

A meeting of the Federal Reserve Board was held in Washington on Tuesday, January 17, 1933, at 12:00 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.

The Governor presented a letter addressed to him under date of January 16, 1933, by Senator P. L. Goldsborough as Chairman of a sub-committee of the Senate Committee on Banking and Currency, stating that the sub-committee will hold a hearing on January 18, 1933, at 11:00 o'clock on S-4550, "A bill to amend section 13 of the Federal Reserve Act by making notes of finance and credit companies subject to discount." The letter referred to the Board's letter of June 28, 1932, to the Chairman of the Senate Committee on Banking and Currency on this subject, and suggested that as there may be present at the hearing witnesses favoring the passage of the proposed legislation it is thought that the Board might wish to have a representative present in order that the Board's views on the bill might also be presented.

After discussion, during which the Chairman of the Board joined the meeting, the Governor was requested to attend the hearings in response to Senator Goldsborough's letter to him and a similar letter received today by the Secretary of the Treasury and referred to the Federal Reserve Board for consideration; it being understood that the Governor would request any members of the Board's staff whom he desires to be present at the hearings to accompany him.

Reference was then made to the letters addressed by the Board to the Chairmen of the Banking and Currency Committees of the Senate and

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House of Representatives on January 9, 1933, recommending the extension for at least one year from March 3 of the provisions of sections 2 and 3 of the Glass-Steagall Act, and the question was raised as to whether any additional steps should be taken by the Board with a view to expediting the enactment of this legislation.

After discussion, during which the opinion was expressed that because of the congested condition of the Congressional calendar a number of important bills may not be approved at this session of Congress and that the Board should urge the leaders of Congress to expedite the renewal of the provisions of the sections referred to, it was understood that Governor Meyer would take the matter up with the Speaker of the House of Representatives and possibly others while he is at the Capitol tomorrow in connection with the hearing on S-4550, above referred to.

Thereupon the Chairman left the meeting.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on December 20, 23, 27 and 30, 1932, were approved, and the actions recorded therein were ratified unanimously.

The minutes of the meeting of the Federal Reserve Board held on January 4, 1933, were approved.

The Board then considered and acted upon the following matters:

Letter dated January 12, 1933, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated January 12, 1933, from the Chairman of the Federal Reserve Bank of Dallas, and January 16, 1933, from the Secretary of the Federal Reserve Bank of Minneapolis, 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.

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Reply to a letter dated January 13, 1933, from the Secretary of the Federal Reserve Bank of Chicago, advising that at the meeting of the executive committee of the bank on that date, it was voted, subject to the approval of the Federal Reserve Board, to establish a rate of 5% on advances to be made by the bank in accordance with the provisions of section 10(b) of the Federal Reserve Act. The reply stated that, inasmuch as the procedure outlined in the Board's letter of March 10, 1932 (X-7115), provides that all 10(b) advances, including the rate of interest or discount to be charged on each, shall be submitted to and considered by the Board separately, no affirmative action is being taken by the Board in connection with the rate approved by the executive committee of the Chicago bank.

Approved.

Telegraphic reply, approved by five members of the Board on January 13, to a telegram dated January 12, 1933, 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 of the Thousand Islands, Alexandria Bay, New York, in the amount of \$26,000, for a period of ninety days, with interest at a rate of 5% per annum, and on the security of customers' collateral notes, unsecured notes, and miscellaneous bonds with a margin of at least 25%; Deputy Governor Rounds stating that the bank desires the advance to meet a continued withdrawal of deposits. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.



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Telegraphic reply, approved by five members of the Board on January 14, 1933, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for a further advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the First National Bank in Mamaroneck, New York, in the amount of \$40,000, for a period of ninety days, with interest at the rate of 5% per annum, and on the security of customers' notes and securities with a margin of at least 25%; Deputy Governor Rounds stating that the bank has been suffering a further seepage of deposits and desires the advance to meet these withdrawals. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

In connection with the above, there was presented a letter dated January 16, 1933, from Deputy Governor Rounds of the Federal Reserve Bank of New York, advising that the First National Bank in Mamaroneck did not open for business on the morning of January 16, 1933; that no funds have been or will be advanced to the national bank under the authority granted in the Board's telegram of January 14, 1933, and that the authority, therefore, may be canceled.

The Secretary was requested to advise Mr. Rounds that the authority referred to has been canceled.

