

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Sunday, March 12, 1933, at 11:50 a.m.

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

Mr. Morrill, Secretary
Mr. Harrison, Assistant to the Governor
Mr. Wyatt, General Counsel

There was called to the attention of the Board members a telegram dated March 11 to Governor Meyer, from Federal Reserve Agent DeCamp of Cleveland, in which he quoted a wire of the same date to the Secretary of the Treasury from the board of directors of the Federal Reserve Bank of Cleveland about the plan of procedure which had been announced for reopening banks.

Governor Meyer asked whether the Board would be willing to recommend to the Secretary of the Treasury that he take up with the Reconstruction Finance Corporation the matter of giving active consideration to applications for loans from nonmember State banks as well as other banking institutions with the view of relieving as far as practicable the pressure of demand for currency. With the acquiescence of the Board members present, Governor Meyer made this suggestion to Secretary of the Treasury Woodin who came in at 12:00 noon.

Shortly thereafter Secretary Woodin left the room and the Board members resumed the consideration of the pending matters.

Consideration was then given to a draft of proposed regulations for issuance by the Secretary of the Treasury, with the approval of the President, with regard to transactions in foreign exchange. The proposed

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draft was reviewed and tentatively approved by the Board members present with the understanding that it would be submitted to the Treasury officials engaged in the consideration of proposed regulations with the request that if there were any changes made it be returned to the Board for further review before actual promulgation.

Mr. Harrison then read to the Board a draft of a proposed circular to be issued by the Federal Reserve Bank of New York regarding transactions in foreign exchange and Mr. Harrison was authorized to advise Deputy Governor Crane that there was no objection to the proposed circular except as to a paragraph relating to the exportation of gold which it was suggested be stricken out and Mr. Wyatt was asked to check the circular against the draft of the proposed regulations which had previously been considered so as to make certain that there were no inconsistencies. It was also suggested that the Federal Reserve Bank of New York be requested to send copies of its circular as soon as it has been prepared in final form to all other Federal reserve banks for their information.

Mr. Harrison also reported that Deputy Governor Burgess of the Federal Reserve Bank of New York had suggested informally over the telephone that the date as of which reports to the Federal Reserve Board were to be made by the Federal reserve banks with respect to persons who had withdrawn gold from Federal reserve banks and member banks be extended from March 13 to March 17. The suggested extension was approved and Mr. Morrill was authorized to wire all Federal reserve banks as follows:

"The request contained in the Board's telegram of March 8 Trans 1577 is amended to read as follows:

QUOTE It is requested that you prepare and forward to the Board as soon as possible after March 17, 1933, as complete a list as can be made from information you are able to obtain of the names and addresses of all persons who have withdrawn gold from your bank or a member bank in your district since February 1, 1933, and who have not redeposited it in a bank on or before March 17, 1933 UNQUOTE You may give such publicity to this matter as you consider appropriate."

Consideration was then given to a draft of a proposed regulation for issuance by the Secretary of the Treasury, with the approval of the President, ordering the return of gold to the Treasury and it was understood that it would be submitted to the proper officials in the Treasury Department who are working upon such regulations, with the statement that it was a tentative suggestion for consideration and that the Board would desire an opportunity to consider it further, with any changes that might be made therein, before its adoption by the Secretary of the Treasury.

The Committee then considered and acted upon the following matters:

Telegraphic reply to a telegram dated March 12, 1933, from the Federal Reserve Agent at Atlanta, requesting approval of the temporary appointment of Mr. A. W. Saarinen as an examiner at the bank. The reply stated that the Board approves the temporary appointment and requested advice of the date on which the appointment becomes effective and the salary Mr. Saarinen will receive under the bank's personnel classification plan.

Approved.

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Telegraphic reply to a telegram dated March 11, 1933, from the Federal Reserve Agent at St. Louis, requesting approval of the appointment of Mr. Frank S. Parker, an employee of the bank, as Acting Assistant Federal Reserve Agent at the head office to succeed Acting Assistant Federal Reserve Agent F. P. Maguire who is absent from the head office in connection with the examination of State banks which are filing applications for membership in the Federal Reserve System. The reply stated that it is understood that the agent desires to appoint Mr. Parker to succeed temporarily to the duties of Mr. Maguire and that upon the release of the latter from special examining work the appointment of Mr. Parker as Acting Assistant Federal Reserve Agent will be terminated; that on this basis the Board approves the temporary appointment of Mr. Parker as Acting Assistant Federal Reserve Agent upon condition that before the appointment becomes effective he resign his present position in the operating department of the bank and be placed on the payroll of the Federal Reserve Agent at the same salary as he has been receiving from the bank; and that before entering upon his new duties he will execute the usual form of oath of office and a surety bond in the amount of \$50,000 which should be examined by the bank's counsel to determine whether its execution complies fully with the rules printed on the reverse side of form of bond 182.

Approved.

Telegraphic reply to a telegram dated March 11, 1933, from the Federal Reserve Agent at Dallas, transmitting, with his favorable recommendation, a notice of intention to withdraw from membership in the

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Federal Reserve System, filed by the First State Bank, Jacksonville, Texas, under date of March 11, 1933, with the request that the usual requirement of six months notice be waived and the bank allowed to withdraw from membership immediately; the telegram stating as the reason for the request that the bank feels that because of its condition, it could not successfully apply to the Secretary of the Treasury for permission to reopen, but that if it is allowed to withdraw from membership it would be able to obtain permission to reopen from the State Banking Commissioner of Texas as a nonmember bank, subject to restrictions on the withdrawal of deposits which are being imposed on State nonmember banks. The reply stated that the Board waives the usual requirement of six months notice of intention to withdraw from membership and that upon surrender of the Federal reserve bank stock issued to the First State Bank, the Federal Reserve Bank of Dallas is authorized to cancel such stock and make a refund thereon.

