

A meeting of the Federal Reserve Board was held in Washington on Thursday, February 16, 1933, at 12:00 o'clock noon.

PRESENT: Mr. Mills, Chairman
Mr. Meyer, Governor
Mr. Hamlin
Mr. Miller
Mr. James

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

Governor Meyer stated that Governor Harrison of the Federal Reserve Bank of New York had called him on the telephone this morning and advised that it was the feeling of the officers of the Federal reserve bank that a reduction today in its effective buying rates on bankers' acceptances would probably result in the offering of bills to the New York bank, which it was felt would be desirable at the present time; that Governor Harrison had obtained the approval of a majority of the directors of the bank over the telephone for a reduction in the bank's minimum buying rate on bankers' acceptances from 1% to 1/2%; and that he had asked that Governor Meyer, in advance of formal action by the directors at their meeting this afternoon, submit to the Federal Reserve Board a request that the Board approve a reduction of the minimum authorized rate for purchases of bankers' acceptances by the New York bank to 1/2%.

After discussion, Governor Meyer was authorized to advise Governor Harrison that the Board approves the reduction of the minimum authorized rate established for purchases of bankers' acceptances by the Federal Reserve Bank of New York to 1/2%.

The Board then considered and acted upon the following matters:

Letter dated February 9, 1933, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated February 10, 1933, from the

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Secretaries of the Federal Reserve Banks of Cleveland and Atlanta and the Chairman of the Federal Reserve Bank of Richmond, February 14, 1933, from the Secretary of the Federal Reserve Bank of Minneapolis, and February 15, 1933, from the Chairmen of the Federal Reserve Banks of Philadelphia and St. Louis, 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 on February 11, 1933, approved by three members of the Board, to a telegram dated February 9, from the Federal Reserve Agent at Chicago, stating that certain circumstances have developed which make it impracticable to appoint Mr. W. R. Diercks as Acting Assistant Federal Reserve Agent at Chicago; that in connection with the survey being made at the Detroit branch the conclusion has been reached that an assistant Federal reserve agent of the highest type could become a major factor in the whole organization, representing the agent in the credit department, handling bank relations and analyses, making some of the examinations in Detroit and suburbs, and otherwise counseling and advising with the officers of the branch; that with the approval of the Federal Reserve Board it is proposed to appoint Mr. John H. Martin, examiner at the head office, whose qualifications and previous experience are outlined in the agent's telegram, as Assistant Federal Reserve Agent at the branch; and that it is recommended that his salary be fixed at the rate of \$4,775 per annum, and that the bank be authorized to pay his moving expenses to Detroit amounting to not over \$200. In connection with the Federal reserve agent's recommendation, the Assistant Secretary presented a telegram dated February 10,

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1933, from Mr. Paulger, Chief of the Division of Examinations, who was in Chicago on that date, in which he stated that as a result of an interview with Mr. Martin he is of the opinion that from the standpoint of age, personality, training and experience, Mr. Martin would be a good choice and offers good possibilities for development, and that he recommends the Board's approval of Mr. Martin's selection. The reply stated that, with the understanding that Mr. Martin will be stationed at the branch as a representative of, and responsible to, the Federal reserve agent and not as an employee of the branch, and that, in addition to acting as the agent's representative in the receipt and delivery of Federal reserve notes, he will serve as the agent's representative in the credit department of the branch and engage in bank relations and examination work for the agent's department in the Detroit district as outlined in the agent's telegram, the Board approves the appointment of Mr. Martin as assistant Federal reserve agent at the Detroit branch and fixes his salary at the rate of \$4,775 per annum, effective as of the date on which he assumes his new duties, and approves the payment of his moving expenses in an amount not to exceed \$200. The reply also stated that Mr. Martin should not enter upon his duties until the agent has received advice of the Board's approval of Mr. Martin's bond and until he has also executed the usual form of oath of office.

Approved.

Telegram dated February 13, 1933, to the Federal Reserve Agent at Chicago, approved by four members of the Board, stating that the Federal Reserve Board approves the bond in the amount of \$50,000, executed on February 11, 1933, by Mr. John H. Martin, as Assistant Federal Reserve

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Agent at the Detroit branch of the Federal Reserve Bank of Chicago.

Approved.