Telegraphic reply, approved by five members of the Board on January 16, 1933, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for an additional advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the First National Bank, Altamont, New York,

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in the amount of \$25,000, for a period of ninety days, with interest at the rate of 5% per annum, and on the security of miscellaneous domestic bonds with a margin of at least 25%; Deputy Governor Rounds stating that the bank desires this further advance to meet additional withdrawals of deposits. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply, approved by five members of the Board on January 16, 1933, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for an additional advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Larchmont National Bank and Trust Company, Larchmont, New York, in the amount of \$50,000, for a period of ninety days, with interest at the rate of 5% per annum, and on the security of customers' notes secured by stock exchange collateral with a margin of at least 25%; Deputy Governor Rounds stating that the bank desired the advance to meet the withdrawal of deposits which it was anticipated would result from the closing of the First National Bank in Mamaroneck, New York. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply to a telegram dated January 17, 1933, 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 and Trust Company, Port Chester, New York, in the amount of \$250,000, for a period

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of ninety days, with interest at the rate of 5% per annum, and on the security of customers' ineligible unsecured notes with a margin of at least 25%; Deputy Governor Rounds stating that the advance is desired to meet the withdrawal of deposits which it is anticipated will result from the closing of the First National Bank in Mamaroneck. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegram to the Governor of the Federal Reserve Bank of New York, approved by three members of the Board on January 13, 1933, referring to Governor Harrison's telephone conversation with the Secretary of the Board on January 12, and stating that the Board offers no objection to the Federal Reserve Bank of New York making January 15 salary payments to its officers and employees, together with the Federal reserve agent and the members of his staff, at salary rates in effect on December 31, 1932, with adjustments incident to the share-the-work plan adopted by the board of directors.

Approved.

Telegraphic replies, approved by three members of the Board on January 13, to telegrams dated January 12, 1933, from Deputy Governor Crane of the Federal Reserve Bank of New York, stating that for the reasons outlined in his telegrams the board of directors of the New York bank, at its meeting on the latter date, authorized the officers of the bank, subject to the approval of the Federal Reserve Board, to arrange for the renewal of the bank's participations in the credits to the Austrian National



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Bank and the National Bank of Hungary for periods of not to exceed three months from January 16 and January 18, 1933, respectively, provided the other principal participants in the credits likewise extend their participations. The replies stated that the Federal Reserve Board offers no objection to the action of the directors of the New York bank, it being understood that the renewals will be made upon the same terms and conditions as governed the existing credits.

Approved.

Reply, approved by five members of the Board on January 16, 1933, to a memorandum dated December 27, 1932, from the Acting Comptroller of the Currency recommending approval of the application of the Citizens National Bank of Lancaster, New York, for permission to reduce its capital stock from \$300,000 to \$100,000 and immediately thereafter to increase its stock to \$200,000 by the sale of new shares. The reply stated that the Board approves the reduction under the plan submitted, subject to certain conditions set forth in the reply.

Approved.

Letter to the Federal Reserve Agent at New York, approved by three members of the Board on January 12, 1933, referring to the analysis of report of examination as of June 17, 1932, of the Syracuse Trust Company, Syracuse, New York, and requesting that the Board be advised with regard to the consideration which is given to the payment of further dividends by the bank, to the disposition of shares of its own stock held in its assets, to the reduction of the borrowings of directors, officers, employees and their interests, and to improvements in other matters which were

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criticized in the report of examination above referred to.

Approved.

Letter to Assistant Federal Reserve Agent Fletcher at Cleveland, approved by five members of the Board on January 16, 1933, referring to the badly extended condition of the Guardian Trust Company of Cleveland, Ohio, as disclosed by the report of examination as of February 29, 1932, and outlining the corrective steps which the Board feels should be taken to strengthen the institution and its management. The letter also requested that the Board be kept advised both as to the general banking conditions in Cleveland and the steps taken by the Federal reserve agent's office to bring about corrections in the unsatisfactory condition of the trust company, and that the assistant Federal reserve agent discuss the condition of the institution with the Deputy Chairman of the Federal Reserve Bank of Cleveland in order that he may be informed of the existing situation. The letter further stated that, in view of the information submitted, the Board will take no action affecting the membership of the trust company, in connection with the transaction by which the trust department of the company on March 1, 1932, took over for liquidation the assets of the Ohio State Bank, although the assistant Federal reserve agent is requested, upon completion of the examination of the trust department, to furnish the Board with a complete copy of the report thereof and any comments or criticisms of the examiner.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by three members of the Board on January 12, 1933, stating that it is apparent from



