

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Thursday, November 3, 1932, at 11:10 a. m.

PRESENT: Governor Meyer
Mr. Hamlin
Mr. Miller
Mr. Magee

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

Mr. Goldenweiser, Chairman of the Committee on Branch, Group and Chain Banking, Messrs. Smead, Rounds and Clerk, Members of the Committee, Mr. Riddle, Secretary of the Committee, Mr. Greer of the Committee's staff, and Mr. Blattner of the Board's Division of Research and Statistics were also present.

Mr. Goldenweiser reviewed briefly the activities of the Committee on Branch, Group and Chain Banking since its appointment on February 26, 1930, and outlined the studies which have been made by the committee in connection with its work and their status. He stated that these studies will be presented to the Board as a part of the complete committee report; that the committee is now in session preparing a short report which will present in summary form the information developed by the detailed studies; and that it is hoped to have the short report in the hands of the Board within the next few days. A general discussion of a number of problems in the field of the committee's investigation ensued, at the conclusion of which the members of the committee and Messrs. Riddle, Greer and Blattner left the meeting.

The Executive Committee then considered and acted upon the following matters:

Telegram dated November 2, 1932, from the Chairman of the Federal Reserve Bank of Boston stating that the board of directors, at its meeting

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on that date, made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated November 2, 1932, from the Director of the Division of Research and Statistics, transmitting and recommending acceptance as of November 8, 1932, of the resignation of Mrs. Dorothy F. Belsley, an employee of the Division; the reason given for the resignation being the proposed application by the Civil Service Commission as to Mr. Belsley who is employed in its own organization, of the provision of the Economy Act which requires that in reductions of personnel, married persons, living with husband or wife, employed in the class to be reduced shall be dismissed before any other persons employed in such class, if such husband or wife is also in the service of the United States.

Resignation accepted as of the close of business November 8, 1932.

Reply to a letter dated October 26, 1932, from the Federal Reserve Agent at Philadelphia with regard to the application of the Berks County Trust Company, Reading, Pennsylvania, for membership in the Federal Reserve System, which has been under consideration by the Board. The reply stated that the Board is deferring action on the application pending receipt of the report of an examination of the trust company, suggested by the Board which the agent stated could be made on or about November 15, 1932, together with the agent's recommendation as to the action to be taken by the Board.

Approved.

Letter to the Federal Reserve Agent at New York referring to the proposal of the "President and Directors of the Manhattan Company", New York City, New York, for a reorganization of that company and its affiliated

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institutions, which plan includes an application to the Federal Reserve Board on behalf of the company for membership in the Federal Reserve System. The letter stated that the Board does not feel that the examinations as of March 4 and March 9, 1932, of the Bank of Manhattan Trust Company and the International Acceptance Bank, Incorporated, the principal institutions involved, are sufficiently recent to provide a satisfactory basis for consideration of the company's application, and that the Board, in order that it may have the benefit of current information which will reflect as nearly as practicable what will be the condition of the Manhattan Company as the result of its reorganization, will require current examinations of the Bank of Manhattan Trust Company and the International Acceptance Bank, Incorporated, as well as of the assets of the Manhattan Company, to be participated in by the Federal reserve agent's department. The letter also referred to the holding by the Manhattan Company of the stock of the County Trust Company, White Plains, New York, and the Corning Trust Company and the North Side State Bank, both of Corning, New York, and suggested that the agent advise the company of the Board's recent ruling regarding the acquisition of stock in another bank by a State member institution, so that the Manhattan Company may give due consideration to this aspect of the questions involved in working out the proposed reorganization.

Approved.

In connection with the above, Mr. Hamlin raised the question as to whether the Board may legally refuse a request made by a State member bank, under conditions of membership prescribed by the Board, for permission to acquire stock in another banking institution, unless the Board has affirmative information that the acquisition will impair the condition of

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the purchasing institution or violate some provision of law; also, whether when a State member bank purchases the stock of another bank, without obtaining the Board's permission under its conditions of membership, the Board has authority to take any action in the matter when the purchase does not impair the condition of the institution or violate some provision of law.

After a brief discussion, the Secretary was authorized to discuss the matter with the Board's counsel and to request him to prepare a memorandum on the subject for the consideration of the members of the Board.

Letter to the governors and Federal reserve agents of all Federal reserve banks transmitting a program for the meeting of the Board with the governors and Federal reserve agents in Washington on November 14, 1932. The letter stated that it is understood that at the conclusion of the Board's program, which it is hoped will be completed on November 14, the Federal reserve agents and governors may, if they so desire, discuss any other subjects in which they are interested, and that at a session on November 15 or 16, following such discussions, the Board will receive any recommendations which the Federal reserve agents or governors may have formulated for its consideration. The letter also stated that while a general discussion of open market policy will take place on November 14 as a part of the Board's program, the Board desires that a meeting of the Open Market Policy Conference be held while the members of the conference are in Washington.

Approved.

Telegraphic reply to a telegram addressed to Governor Meyer under date of November 3, 1932, by Mr. Robert A. Taft, Chairman of the Hamilton County Republican Executive Committee, Cincinnati, Ohio, protesting against an alleged discrimination which allows directors of the Federal Reserve Bank of New York to engage in certain political activities while the directors of

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the Cincinnati branch of the Federal Reserve Bank of Cleveland are barred from public indorsement of President Hoover. The reply stated that the Board has not undertaken to bar members of the boards of directors of Federal reserve banks or branches thereof in their individual capacity from indorsing political candidates. The reply also referred to the Board's resolution of December 23, 1915, which is still in force, and stated that, if Mr. Taft knows of any activity on the part of any director which contravenes the resolution, the Board will consider any facts he may desire to submit in respect thereto.

Approved.

Reports of Standing Committee dated November 3, 1932, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 7.</u>		
First National Bank, Story City, Iowa. (Insolvent)	54	54
<u>District No. 9.</u>		
Negaunee National Bank, Negaunee, Michigan. (V.L.Abs. by First National Bank of Negaunee)	75	
First National Bank, Sisseton, S. Dak. (Insolvent)	<u>60</u>	135
<u>District No. 12.</u>		
Boise City National Bank, Boise, Idaho. (Insolvent)	<u>270</u>	<u>270</u>
	Total	459

Approved.

Thereupon the meeting adjourned.

Walter Howell
Secretary.

Approved:

[Signature]
Governor.