

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Tuesday, December 20, 1932, at 11:30 a. m.

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

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

ALSO PRESENT: Mr. L. B. Williams, Deputy Chairman of the board of directors of the Federal Reserve Bank of Cleveland.

The Committee considered and acted upon the following matters:

Telegram dated December 19, 1932, from the Secretary of the Federal Reserve Bank of Minneapolis, advising that at the meeting of the board of directors on that date no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegraphic reply, approved by five members of the Board on December 19, 1932, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for an advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the First National Bank, Altamont, New York, in the amount of \$100,000, for a period of sixty days, with interest at the rate of 5 1/2% per annum, and on the security of miscellaneous domestic bonds with a margin of at least 25%; Deputy Governor Rounds advising that, as the result of a slight run, the bank found it necessary to require a sixty-day notice of withdrawal of time deposits, that it intends to remove this requirement, and that it is fearful of subsequent withdrawals. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

12/20/32

554

-2-

Approved.

Memorandum dated December 16, 1932, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the probationary appointment, for a period of three months beginning December 19, 1932, of Miss Katharyne W. Perry to a clerical position in the division, with salary at the rate of \$1,440 per annum.

Approved.

Reply to a letter dated December 16, 1932, from the Federal Reserve Agent at Cleveland, advising that, effective at the close of business on December 15, 1932, Mr. M. J. Fleming terminated his service as manager of the Cleveland agency of the Reconstruction Finance Corporation, and on December 16 resumed his regular status as Deputy Governor of the Cleveland bank. The reply noted that the arrangement whereby salary at the rate of \$10,000 per annum was paid to Mr. Fleming by the Reconstruction Finance Corporation and at the rate of \$8,000 per annum by the Federal Reserve Bank of Cleveland was likewise terminated at the close of business on December 15, 1932, and that, effective December 16, Mr. Fleming's salary at the rate of \$18,000 per annum will again be paid entirely by the Cleveland bank.

Approved.

Reply to a letter dated December 15, 1932, from the Chairman of the Federal Reserve Bank of Richmond, advising that at the meeting of the board of directors of the bank on that date it was voted that a saving of \$73,000, should be effected in the payroll of the bank during the year 1933, \$5,000 of which would be in the salaries of employees receiving \$1,200 a year and less, \$50,000 in the salaries of employees receiving in excess of \$1,200, and \$18,000 in the salaries of officers; the executive committee of the bank

12/20/32

-3-

being empowered to effect these savings in as equitable a way as possible. The reply stated that upon receipt from the Chairman 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 Board will give careful consideration thereto.

Approved.

Reply to a letter dated December 10, 1932, from the Chairman of the Federal Reserve Bank of Richmond calling attention to the service by Mr. Morton M. Prentis, a director of the Baltimore branch, as State Fiscal Agent of the State of Maryland, and stating that, in his opinion, Mr. Prentis' service in this capacity, while remaining a director of the branch, does not violate either the letter or the spirit of the Board's resolution of December 23, 1915. The reply stated that it seems clear from the information contained in the chairman's letter that Mr. Prentis' service as State Fiscal Agent is not in violation of the Board's resolution or contrary to the spirit thereof and that, accordingly, the Board will interpose no objection to his holding the office while serving as a director of the branch. The reply also stated that, in accordance with the suggestion contained in the chairman's letter, it would seem advisable for him, at regular intervals, to take such action as he may deem necessary to discover and bring to the Board's attention any possible violations of the resolution above referred to.

Approved.

There were then presented letters from the Federal reserve agents at the various Federal reserve banks, except Cleveland, with regard to the

12/20/32

-4-

reappointment of assistant Federal reserve agents and acting assistant Federal reserve agents for the coming year.

Upon motion, the following reappointments were approved for the year 1933, certain of which, as stated, are on a temporary basis:

<u>Bank</u>	<u>Name</u>	<u>Reappointment</u>
Boston	Charles F. Gettemy	Assistant Federal Reserve Agent
New York	William H. Dillistin	Assistant Federal Reserve Agent
	Herbert S. Downs	" " " "
Philadelphia	Arthur E. Post	Assistant Federal Reserve Agent
	Ernest C. Hill	" " " "
	J. Frank Reh fuss	Acting Assistant Federal Reserve Agent
Richmond	J. G. Fry	Assistant Federal Reserve Agent
	R. L. Shepherd	Acting Assistant Federal Reserve Agent
	Henry Schutz	" " " " "
	R. L. Honeycutt	Baltimore branch (temporary) Acting Assistant Federal Reserve Agent Charlotte branch (temporary)
Atlanta	Ward Albertson	Assistant Federal Reserve Agent
Chicago	C. S. Young	Assistant Federal Reserve Agent
	George A. Prugh	" " " "
	Carl Schelling	To act for Federal reserve agent in the receipt and delivery of Federal reserve notes
St. Louis	C. M. Stewart	Assistant Federal Reserve Agent
	L. H. Bailey	Acting Assistant Federal Reserve Agent
	F. P. Maguire	" " " " "
Minneapolis	C. L. Mosher	Assistant Federal Reserve Agent
	F. M. Bailey	" " " "
	Oliver S. Powell	To act as alternate for Federal reserve agent and assistant Federal reserve agents in the performance of certain duties
	A. T. Hibbard	Acting Assistant Federal Reserve Agent Helena branch (temporary)
	Fred Heinecke	Alternate Acting Assistant Federal Reserve Agent, Helena branch (temporary)
	L. S. Hazzard	Alternate Acting Assistant Federal Reserve Agent, Helena branch (temporary)