Reply on February 10, 1933, approved by three members of the Board, to a letter dated February 6, from Mr. Charles H. Murphy, El Dorado, Arkansas, transmitted through the Federal Reserve Agent at St. Louis, in which Mr. Murphy expressed the opinion that, because of his acceptance of appointment as State Highway Commissioner for the State of Arkansas, he should resign as a director of the Little Rock branch of the Federal Reserve Bank of St. Louis, and in which he tendered his resignation from that position effective immediately. The reply stated that the Federal Reserve Board has accepted his resignation effective as of February 6, 1933.

Approved.

Memorandum dated February 9, 1933, from the Committee on District No. 8 (Messrs. James and Hamlin), recommending the appointment of Mr. F. K. Darragh, President of the Darragh Grain Company, Little Rock, Arkansas, as a director of the Little Rock branch of the Federal Reserve Bank of St. Louis for the unexpired portion of the term ending December 31, 1933, to succeed Mr. Charles H. Murphy, resigned.

Approved, and the Secretary was requested, upon receipt of Mr. Darragh's acceptance of the appointment, to advise the Chairman of the Federal Reserve Bank of St. Louis that while it is realized that this appointment is not in accordance with the provisions of the Board's regulations that at least one of the directors of a branch Federal reserve bank appointed by the Board shall reside outside of the city in which the branch is located, it is believed that a departure from that policy in this case is justified at the present time, and that accordingly the Board waives the applicable requirement of its regulations and approves the temporary elimination of the requirement from the by-laws of the Little Rock branch.

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Memorandum dated February 16, 1933, from the Secretary of the Board stating that advice has been received of the selection by the boards of directors of the Federal reserve banks of the following members of the Federal Advisory Council for the year 1933:

<u>District</u>	<u>Name and Affiliation</u>
No. 1	*Thomas M. Steele, President, First National Bank and Trust Company, New Haven, Connecticut.
No. 2	George W. Davison, Chairman, Central Hanover Bank and Trust Company, New York, New York.
No. 3	*Howard A. Loeb, Chairman, Tradesmens National Bank and Trust Company, Philadelphia, Pennsylvania.
No. 4	H. C. McEldowney, President, Union Trust Company, Pittsburgh, Pennsylvania.
No. 5	*Howard Bruce, Chairman, Baltimore Trust Company, Baltimore, Maryland. *#Charles E. Rieman, President, Western National Bank of Baltimore, Maryland.
No. 6	*John K. Ottley, President, First National Bank, Atlanta, Georgia.
No. 7	*Melvin A. Traylor, President, First National Bank, Chicago, Illinois. #Solomon A. Smith, President, Northern Trust Company, Chicago, Illinois.
No. 8	*Walter W. Smith, President, First National Bank in St. Louis, Missouri.
No. 9	*Theodore Wold, Chairman, Northwestern National Bank of Minneapolis, Minnesota.
No. 10	*Walter S. McLucas, Chairman, Commerce Trust Company, Kansas City, Missouri.
No. 11	*J. H. Frost, President, Frost National Bank, San Antonio, Texas. *#W. W. Woodson, President, First National Bank, Waco, Texas.

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DistrictName and Affiliation

No. 12 *Henry M. Robinson, Chairman, Security-First National Bank, Los Angeles, California.

* Reappointment.

Alternate.

Noted.

Memorandum dated February 16, 1933, from the Secretary of the Board stating that advice has been received of the appointment by the boards of directors of the various Federal reserve banks of the following directors at the respective branches, each for a term of three years beginning January 1, 1933, unless otherwise indicated:

<u>Name</u>	<u>Address</u>	<u>Branch</u>
*Lewis G. Harriman	Buffalo, New York.	Buffalo
*Thomas J. Davis	Cincinnati, Ohio.	Cincinnati
(1) C. N. Manning	Lexington, Kentucky.	Cincinnati
Richard Coulter	Greensburg, Penna.	Pittsburgh
*L. S. Zimmerman	Baltimore, Maryland.	Baltimore
*C. L. Cobb	Rock Hill, S. C.	Charlotte
*W. W. Crawford	Birmingham, Alabama.	Birmingham
*E. W. Lane	Jacksonville, Florida.	Jacksonville
*C. W. Bailey	Clarksville, Tenn.	Nashville
*F. W. Foote	Hattiesburg, Miss.	New Orleans
*John Ballantyne	Detroit, Michigan.	Detroit
(2) Wilson W. Mills	Detroit, Michigan.	Detroit
*Stuart Wilson	Texarkana, Arkansas.	Little Rock
Wm. R. Cobb	Louisville, Kentucky.	Louisville

