

A meeting of the Federal Reserve Board was held in Washington on Friday, December 9, 1932, at 12:00 o'clock noon.

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

Mr. Morrill, Secretary
Mr. McClelland, Assistant Secretary
Mr. Harrison, Assistant to the Governor
Mr. Wyatt, General Counsel
Mr. Paulger, Chief, Division of Examinations
Mr. Wingfield, Assistant Counsel
Mr. Chase, Assistant Counsel.

The Board considered and acted upon the following matters:

Letter dated December 8, 1932, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated December 8, 1932, from the Chairman of the Federal Reserve Bank of Kansas City, and December 9, 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 December 8, to a telegram dated December 6, 1932, from the Governor of the Federal Reserve Bank of Atlanta, requesting authority for an extension for sixty days, in the amount of \$200,000 now outstanding, of the advance made to the Merchants National Bank, Mobile, Alabama, in accordance with the provisions of section 10(b) of the Federal Reserve Act and under authority granted by the Board on September 9, 1932; Governor Black stating that the same reasons exist for the extension as were given when the advance was originally made. The reply stated that the Board interposes no objection to the con-

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tinuance of the advance without demand for payment, in the amount now outstanding, at a rate of 5 1/2% per annum, and payable on demand, and that in the event the advance is not repaid nor demand for payment made within sixty days from December 8, 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 further continuing the advance without demand for payment.

Unanimously approved.

Telegraphic reply, approved by four members of the Board on December 7, 1932, to a telegram of that date from Deputy Governor Coleman of the Federal Reserve Bank of Dallas stating that the Federal Intermediate Credit Bank of Houston has offered for discount approximately \$150,000 additional eligible paper, which would bring the total amount discounted with the Federal Reserve Bank of Dallas up to approximately \$240,000, and requesting the Board's approval of the discount of the additional paper because of the fact that the Federal reserve bank's reserves on December 6, 1932, amounted to 48.9% of its aggregate liabilities for deposits and Federal reserve notes in circulation. The reply stated that the Board authorizes the discount of the additional paper offered with the understanding that the entire line will be retired not later than December 15, 1932.

Approved.

Letter to the Acting Comptroller of the Currency, approved by four members of the Board on December 8, 1932, stating that, in accordance with his recommendation, the Board has approved the application of the First National Bank, Jacksboro, Texas, for permission to reduce its capital stock from \$100,000 to \$50,000, subject to certain conditions set forth in the

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letter.

Approved.

Letter to the Acting Comptroller of the Currency advising that, in accordance with his recommendation, the Board has approved the application of the First National Bank, Hoboken, New Jersey, for permission to reduce its capital stock from \$625,000 to \$100,000, subject to certain conditions set forth in the letter.

Approved.

Letter to the governors of all Federal reserve banks transmitting copies of the letters exchanged with the Governor of the Federal Reserve Bank of Minneapolis under dates of October 13 and 25, 1932, and of the telegrams exchanged with the Governor of the Federal Reserve Bank of San Francisco under dates of November 23 and 28, 1932, with regard to the discount by Federal reserve banks of eligible paper offered by regional agricultural credit corporations.

Approved.

Reference was then made to the special topic for discussion at this meeting, namely, the policy of the Board in granting permits under the provisions of Section 8 of the Clayton Act. There was presented a memorandum prepared by Mr. Wyatt, General Counsel, under date of December 7, 1932, on the subject of questions of policy arising in the administration of Section 8 of the Clayton Act, copies of which had been furnished to the members of the Board, and Mr. Wyatt briefly outlined the history of the Clayton Act and subsequent amendments thereto with regard to interlocking bank directorates. Mr. Miller also presented a written statement on the subject.

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A general discussion followed, and action on the entire question was deferred pending a further consideration by the members of the Board of the points raised during the discussion and the suggestions contained in Counsel's memorandum.

Reports of Standing Committee dated December 7, 8 and 9, 1932, recommending approval of the following changes in stock at Federal reserve banks:

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 8.</u>		
Security National Bank, Witt, Illinois.	17	17
<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 3.</u>		
Path Valley National Bank, Dry Run, Pennsylvania. (Increase in surplus)	2	2
<u>District No. 8.</u>		
Mechanics Bank and Trust Company, Moberly, Missouri. (Increase in surplus)	3	3
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	Total	5
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 5.</u>		
Cecil National Bank, Port Deposit, Maryland. (Decrease in surplus)	36	36
<u>District No. 7.</u>		
U. S. National Bank & Trust Company, Kenosha, Wis. (Insolvent)	150	150
<u>District No. 8.</u>		
First National Bank, Appleton City, Missouri. (V.L.Suc. by Citizens Bank of Appleton City, nonmember)	60	
Jefferson Bank & Trust Company, St. Louis, Missouri. (Decrease in surplus)	45	
First National Bank, Lexington, Tennessee. (Decrease in surplus)	9	
Hillsboro National Bank, Hillsboro, Illinois. (Decrease in surplus)	<u>15</u>	129
<u>District No. 11.</u>		
Farmers National Bank, Gonzales, Texas. (Insolvent)	132	132

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 12.</u>		
Commercial National Bank, Bellflower, Calif. (V.L.Abs. by First National Bank of Bellflower)	21	
First National Bank, Vacaville, Calif. (V.L.Abs. by Bank of America National Trust and Savings Association, San Francisco, California.)	45	66
	Total	513

Approved.

Thereupon the meeting adjourned.

Peter Howell
Secretary.

Approved: *Eugene H. ...*
Governor.