proper official of the bank the question of their elimination from the bank's custody accounts.

Reply, approved by three members of the Board on October 31, to a letter dated October 3, 1932, from Deputy Governor Johns of the Federal Reserve Bank of Atlanta, with regard to the custody of the bankers' blanket bond of the bank. The Board's letter stated that it is felt desirable that a policy such as a bankers' blanket bond insuring a Federal reserve bank against loss incurred through the acts of its officers and employees be held in the custody of the Federal reserve agent at such bank, and suggested that the Atlanta bank give consideration to the advisability of placing its bankers' blanket bond in the custody of the Federal reserve agent.

Approved.

Letter to the Secretary of the Treasury, approved by three members of the Board on October 31, referring to Secretary Mellon's letter of January 22, 1932, and stating that the Board has no objection to the Secretary of the Treasury furnishing the Comptroller General of the United States with an account current to be rendered by the Treasurer of the United States on account of the franchise tax receipts from the Federal reserve banks, such account current to be supported by true copies of the certified financial statements of the various banks.

Approved.

Letter to all Federal reserve agents, approved by three members of the Board on October 31, 1932, setting forth the recent action of the Board, and the reasons therefor, in denying a request of a State member bank for permission to organize and acquire substantially all of the capital stock of
a bank to be located beyond the limits of the city in which the member bank
is situated; and requesting that the Board be advised of all the circumstances
involved in any similar case arising in the future.

Approved.

Letter to all Federal reserve agents, approved by three members of
the Board on October 29, 1932, inclosing for their information in connection
with the consideration, at the forthcoming conference on November 14, of
questions arising in the administration of section 8 of the Clayton Act,
copies of memoranda on that subject prepared under date of October 21, 1932,
by Mr. Wyatt, General Counsel, and under date of October 5, 1932, by Mr.
Chase, Assistant Counsel.

Approved.

In accordance with the recommendation con-
tained in Mr. Wyatt's memorandum, also approved
by three members of the Board on October 29,
counsel was authorized to send to the counsel for
all Federal reserve banks copies of the memoranda
above referred to in order that they may be pre-
pared to discuss the subject with the Federal re-
serve agents.

Memorandum dated October 31, 1932, from Mr. Snead, stating that,
following the discussion at the meeting of the Executive Committee on October
27, with regard to the pledging of Government securities as collateral for
Federal reserve notes, he called Deputy Governor Burgess of the Federal Re-
serve Bank of New York on the telephone and acquainted him with the situation,
and that the latter stated that he was reluctant, for reasons stated in the
memorandum, to suggest to the other Federal reserve banks that they sell
securities to the Federal Reserve Bank of New York for the purpose of
bringing the operating margin for the System within the $400,000,000 fixed
by the Board in its letter of May 2, 1932. The memorandum also stated that
While the margin was exceeded by $4,320,000 on October 23, and by $4,423,000 on October 29, Mr. Smead had again discussed the matter with Deputy Governor Burgess on October 31, who stated that it was the feeling of the Federal Reserve Bank of New York that there would be a movement of between $30,000,000 and $35,000,000 of gold away from New York this week which would be sufficient to keep the System within the $400,000,000 margin for the rest of the week. Mr. Smead supplemented his memorandum with the oral statement that on October 31 and apparently yesterday the operating margin for the System was below that fixed by the Board.

The ensuing discussion developed the opinion that the procedure outlined in the Board's letter of May 2, 1932, need not be altered merely to meet occasional and unavoidable increases in the operating margin to amounts slightly in excess of $400,000,000, and that in the present circumstances no action by the Board is required at this time.

Memorandum dated November 1, 1932, from Mr. Smead referring to the transfer of the deposits of the Central Republic Bank and Trust Company of Chicago to the newly organized City National Bank and Trust Company and the fact that the former is now a nonmember bank with all of its assets pledged with the Reconstruction Finance Corporation as security for borrowed money. Mr. Smead recommended that the bank be dropped from the list of weekly reporting member banks and that an explanatory note be appended to the next weekly statement.

Approved.

Mr. Paulger then presented the resignation as of the close of business on November 15, 1932, of Mr. L. C. Comley, Assistant Federal Reserve Examiner, and the resignation as of the close of business on November 30, 1932, of Mr. R. H. Brett, Federal Reserve Examiner. Mr. Paulger recommended,
on the basis of circumstances which he had discussed prior to the meeting
with the individual members of the Board, that the resignations be accepted
as of the dates stated.

Accepted.

Reports of Standing Committee dated October 27 and 28, 1932, recom-
mending approval of the following changes in stock at Federal reserve banks:

Application for ORIGINAL Stock:

<table>
<thead>
<tr>
<th>District No. 4.</th>
<th>The Union National Bank, Donora, Pennsylvania.</th>
<th>Shares</th>
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<td>180</td>
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Applications for SURRINDER of Stock:

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<tr>
<th>District No. 3.</th>
<th>Liberty National Bank, Dickson City, Pennsylvania. (Insolvent)</th>
<th>Shares</th>
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<td></td>
<td>72</td>
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District No. 6.

Coral Gables First National Bank, Coral Gables, Florida. (Decrease in surplus) | Shares |
|                                                                            | 12     |

District No. 7.

Oswego State Bank, Oswego, Illinois. (Decrease in capital) | Shares |
|                                                              | 15     |

Greenup National Bank, Greenup, Illinois. (Decrease in capital and surplus) | Shares |
|                                                                             | 18     |

North Vernon National Bank, North Vernon, Ind. (V.L.Suc. by Union Bank & Trust Co., nonmember) | Shares |
|                                                                                   | 60     |

Hedrick National Bank, Hedrick, Iowa. (V.L.Suc. by Hedrick Savings Bank, nonmember) | Shares |
|                                                                                 | 30     |

University Avenue National Bank, Madison, Wis. (V.L.Abs. by First National Bank) | Shares |
|                                                                                 | 72     |

Sixth Wisconsin National Bank, Milwaukee, Wis. (V.L.Abs. by First Wisconsin National Bank) | Shares |
|                                                                                   | 150    |

Bay View National Bank, Milwaukee, Wis. (V.L. Abs. by First Wisconsin National Bank) | Shares |
|                                                                                   | 495    |

Total | Shares |
|      | 579    |

Approved.

Report of Standing Committee dated October 27, 1932, recommending
approval of the following Clayton Act applications:

Mr. Henry M. Dawes, for permission to serve at the same
time as director of the City National Bank and Trust Company,

Approved.

Thereupon the meeting adjourned.

Approved:

[Signature]

Governor.

[Signature]

Secretary.