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<u>Name</u>	<u>Address</u>	<u>Branch</u>
Willis Pope	Columbus, Mississippi.	Memphis
#*Samuel McKernan	Helena, Montana.	Helena
*Henry Swan	Denver, Colorado.	Denver
*H. H. Ogden	Muskogee, Oklahoma.	Oklahoma City
*T. L. Davis	Omaha, Nebraska.	Omaha
*Arthur F. Jones	Portales, New Mexico.	El Paso
*N. E. Meador	Houston, Texas.	Houston
*Franz C. Groos	San Antonio, Texas.	San Antonio
#*A. J. Cruickshank	Santa Ana, California.	Los Angeles
#*Richard S. Smith	Eugene, Oregon.	Portland
#*E. O. Howard	Salt Lake City, Utah.	Salt Lake City
#*M. F. Backus	Seattle, Washington.	Seattle
#*R. M. Hardy	Yakima, Washington.	Spokane

* Reappointment

- (1) For the unexpired portion of the term ending December 31, 1934, to succeed E. S. Lee, deceased.
- (2) For the unexpired portion of the term ending December 31, 1934, to succeed Wm. J. Gray, deceased.

Two year term.

Noted.

Letter dated February 13, 1933, to the Acting Comptroller of the Currency, approved by three members of the Board, stating that in accordance with the recommendation contained in his letter of February 9, 1933, the Board approves a salary at the rate of \$6,000 per annum for National Bank Examiner H. S. French, assigned to the Seventh Federal Reserve District.

Approved.

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Telegraphic replies on February 9, 1933, approved by five members of the Board, to telegrams of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for the renewal in the amounts of \$1,008,485 and \$250,000, each for a period of ninety days from February 10, 1933, with interest at the rate of 5% per annum, of the advances, in accordance with the provisions of section 10(b) of the Federal Reserve Act, made by the New York bank to the Franklin Washington Trust Company, Newark, New Jersey, and the Lincoln National Bank, Newark, New Jersey, respectively, under authority previously granted by the Board; Deputy Governor Rounds stating that the banks continue to lose deposits and are not in a position to repay the advances at the present time. The replies stated that the Board authorizes the renewal of the advances subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply on February 9, 1933, approved by five members of the Board, 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 Sunrise National Bank and Trust Company, Baldwin, New York, in the amount of \$35,000, for a period of ninety days, with interest at the rate of 5% per annum, and on the security of mortgage notes in the amount of \$60,000; Deputy Governor Rounds stating that the funds are urgently needed pending completion of a merger between the national bank and another institution. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

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Telegraphic reply on February 10, 1933, approved by five members of the Board, 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 Baldwin National Bank and Trust Company, Baldwin, New York, in the amount of \$250,000, for a period of ninety days, with interest at the rate of 5% per annum, and on the security of miscellaneous collateral notes and unsecured notes with a margin of at least 25%; Deputy Governor Rounds stating that there was a possibility that a nearby institution might not open for business the following day and that the advance was desired to meet that situation. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic replies on February 10, 1933, approved by five members of the Board, to telegrams of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for renewals, in the amounts of \$76,195, \$90,000, \$14,990, and \$24,520, each for a period of ninety days from February 14, 1933, with interest at the rate of 5% per annum, of the advances made by the New York bank, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Jefferson Trust Company, Hoboken, New Jersey; the First National Bank, Lindenhurst, New York; the National Bank of Newport, New York; and the Citizens National Bank, New Brunswick, New Jersey, respectively; Deputy Governor Rounds stating that the banks are not in a position to repay the advances at the present time. The replies stated that the Board authorizes the renewals

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subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic replies on February 11, 1933, approved by five members of the Board, to telegrams dated February 10 and 11, from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for advances, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to The Citizens National Bank, New Brunswick, New Jersey, the Pelham National Bank, Pelham, New York, the Jefferson Trust Company, Hoboken, New Jersey, and the First National Bank and Trust Company, Yonkers, New York, in the amounts of \$15,000, \$75,000, \$100,000 and \$550,000, respectively, each for a period of ninety days, with interest at the rate of 5% per annum, and on security described in the individual telegrams; Deputy Governor Rounds stating that the advances are desired to meet anticipated further withdrawals resulting from unsettled banking conditions in the communities. The replies stated that the Board authorizes the advances subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic replies on February 14, 1933, approved by five members of the Board, to telegrams of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority for advances in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the First National Bank, South Plainfield, New Jersey, the First National Bank, Carteret, New Jersey, and the First National Bank, Highland Park, New Jersey, in the amounts of \$20,000, \$200,000 and \$100,000, respectively, each for a period of 90 days, with interest at the rate of 5% per annum, and on