Approved.

Telegrams to the respective Federal reserve agents, stating that the Federal Reserve Board approves applications filed by the following State institutions for membership in the Federal reserve system and for stock in the Federal reserve bank, subject to certain conditions set forth in the individual telegrams:

<u>Name of Bank</u>	<u>Number of Shares</u>	<u>Federal Reserve Bank</u>
Liberty Bank of Chicago, Illinois	240	Chicago
Merchandise Bank and Trust Company, Chicago, Ill.	600	Chicago
The Citizens State Bank, Santa Paul, California	90	San Francisco

Approved.

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Telegram to all Federal reserve agents amending the regular condition of membership No. 12, transmitted to the Federal reserve agents in the telegram sent to them yesterday with regard to the conditions of membership which will be prescribed hereafter for State banks admitted to membership in the Federal reserve system, to read as follows:

"Except with the permission of the Federal Reserve Board, such bank shall not, after the date of its admission to membership, engage in the business of issuing or selling either directly or indirectly (through affiliated corporations or otherwise) notes, bonds, mortgages, certificates or other evidences of indebtedness representing real estate loans or participations therein, either with or without a guarantee, indorsement or other obligation of such bank or an affiliated corporation."

Approved.

Telegram to the chairmen of all Federal reserve banks stating that in any case where a Federal reserve agent receives an application for membership from an eligible State bank or trust company, the condition and management of which are not subject to substantial criticism and the agent feels that the Board would be fully justified in admitting such institution to membership, the Board, upon telegraphic advice from the agent of the essential facts involved in the case, will give prompt consideration thereto and advise the agent of the action taken. The telegrams also outlined the information desired by the Board in connection with each such application and the procedure which may be followed in submitting them to the Board by telegraph and stated that in acting upon applications submitted by telegraph the Board will necessarily rely to an unusually large extent on the recommendation of the agent and the executive committee of

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the Federal reserve bank and that, accordingly, the most careful consideration should be given to whether or not the condition of the institution involved is such as to warrant its admission to membership, and that in this connection, the Board does not feel that the usual standards of admission to membership should be relaxed in these cases.

Approved.

Telegram to the Federal reserve agents of all Federal reserve banks stating that any national bank which issues preferred stock pursuant to the provisions of Title III of the Emergency Banking Act of March 9, 1933, should include such preferred stock in its capital in determining the amount of Federal reserve bank stock to which such national bank is required to subscribe under the provisions of the Federal Reserve Act.

Approved.

Telegraphic reply to a telegram dated March 9, 1933, from Assistant Federal Reserve Agent Bailey at the Federal Reserve Bank of Minneapolis requesting advice as to what reserve, if any, member banks should be required to maintain on new deposits which are payable in full upon demand. The reply stated that deposits received by member banks in special trust accounts under the authority of Regulation No. 7 of the Secretary of the Treasury issued March 6, 1933, pursuant to the President's Proclamation of that date, are subject to the reserve requirements prescribed by section 19 of the Federal Reserve Act.

Approved.

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Confidential letter dated March 11, 1933, from Under Secretary of the Treasury Ballantine transmitting a copy of the confidential regulations approved by the Board at its meeting on that date and by the Secretary of the Treasury, governing the issuance, redemption, replacement, retirement and destruction of Federal reserve bank notes authorized to be issued to Federal reserve banks under the provisions of the sixth paragraph of section 18 of the Federal Reserve Act, as amended by section 401 of the Act of March 9, 1933.

Noted.

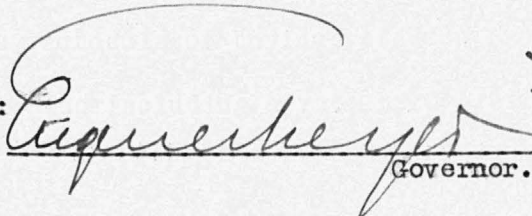
The following regulations issued by the Secretary of the Treasury under the authority conferred upon him by the President's Proclamations of March 6 and March 9 declaring and continuing a bank holiday, previously brought to the attention of individual members of the Board, were presented for the record:

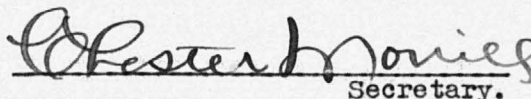
"(23) No banking institution shall permit any withdrawal by any person when such institution, acting in good faith, shall deem that the withdrawal is intended for hoarding. Any banking institution, before permitting the withdrawal of large or unusual amounts of currency, may require from the person requesting such withdrawal, a full statement under oath of the purpose for which the currency is requested."

"(24) All banking institutions may cash official drafts drawn upon the Secretary of State for payment of salaries, traveling and other contingent expenses but not for personal account, and remit the amounts thereof to the banks from which the drafts are received, provided that no gold or gold certificates shall be paid out."

Thereupon the meeting adjourned.

Approved:


Governor.


Secretary.