

A meeting of the Federal Reserve Board was held in Washington on Wednesday, December 14, 1932, at 11:10 a. m.

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.

The minutes of the meetings of the Federal Reserve Board held on November 21, 22, 23 and December 5, 1932, were approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on December 2, 1932, were approved and the actions recorded therein were unanimously ratified.

The Board then considered and acted upon the following matters:

Reply, approved by five members of the Board on December 13, to a letter dated November 29, 1932, from the Federal Reserve Agent at St. Louis with regard to the continuous reserve deficiencies of the Carrollton National Bank, Carrollton, Kentucky, and reply, approved by four members of the Board on December 13, to a letter dated December 3, 1932, from the Federal Reserve Agent at Kansas City, with regard to the continuous reserve deficiencies of the First National Bank, Chickasha, Oklahoma. The replies stated in each case that, in view of the information submitted, the Board will take no action with regard to the deficiencies 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.

Approved.

Reply, approved by four members of the Board on December 13, to a

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letter dated December 1, 1932, from the Federal Reserve Agent at New York, inclosing an analysis of the report of examination of the Carthage National Exchange Bank, Carthage, New York, as of October 24, 1932, and recommending that the Board continue to hold in abeyance the bank's application for permission to exercise full fiduciary powers. The reply stated that the Acting Comptroller of the Currency had also recommended that action on the application be deferred and that, in accordance with these recommendations, and in view of the information submitted, the Board will take no action in the matter at this time. The reply also requested that the agent advise the national bank that the Board will be pleased to consider the application again when the bank has effected a correction of the unsatisfactory features of its condition.

Approved.

Letter to the Federal Reserve Agent at Dallas, approved by four members of the Board on December 13, 1932, inclosing a voucher in the amount of \$653.47 covering the expense to the Federal Reserve Bank of Dallas of the services rendered by Assistant Federal Reserve Agent W. J. Evans in conducting an examination of the Mexico City branch of The Chase Bank. The letter requested that the voucher be signed and returned to the Board, and stated that as it may be several weeks before the Board is in a position to render a statement to The Chase Bank covering the cost of the examination of the bank and its several branches, it is hoped that it will be agreeable to the Dallas bank to carry the item in suspense until the Board receives a remittance from The Chase Bank, at which time a check in payment of the voucher will be forwarded.

Approved.

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Memorandum dated December 9, 1932, from Mr. Smead, Chief of the Division of Bank Operations, calling attention to the fact that the present form of the semi-annual report of earnings and dividends of member banks, which with minor changes, was used in obtaining reports from national banks before the Federal Reserve System was established, is difficult to compile and does not set out the information in such a way as to make it convenient for use either for statistical purposes or for analyzing the earnings position of member banks; stating that with a view to correcting these defects the form has been rearranged in such a way as to simplify its preparation and to facilitate its use by the System; and recommending that the Board approve the proposed revised report form for use by State bank members in submitting their earnings and dividend reports covering the last six months of 1932, and also approve the proposed instructions for the preparation of the report, attached to the memorandum, and a proposed letter to all Federal reserve agents, submitted with the memorandum, with regard to the preparation and submission of the reports referred to. The memorandum also stated that similar revisions are being made by the office of the Comptroller of the Currency in form 2129, used by national banks for submitting reports of earnings, expenses and dividends, and that the Comptroller's office expects to issue similar instructions to national banks governing the preparation of the report.

Approved.

Reply to a letter dated December 12, 1932, from the Chairman of the Federal Reserve Bank of Atlanta advising that at the meeting of the board of directors of the bank on December 9, 1932, upon recommendation of the salary committee, it was voted to decrease the aggregate of the salaries

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of all employees of the bank by twelve per cent, without the dismissal of any employees, and that the chairman, governor and managing committee were empowered to make reductions and adjustments in the salaries of employees. The reply stated that upon receipt of a statement of the proposed adjustments to be made in the salaries of individual officers of the bank and its branches and employees occupying appraised positions, and advice as to the proposed method of adjusting the salaries of employees coming under the salary classification plan of the bank and branches, the Federal Reserve Board will give careful consideration thereto.

Approved.

Letter dated December 12, 1932, from the Chairman of the Federal Reserve Bank of St. Louis inclosing a copy of the minutes of a session of the meeting of the board of directors of the bank on December 2, 1932, at which a resolution was adopted to the effect that the directors find no reason for altering the salaries of the officials or the employees of the Federal Reserve Bank of St. Louis, but that, on the contrary, the salaries paid by the bank are entirely in line with those of other Federal reserve banks and of commercial banks in the Eighth Federal Reserve District, after taking into consideration reductions recently made; the resolution also stating that if the matter of reductions in salaries should become a System matter, the board of directors stands ready to review the situation again at any time.