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the security described in the individual telegrams; Deputy Governor Rounds stating that the advances are desired to meet anticipated further withdrawals of deposits. The replies stated that the Board authorizes the advances subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic replies on February 11 and 14, 1933, approved by five members of the Board, to telegrams of those dates from the Governor of the Federal Reserve Bank of Kansas City requesting authority for advances, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Fidelity National Bank and Trust Company, Kansas City, Missouri, in the amounts of \$400,000 and \$750,000, each for a period of 15 days, with interest at the rate of 5% per annum, and on the security of customers' notes in the amount of \$709,450, and \$1,125,000, respectively; Governor Hamilton stating that the advances are desired to meet anticipated further withdrawals of deposits. The replies stated that the Board authorizes the advances subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply on February 9, 1933, approved by five members of the Board, to a telegram of that date from the Governor of the Federal Reserve Bank of San Francisco, requesting authority for an advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Old National Bank and Union Trust Company, Spokane, Washington, in the amount of \$2,000,000, with interest at the rate of 5% per annum, to mature on April 10, 1933, and on the security of real estate and other loans totaling \$2,735,000; Governor Calkins stating that it is the intention

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to retire an outstanding 10(b) advance out of funds received under this application, the member bank having advised that due to depressed conditions in the territory it is unable to repay the advance at the present time and faces further withdrawals of deposits during the next few months. The reply stated that the Board authorized the advance subject to the terms and conditions recommended, it being understood that the authority was to cover a renewal of the outstanding amount of the advance made under the authority of the Board's telegram of November 10, 1932, and an additional advance which, together with the amount of the advance outstanding, would not exceed \$2,000,000.

Unanimously approved.

Telegraphic reply on February 14, 1933, approved by three members of the Board, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority to purchase from the First National Bank, Spring Lake, New Jersey, a tax note of the Borough of Spring Lake in the amount of \$25,000. The reply stated that the Board authorizes the purchase with the understanding that the note meets all requirements of Regulation E except that the population of the issuing municipality is less than 10,000, and the amount of the note offered, together with notes now held by the New York bank, exceeds 25% of the outstanding warrants of the municipality.

Approved.

Telegraphic reply on February 15, 1933, approved by four members of the Board, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority to purchase from

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the First National Bank, Perth Amboy, New Jersey, \$100,000 of tax notes of the City of Perth Amboy. The reply stated that the Board authorizes the purchase with the understanding that the notes meet all requirements of Regulation E except that the amount offered, together with \$375,000 of such notes purchased from the Perth Amboy Trust Company and held by the New York bank, exceeds 25% of the total outstanding warrants of the municipality.

Approved.

Telegraphic reply to a letter dated February 13, 1933, from the Federal Reserve Agent at Richmond transmitting, with a favorable recommendation of the executive committee of the bank, a request of the South Carolina National Bank, Charleston, South Carolina, for an extension for a further period of six months from April 12, 1933, of the authority granted by the Board to the Federal Reserve Bank of Richmond to rediscount, in its discretion, for the national bank good and eligible paper acquired from or bearing the signature or indorsement of the South Carolina State Bank, a nonmember. The reply stated that the Board extends the authority for the period requested, it being understood that no such paper will be rediscounted until the national bank has first utilized all other paper in its portfolio which is eligible and acceptable to the Federal reserve bank for rediscount.

Approved.