12/20/32

-5-

<u>Bank</u>	<u>Name</u>	<u>Reappointment</u>
Kansas City	A. M. McAdams	Assistant Federal Reserve Agent
	H. H. Rhodes	Acting Assistant Federal Reserve Agent
Dallas	C. C. Hall	Assistant Federal Reserve Agent
	W. J. Evans	" " " "
San Francisco	S. G. Sargent	Assistant Federal Reserve Agent
	Oliver P. Wheeler	" " " "

Mr. L. B. Williams stated that upon his return to Cleveland after meeting with the Board on December 6, 1932, he immediately advised Mr. DeCamp what had transpired at the meeting in connection with the consideration of his reappointment as a class C director of the Federal Reserve Bank of Cleveland. Also at his request, Mr. Williams stated, the board of directors of the Cleveland bank, with the exception of Mr. DeCamp and one other, met in a special session at which Mr. Williams related to them the discussion which took place at the meeting on December 6, including particularly the circumstances surrounding Mr. DeCamp's borrowings from the Guardian Trust Company. The directors, he said, were very much disturbed to learn of the matter, but, after consideration, felt that because of the sensitive situation existing in the Cleveland district at the present time, which they thought should seriously be taken into consideration in any action by the Board, Mr. DeCamp should be reappointed as class C director for the three year term beginning January 1, 1933, and redesignated as Chairman of the board of directors and Federal Reserve Agent, provided he will agree to submit his resignation to the Board shortly after the first of the year to take effect at the pleasure of the Board, within from two to six months, during which time a successor can be chosen and Mr. DeCamp given an opportunity to secure other employment, thus permitting the change to be made with the least possible disturbance to the Cleveland banking situation. Mr. Williams stated that the directors who

12/20/32

-6-

were at the meeting were unanimous in recommending this procedure to the Board, and that, while the recommendation was made in the interest of the Cleveland bank and for no other reason, the directors also gave some consideration to Mr. DeCamp's long service to the bank, to the fact that he has no resources or income other than his salary as Chairman and Federal Reserve Agent, that he is not in the best of health at the present time, and that the proposed procedure will permit of the discontinuance of his services to the bank without unnecessary hardship to him. The directors also felt, Mr. Williams stated, that a leave of absence of sixty days should be given to Mr. DeCamp after the first of the year in order that he may have an opportunity to rebuild his health.

Upon inquiry Mr. Williams also stated that the directors of the Cleveland bank felt that the opinion of the members of the Board that Mr. DeCamp's services in the bank should be terminated is correct, although some of the directors indicated the feeling that restrictions against officers of Federal reserve banks borrowing from member banks should have been defined. As to this, it was pointed out on the part of the Board that it should not be necessary to formulate regulations to cover standards of ethics.

There was some discussion as to possible successors to Mr. DeCamp, and Mr. Williams stated that he had given some thought to two or three men but that he did not know whether they would be interested or available and was not prepared to make any recommendation at this time.

Mr. Williams then withdrew from the meeting.

A discussion of the recommendation of the Cleveland directors ensued, during which the feeling was expressed that a decision as to the action to be taken by the Board should be reached without further delay, and that Mr.

12/20/32

-7-

Miller who is confined to his home by illness should be given an opportunity to record his views regarding the matter later should he desire to do so.

At the conclusion of the discussion the recommendation submitted by Mr. Williams was approved.

Mr. Williams reentered the Board room and was advised of the Executive Committee's action. Thereupon he expressed appreciation of the Board's attitude and said that immediately upon his return to Cleveland he would take the matter up further with Mr. DeCamp.

Mr. Williams then stated that in the discussion at the special meeting of the directors, as previously indicated, he had given them the information which he had received from the Board regarding borrowings of Messrs. Fancher and Zurlinden, and that he felt that the matter of these borrowings should also be handled in such a manner as will have a minimum effect upon the serviceability of the Federal reserve bank in the disturbed situation in the district; that the problem is somewhat complicated by the present illness of Governor Fancher; and that he does not believe the matter should be taken up until the Governor is in better health, although an opportunity should be presented as soon as possible for both Governor Fancher and Mr. Zurlinden to explain the conditions surrounding their borrowings. Mr. Williams stated that, in view of all the circumstances, he would suggest as the desirable course of procedure that the Governor and Deputy Governor be reappointed in the regular way at the meeting of the board of directors on January 6, following which the matter under discussion can be taken up with Messrs. Fancher and Zurlinden and dealt with at the first seasonable opportunity in the light of the situation as it develops.

After a discussion Mr. Williams was advised that the Federal Reserve Board will interpose no objection to the suggested procedure, if the Board

12/20/32

-8-

of Directors should decide to adopt it, with the understanding that he, as Deputy Chairman of the board of directors of the bank, will discuss the matter with Governor Fancher and Deputy Governor Zurlinden, that the matter will be presented to the board of directors, for their consideration and such action as may be necessary, as soon after the first of the year as in Mr. Williams' judgment is appropriate; and that it will be pursued without undue delay to such conclusion as the facts when fully developed may warrant.

Thereupon the meeting adjourned.

C. Peter Moriel
Secretary.

Approved:

Augustine
Governor.