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the unsatisfactory condition of the assets of the Bank of Baraboo, Wisconsin, as disclosed by the analysis of the report of a joint examination made as of September 26, 1932, that the bank is in need of financial aid, and that it is assumed that the Federal reserve agent will give consideration to the prospects of obtaining such assistance from the directors or the Wisconsin Bankshares Corporation which owns control of the member bank. The letter also requested information regarding the condition of the Wisconsin Bankshares Corporation, the extent of its present holdings in other banks, and the condition of such banks, and stated that the Board will be glad to be advised of any improvements effected by the bank in the features of its condition which were subjected to criticism in the report of examination above referred to.

Approved.

Letter to the Federal Reserve Agent at St. Louis, approved by five members of the Board on January 16, 1933, referring to the analysis of report of examination as of October 17, 1932, of the State Bank of Hoiles and Sons, Greenville, Illinois, and requesting that the Board be currently advised as to the results accomplished by the institution in the reduction of two excess loans referred to in the analysis, and as to any improvement effected in the other features of the bank's condition which were criticized in the report of examination above referred to.

Approved.

Letter to the Federal Reserve Agent at St. Louis, approved by five members of the Board on January 16, 1933, referring to the report of a credit investigation as of September 17, 1932, of the Bank of Commerce and Trust Company, Memphis, Tennessee, and requesting advice as to the

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progress made by that company in eliminating shares of its own stock held as part collateral to loans and in the assets of an affiliate, as to the liability of the company for guaranteeing the payment of bonds and mortgages or for guaranteeing real estate titles and liens, as to the consideration which is given by the company to the advisability of the payment of further dividends, and as to any improvement effected in the other features of the company's condition which were subjected to criticism in the report of credit investigation above referred to.

Approved.

Letter to the Federal Reserve Agent at Minneapolis, approved by five members of the Board on January 16, 1933, stating that, in view of the situation disclosed in the analysis of report of examination as of November 19, 1932, of the Daly Bank and Trust Company, Anaconda, Montana, it is very apparent that the stockholders of the bank should make the contribution of \$300,000 required by the State Superintendent of Banks in addition to the contribution of \$150,000 which it appeared had already been promised by the Northwest Bancorporation and \$50,000 which it had been estimated would be collected on a guaranty of the former stockholders of the Daly Bank and Trust Company. The Federal reserve agent was requested to take the matter up further with the State banking authorities or the Northwest Bancorporation which owns 95% of the stock of the member bank, and to keep the Board advised of the results accomplished toward obtaining such a contribution.

Approved.

Reply, approved by three members of the Board on January 12, 1933,

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to a letter dated December 30, 1932, from the Federal Reserve Agent at Atlanta, reporting that the Bank of Eastman, Georgia, was continuously deficient in its required reserves for the period of six and one-half months ended December 15, 1932. The reply stated that, in accordance with the agent's recommendation, the Board will take no action in the matter at this time, although it is suggested that he continue to keep the Superintendent of Banks of the State of Georgia informed regarding the case and endeavor to enlist his full cooperation in the matter. The letter also requested advice as to whether the bank has disposed of the shares of its own stock which were carried as a non-book asset at the time of the last examination, and whether any corrections or improvements of other criticized features of its condition have been effected since the examination.

Approved.

Letter to the Federal Reserve Agent at Chicago, approved by four members of the Board on January 13, replying to a letter dated January 3, 1933, from Assistant Federal Reserve Agent Young with regard to the Federal reserve bank stock outstanding in the name of the City National Bank of Lansing, Michigan, which was absorbed by the Capital National Bank of Lansing on December 26, 1931. The reply stated that, in view of the circumstances and the assistant Federal reserve agent's recommendation, the Board has no objection to the Federal reserve bank waiting an additional period of sixty days before submitting a recommendation for the appointment of a receiver for the City National Bank.

Approved.



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Memorandum dated January 9, 1933, from the Board's General Counsel, submitting the application filed by Mr. Landon K. Thorne for permission to serve at the same time as director of the First National Bank of the City of New York and as a director of the Bankers Trust Company of New York, New York, and recommending that the application be approved on the basis of the showing made that Mr. Thorne's service as a director of the First National Bank would add needed strength to the management of that institution and thus be affirmatively in the public interest. The memorandum also submitted a memorandum dated January 9, 1933, from Mr. Chase, Assistant Counsel, with regard to the application, a letter dated January 6, 1933, from the Chairman of the First National Bank of the City of New York, setting forth the reasons why it is desired to have Mr. Thorne serve as a director of that institution, and a letter dated December 30, 1932, from the Federal Reserve Agent at New York recommending approval of the application.