Telegraphic reply on February 13, 1933, approved by three members of the Board, to a letter dated February 8, from the Federal Reserve Agent at Chicago transmitting and recommending approval of the application of The Security National Bank, Sioux City, Iowa, for permission to rediscount at the Federal reserve bank paper acquired from nonmember banks; the Fed-

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eral reserve agent stating that the bank has not rediscounted any of such paper under previous authorizations by the Board and that if it uses the privilege under the authorization now requested it will not be for the purpose of expanding loans to nonmember institutions but for the purpose of meeting an existing situation. The reply stated that the Board authorizes the Federal Reserve Bank of Chicago in its discretion, for a period of six months from February 13, 1933, to rediscount for the national bank good and eligible paper acquired from or bearing the signature or indorsement of nonmember banks, it being understood that no such paper will be rediscounted until the national bank has first utilized all other paper in its portfolio which is eligible and acceptable to the Federal reserve bank for rediscount.

Approved.

Reply on February 9, 1933, approved by four members of the Board, to a memorandum dated January 23, from the Acting Comptroller of the Currency, recommending approval of the application of the Stewart National Bank and Trust Company, Livonia, New York, for permission to reduce its capital stock from \$115,000 to \$57,500 through a change in the par value of its stock from \$50 to \$25, and immediately thereafter to increase its capital stock to \$85,000 by the sale of new shares. The reply stated that, effective only if and when the national bank has signified its desire to surrender its right to exercise trust powers in the manner outlined in the Board's Regulation F, Section XIV, and has received a certificate from the Board terminating its right to exercise these powers, the Board approves the reduction in capital subject to conditions set forth in the reply.

Approved.

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Reply on February 11, 1933, approved by three members of the Board, to a memorandum dated January 30, 1933, from the Acting Comptroller of the Currency, recommending approval of the application of the Central National Bank, Lynn, Massachusetts, for permission to increase its capital stock from \$200,000 to \$400,000 by the sale of new shares, and immediately thereafter to reduce the capital stock to \$200,000. The reply stated that the Board approves the proposed reduction subject to certain conditions set forth in the reply.

Approved.

Letter dated February 9, 1933, to the Federal Reserve Agent at Boston, approved by four members of the Board, stating that in view of the circumstances outlined, and the recommendation contained in Governor Young's letter of December 23, 1932, inclosing a copy of a letter dated December 19, 1932, from the President of the Somerville Trust Company, Somerville, Massachusetts, the Federal Reserve Board grants the trust company an extension of one year from January 12, 1933, of the time within which the institution may comply with the condition under which it was admitted to membership in the Federal Reserve System which provided that within one year from the date of the annual meeting of its shareholders to have been held on January 12, 1932, it should further increase its paid-up and unimpaired capital and surplus to \$250,000 and \$200,000, respectively; the Board's letter advising that this action is taken with the understanding that if at any time prior to January 12, 1934, it should become possible for the bank to increase its capital and surplus, appropriate steps to that end will be taken promptly. The reply also requested advice as to

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What action has been taken regarding the criticism of the examiner in the report of examination of the trust company as of October 24, 1932, to the effect that deposits of the savings department of the trust company with the Federal Reserve Bank of Boston and the Somerville National Bank of Somerville violate provisions of State law.

Approved.

Letter dated February 11, 1933, to the Citizens State Bank, Arlington, South Dakota, approved by three members of the Board, stating that the Board approves the bank's application for membership in the Federal Reserve System and for twenty shares of the capital stock of the Federal Reserve Bank of Minneapolis, subject to certain conditions set forth in the letter.

Approved.

Reply on February 9, 1933, approved by four members of the Board, to a letter dated January 27, 1933, from the Federal Reserve Agent at Philadelphia, inclosing certain documents with regard to possible violations of the provisions of section 5209 of the Revised Statutes of the United States by an officer and an employee of the Chester-Cambridge Bank and Trust Company of Chester, Pennsylvania, and two other persons not connected with the institution; the Federal reserve agent stating that the documents disclose serious weaknesses in the systems and policies of the member bank with respect to the purchase and sale of securities for customers and in the purchase and sale of trust company investments. The reply stated that the agent's action in suggesting to the State banking department that these matters should be taken up with the directors of the institution for the

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purpose of securing a correction of the criticized policies and an improvement in the systems employed therewith has been noted with approval. The reply also noted that the agent will advise the Board as to the action taken by the institution in this connection.

Approved.