After discussion, the matter was referred to the Chief of the Board's Division of Bank Operations for analysis of the statements contained in the resolution.

Letter dated December 13, 1932, from the Governor of the Federal

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Reserve Bank of Philadelphia referring to the resolution adopted at the joint conference of governors and Federal reserve agents on November 17, 1932, that it was the sense of the conference that wages and salaries at Federal reserve banks should not be reduced at this time, and stating that shortly after the adjournment of the conference the Chairman of the Governors' Conference had requested Governor Norris to repeat and perhaps enlarge upon certain views expressed by him during the discussion of the resolution. The letter enclosed a statement prepared by Governor Norris after consultation by wire or telephone with several governors and agents, and advised that although the statement had not been submitted for their express approval, it was believed that it expressed the views of those who voted for the resolution.

Noted.

Telegram from Deputy Governor Crane of the Federal Reserve Bank of New York, received under date of December 3, 1932, and circulated among the members of the Board, reporting that advice has been received from the Bank for International Settlements that the Reichsbank, at the maturity on December 5, 1932, of the credit to that bank, will repay \$4,000,000 of the principal amount of the credit, of which repayment the New York bank will receive \$1,000,000; also, that the participants in the credit have agreed to a further renewal for three months from December 5 of the unpaid balance of the credit, amounting to \$86,000,000, on the same terms and conditions as governed the previous renewal, except that the amortization clause has been omitted. The telegram stated that this clause was omitted in order that there might be no implication in the contract that the credit is not in fact payable in full at maturity, and that the Reichsbank has been advised that

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the intended effect of the omission of the clause is to conserve for the participants their entire liberty of action at the next maturity with respect to the total or partial repayment of the credit or its total or partial renewal, and, in particular, because it is desired by the participants, if the renewal be not repaid in full at maturity, to remain free to negotiate, in the light of conditions as they then exist, for a further substantial repayment of the credit before considering a further extension.

Noted.

Mr. Harrison then stated that Mr. L. B. Williams, Deputy Chairman of the Federal Reserve Bank of Cleveland, had advised him by telephone and telegram that he is confined to his home by illness, and that he will telegraph the Board later as to when he will be able to come to Washington for a further discussion with the Board of the matter of the appointment of a Class C director of the Cleveland bank and the designation of a chairman and Federal reserve agent at the bank.

Consideration was then given to the question what, if any, action should be taken by the Board to recommend to Congress that the time limit in sections 2 and 3 of the Glass-Steagall Act be extended. In this connection, reference was made to the fact that the Governors' and Federal Reserve Agents' Conferences and the Federal Advisory Council have suggested to the Board that it recommend the extension of the provisions of the sections referred to, for at least a year.

At the conclusion of the discussion, the Secretary was requested to prepare and submit to the Board for further consideration, drafts of letters to the Chairmen of the Banking and Currency Committees of the Senate and House of Representatives, recommending the extension referred to.

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Reports of Standing Committee dated December 12, 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. 3.</u>   |               |              |
| First National Bank, Emporium, Pa. (Insolvent)   | 180           | 180          |
| <u>District No. 4.</u>   |               |              |
| Duquesne National Bank, Pittsburgh, Pa.<br>(Insolvent)                                     | 900           | 900          |
| <u>District No. 5.</u>   |               |              |
| First and Citizens National Bank, Elizabeth City,<br>North Carolina. (Decrease in surplus) | 90            | 90           |
| <u>District No. 7.</u>   |               |              |
| First National Bank, Altona, Ill. (V.L.Suc. by<br>Altona National Bank)                    | 33            | 33           |
| <u>District No. 8.</u>   |               |              |
| First National Bank, Washington, Mo. (Insolvent)   | 39            | 39           |
| <u>District No. 9.</u>   |               |              |
| United States National Bank, Deer Lodge, Montana.<br>(Insolvent)                           | 78            | 78           |
| <u>District No. 12.</u>  |               |              |
| American National Bank, San Bernardino, Calif.<br>(Decrease in surplus)                    | 18            | 18           |
|  | <u>Total</u>  | <u>1,338</u> |

Approved.

Thereupon the meeting adjourned.

Wester Merrill  
Secretary.

Approved:

Cuppersberg  
Governor.