Approved, Mr. Miller voting "no".

Reply, approved by three members of the Board on January 12, 1933, to a letter dated January 5, 1933, from the attorneys for the National City Bank of New York, requesting a further extension for ninety days of the time within which the National City Bank of New York may establish a branch in Geneva, Switzerland, under the authority granted by the Board on April 29, 1932. The reply stated that, before the Board acts on this request it will be appreciated if the attorneys will advise of the circumstances occasioning the delay and, if it is expected that the branch actually will be established within the additional ninety days period, the grounds upon which such expectancy is based.

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Approved.

Reply, approved by three members of the Board on January 13, 1935, to a letter dated December 27, 1932, from the Federal Reserve Agent at Philadelphia with regard to certain extemporaneous talks made in October by Assistant Federal Reserve Agent Post. The reply stated that, as these talks were given some time ago, it would appear that a satisfactory record could not be prepared at this time without putting Mr. Post to more trouble than the matter is worth. The reply also stated that informal talks of the nature referred to, if they relate to banking and credit, would seem to fall within the spirit of the Board's letter of April 18, 1932, (X-7135); that the Board's circular, however, was not intended to discourage the giving of such talks; that it is suggested, therefore, that after such talks have been given, notes covering their substance should be forwarded to the Board as promptly as may be convenient; and that talks relating merely to administrative matters are not considered as coming within the scope of the Board's letter.

Approved.

Memorandum from Mr. Paulger, Chief of the Division of Examinations, circulated among the members of the Board under date of November 29, 1932, in response to the action taken at the meeting of the Executive Committee of the Board on November 2, 1932, with regard to the Federal Reserve Bank of New York acting as custodian in connection with a bequest of former Governor Benjamin Strong. The memorandum stated that Governor Strong had bequeathed \$2,000 to be used by the chairman of the board of directors of the bank for the benefit of the employees; that the fund has been increased from time to time, and it is hoped to increase the amount to a point where

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a bed in a tuberculosis hospital could be endowed for the benefit of the employees; and that Deputy Governor Sailer had informed Mr. Paulger that inasmuch as the bequest and the additions thereto concern only the employees of the bank, no question had been raised regarding the bank's right to act as custodian in connection therewith.

Noted.

Reports of Standing Committee dated January 12, 14 and 16, 1933, recommending approval of the following changes in stock at Federal reserve banks:

<u>Application for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 3.</u>		
Fulton National Bank, Lancaster, Pennsylvania. (Increase in capital and surplus)	240	240
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
Germantown National Bank, Germantown, New York. (Insolvent)	39	
Pulaski National Bank, Pulaski, New York. (Insolvent)	<u>90</u>	129
<u>District No. 7.</u>		
First National Bank, Bushnell, Illinois. (V.L.Abs. by Farmers & Merchants State Bank, nonmember)	75	
Citizens Savings Bank, Mt. Clemens, Michigan. (Insolvent)	<u>503</u>	578
<u>District No. 9.</u>		
First National Bank, Steele, North Dakota. (V.L. Suc. by Bank of Steele, North Dakota, nonmember)	24	
Citizens National Bank & Trust Company, Watertown, South Dakota. (V.L.Abs. by First National Bank, & Trust Company of Watertown, South Dakota, which changed its title to The First Citizens National Bank of Watertown)	90	
First National Bank, Tyndall, South Dakota. (Insolvent)	<u>33</u>	147
<u>District No. 12.</u>		
Bank of Eagle, Eagle, Idaho. (Insolvent)	18	18
	<u>Total</u>	<u>872</u>

Approved.



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Reports of Standing Committee dated January 14, 1933, recommending approval of the following changes in stock at a Federal reserve bank; the recommendations having been approved on initials on January 14, 1933.

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 6.</u>		
Monroe County Bank, Monroeville, Alabama. (Insolvent)	90	
Bank of Statesboro, Statesboro, Georgia. (Insolvent)	<u>144</u>	234

Approved.

Thereupon the meeting adjourned.

A. Ester Morill  
Secretary.

Approved:

E. G. ...  
Governor.