Reply on February 11, 1933, approved by three members of the Board, to a letter dated January 3, from the Federal Reserve Agent at New York with regard to the cancellation of the Federal reserve bank stock issued to the Citizens National Bank and Trust Company of Hornell, New York, which suspended business on May 2, 1932. The reply noted that the Federal reserve bank's counsel takes the position that the cancellation of the stock and the application of the proceeds thereof to the part payment of the indebtedness of the Citizens National Bank and Trust Company to the Federal reserve bank will reduce the amount of the dividends which the latter will receive on its claims against the national bank; and stated that it would seem that the proceeds of such stock could be held as cash collateral and need not be applied immediately to the indebtedness of the national bank. The reply referred to the joint conference of counsel of Federal reserve banks with representatives of the Comptroller of the Currency on July 14, 1925, when it was agreed that it is the lawful right of Federal reserve banks to treat amounts realized on account of the surrender of the Federal reserve bank stock held by failed national banks as collateral and not as an offset to claims against such banks, and stated that it was contemplated that in a case of this kind the Federal reserve bank would be permitted to file its claim for the entire amount of the indebtedness of the national

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bank and to receive dividends on the basis of such amount without deducting anything for the proceeds of the Federal reserve bank stock until such time as the dividends plus collections on collateral and offset equal 100% of the indebtedness, together with interest thereon and expenses reasonably incurred by the Federal reserve bank in preserving, selling and collecting collateral; that it appears that the position of the Comptroller of the Currency with reference to this matter has not been changed up to the present time; and that it does not appear that the cancellation of the Federal reserve bank stock held by an insolvent national bank would adversely affect the Federal reserve bank as to dividends received on such claim, if the proceeds of the stock are held as collateral and not applied immediately to the indebtedness of the national bank. The reply also stated that under the provisions of the Board's Regulation I it is contemplated that in some circumstances it may be desirable to defer the cancellation of Federal reserve bank stock held by an insolvent member bank for a period of more than six months after the closing of the member bank, but that in cases in which the stock is not canceled within that time the Board would like to have advice as to the circumstances involved in each particular case and a recommendation as to what action is desirable.

Approved.

Letter dated February 14, 1933, to the Federal Reserve Agent at New York, approved by four members of the Board, referring to his letters of December 23, 1932, and February 6, 1933, and stating that in view of the circumstances outlined, and the agent's recommendations, the Federal Reserve Board has no objection to his waiting an additional period of

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three months from February 14, for the surrender of the Federal reserve bank stock issued to the Citizens National Bank, Long Branch, New Jersey, for which a receiver was appointed on January 20, 1932, and the Midwood Trust Company, Brooklyn, New York, the business of which was taken over by the Manufacturers Trust Company on August 10, 1931, but that if by the end of the period applications have not been sent to the Board with the agent's recommendation for approval, he is requested to make a further report and recommendation.

Approved.

Letter dated February 9, 1933, to Assistant Federal Reserve Agent Bailey at Minneapolis, approved by three members of the Board, referring to the analysis of the report of examination of the Metals Bank and Trust Company, Butte, Montana, as of November 30, 1932, and stating that in view of the very unsatisfactory condition of the bank, the Board is in accord with the Assistant Federal Reserve Agent's view that the First Bank Stock Corporation, which owns practically all of the stock of the member bank and has placed \$550,000 in the bank which is represented by a certificate of deposit bearing interest at the rate of 3%, should surrender the certificate and have the funds so released set up on the books of the bank as a reserve for depreciation and losses, and that the Board feels that losses estimated in the report of examination above referred to should be charged to this account as soon as the amount has been made available for that purpose. The letter requested that the Assistant Federal Reserve Agent endeavor to obtain the desired action and that he keep the Board advised currently of any developments in the premises.

Approved.

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Memorandum dated February 8, 1933, from Mr. Noell, Fiscal Agent, stating that the cost of the examination of the First Federal Foreign Banking Corporation, New York City, New York, made by the Board's examiners as of December 12, 1932, was \$692.56, and recommending that the corporation be billed for that amount; the recommendation having been approved by four members of the Board on February 13, 1933.

Approved.

Letter dated February 11, 1933, to the Federal Reserve Agent at Dallas, approved by three members of the Board, inclosing a copy of a letter under date of January 25, 1933, from the Cashier of the Commercial National Bank of Shreveport, Louisiana, inquiring whether Mr. E. A. Frost, who had previously been authorized by the Board to serve as a director of the Commercial National Bank of Shreveport and as a director of the State National Bank of Texarkana, Arkansas, should obtain a new permit to serve the latter bank and the Commercial National Bank in Shreveport. The Board's letter stated that in view of the fact that the Commercial National Bank of Shreveport is in liquidation and that the Commercial National Bank in Shreveport is a new institution, there having been no merger of the two corporations, it will be necessary for Mr. Frost to secure a new permit to serve the State National Bank of Texarkana, Arkansas, and the Commercial National Bank in Shreveport. The letter also requested the agent to review the situation in the light of all relevant facts and, if he is disposed to recommend the approval of an application by Mr. Frost, to obtain such application and forward it to the Board, and that if he is not disposed to recommend approval of the application, it may be that he will wish to

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communicate with Mr. Frost before advising him to file an application.

Approved.

Letter dated February 11, 1933, to the Federal Reserve Agent at Richmond, approved by three members of the Board, stating that the last available report of examination of the Federal-American National Bank and Trust Company, Washington, D. C., shows Mr. Wilton J. Lambert as serving as a director of that bank and as a director of the Munsey Trust Company of Washington; that on September 7, 1916, the Federal Reserve Board denied the application of Mr. Lambert for permission to serve as a director of the Federal National Bank and the Munsey Trust Company; and that in response to the Board's advice Mr. Lambert stated under date of October 12, 1916, that he would continue to serve as a director of the Munsey Trust Company. The Board's letter stated that in view of the unusual situation thus presented it is requested that the agent ascertain the exact period or periods during which Mr. Lambert has served each of these institutions since the denial of his application in 1916, the capacities in which he acted for these institutions, and the reasons for the apparent disregard of the Board's denial of his application, and that after the agent has informed himself fully regarding these matters, it will be appreciated if he will submit a report to the Board with his recommendation as to the action which should be taken.

Approved.

Reply on February 9, 1933, approved by four members of the Board, to a letter dated January 27, from the Federal Reserve Agent at Kansas City inclosing an agreement (similar to the form of agreement approved by

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the Board covering the custody of unissued Federal reserve notes at branches of the Federal reserve bank) between the Federal reserve agent and the Federal Reserve Bank of Kansas City which provides for the custody of gold coin and gold certificates at each of the branches of the Kansas City bank under a triple control arrangement, together with a copy of a resolution of the board of directors of the Federal reserve bank authorizing the execution of the agreement. The reply noted that not to exceed \$5,000,000 of gold coin and gold certificates may be held under the arrangement at each branch, and stated that the Board has no objection to the arrangement with the understanding that the Board reserves the right to require the arrangement at any of the branches to be modified or discontinued if at any time it should see fit. The reply also outlined the arrangement under which an assistant Federal reserve agent was appointed in 1932 at the Detroit branch and the arrangement under which acting assistant Federal reserve agents were appointed at the branches of the Cleveland and Dallas banks and stated that this advice is submitted for the agent's information in the event conditions should arise at any time by reason of which he may desire to give consideration to the advisability of appointing acting assistant Federal reserve agents at any of the branches of the Federal Reserve Bank of Kansas City.

Approved.

Memorandum dated February 2, 1933, from Mr. Vest, Assistant Counsel, recommending that there be published in the next issue of the Federal Reserve Bulletin, in the form attached to the memorandum, the substance of the Board's ruling with respect to the eligibility for rediscount of

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bankers' acceptances secured by warehouse receipts proposed to be issued by the Lawrence Warehouse Company for goods stored in certain warehouses leased from the Southern Idaho Bean Growers Cooperative Association, together with a copy of the regulations of the Secretary of Agriculture with regard to the licensing of field warehouses under the United States Warehouse Act; the recommendation having been approved by four members of the Board on February 9, 1933.

Approved.

At this point Mr. Wyatt, General Counsel, joined the meeting.

The Governor reviewed briefly, on the basis of information received over the telephone from the Federal Reserve Banks of Chicago and Cleveland, the effects in the Fourth and Seventh Federal Reserve Districts of the bank holiday declared by the Governor of the State of Michigan for all banks located in that State, and the consideration which is being given to enabling the banks, particularly in Detroit, to meet the situation at the conclusion of the period of the holiday. He also referred to discussions between the members of the Board and others during the last three days with regard to the desirability of securing the enactment by Congress of legislation to meet any national emergency which may develop and stated that it is believed that it would not be possible to secure the passage of any important legislation at the present session of Congress other than perhaps a joint resolution conferring certain emergency powers. He then presented a draft of a proposed joint resolution prepared as a result of the discussions referred to, which was further discussed and certain changes suggested therein.

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Following a recess, the meeting reconvened at 3:00 p. m. with the same attendance as at the morning session, including Mr. Wyatt, and the proposed resolution was further discussed.

At the conclusion of the discussion, the resolution was unanimously approved in the following form, with the understanding that it would be presented personally by Mr. Mills and Governor Meyer to the President of the United States and, with his approval, to Senator Glass and possibly Senator Vandenberg and to Speaker Garner:

"With the approval of the Secretary of the Treasury, the Comptroller of the Currency shall have and may exercise to such extent as he deems advisable with respect to national banking associations any powers which the State officials having supervision of State banks, savings banks and/or trust companies in the State in which such national banking associations are located may have with respect to such State institutions under State laws now in force or hereafter enacted.

"Expenses incurred by the Comptroller of the Currency in the exercise of such powers may be assessed by him against the banks concerned and, when so assessed, shall be paid by such banks.

"Nothing herein shall be construed to impair any power otherwise possessed by the Comptroller of the Currency, the Secretary of the Treasury or the Federal Reserve Board.

"All powers conferred herein shall terminate on March 3, 1934."

Governor Meyer stated that, in accordance with the action taken by the Board at the earlier session today, he had advised the Governor of the Federal Reserve Bank of New York that the Board had approved a reduction, effective immediately, of the minimum authorized rate for purchases of bankers' acceptances by the Federal Reserve Bank of New York to 1/2%. He also stated that, under this authority, arrangements had been made by the bank to purchase approximately \$5,000,000 of bills with maturities up to ninety days, and approximately \$22,000,000 of bills under repurchase agreement at a rate of

1/2%.

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Reports of Standing Committee dated February 10, 11, 13 and 14, 1933, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 7.</u>		
Moline National Bank, Moline, Illinois.	180	180
<u>District No. 11.</u>		
First National Bank in Orange, Orange, Texas.	90	90
<u>District No. 12.</u>		
Washington National Bank, Olympia, Washington.	72	72
Total		342
<u>Application for ADDITIONAL Stock:</u>		
<u>District No. 6.</u>		
Liberty National Bank & Trust Company, Savannah, Georgia. (Increase in surplus)	1	1
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
New Jersey National Bank and Trust Company, Newark, New Jersey. (Insolvent)	2,280	2,280
<u>District No. 3.</u>		
Chelsea-Second National Bank and Trust Co., Atlantic City, N. J. (Insolvent)	540	540
<u>District No. 7.</u>		
Stockyards National Bank, Chicago, Illinois. (V.L.Abs. by Stockyards Trust and Savings Bank of Chicago, nonmember)	1,500	
National Bank of Rising Sun, Rising Sun, Indiana. (V.L.Suc. by Citizens State Bank, nonmember)	72	
First National Bank, Buffalo Center, Iowa. (Insolvent)	36	
First National Bank, Canton, Illinois. (Decrease in surplus)	99	
First National Bank, Marshfield, Wisconsin. (Insolvent)	150	1,857
<u>District No. 8.</u>		
Third National Bank, Mt. Vernon, Illinois. (Insolvent)	126	
St. Louis National Bank, St. Louis, Missouri. (Insolvent)	150	276

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>		<u>Shares</u>
<u>District No. 9.</u>		
Jackson National Bank in Jackson, Minnesota. (Insolvent)	32	
First National Bank, Medford, Wisconsin. (V.L. Abs. by The State Bank of Medford, Wisconsin, nonmember)	<u>48</u>	80
<u>District No. 11.</u>		
Commercial National Bank, Shreveport, Louisiana. (V.L.Suc. by Commercial National Bank in Shreveport)	960	960
<u>District No. 12.</u>		
Central Point State Bank, Central Point, Oregon. (Insolvent)	18	
Yakima Valley Bank & Trust Co., Yakima, Wash. (Decrease in capital and surplus)	90	108
	<u>Total</u>	<u>6,101</u>

Approved.

Report of Standing Committee dated February 14, 1933, recommending approval of the following Clayton Act application:

Mr. Abbot Stevens, for permission to serve at the same time as director of the Andover National Bank of Andover, Massachusetts, and as director of the First National Bank of Boston, Massachusetts.

Approved.

Thereupon the meeting adjourned.

Arthur M. Merrill
Secretary.

Approved:

John L. Fisher

Chairman.

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