

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Monday, April 17, 1933, at 11:35 a. m.

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

Mr. Morrill, Secretary
Mr. McClelland, Assistant Secretary
Mr. Harrison, Assistant to the Governor
Mr. Goldenweiser, Director, Division of
Research and Statistics
Mr. Smead, Chief, Division of Bank Operations.

The Committee considered and acted upon the following matters:

Reply on April 15, 1933, approved by four members of the Board, to a telegram dated April 14, from Governor Geery of the Federal Reserve Bank of Minneapolis stating that, in the confusion of reopening banks, the Federal reserve bank overlooked getting the approval of the Board of a rate of $4\frac{1}{2}\%$ on advances to individuals, partnerships and corporations secured by direct obligations of the United States under the provisions of section 13 of the Federal Reserve Act as amended by section 403 of the Act of March 9, 1933, and requesting approval of such a rate; Governor Geery also stating that the bank telegraphed the Board on August 8, 1932, that the board of directors of the bank had fixed a rate of 6% on direct loans to individuals, partnerships and corporations under the provisions of the Act of July 21, 1932, and that no approval seems to have been received from the Board. The reply stated that the Board approves a rate of $4\frac{1}{2}\%$ for advances by the Minneapolis bank to individuals, partnerships and corporations secured by direct obligations of the United States, and that the Board telegraphed Mr. Mosher, Secretary of the Minneapolis bank, on August 9, 1932, approving a rate of 6% on discounts for individuals, partnerships and corporations in

4/17/33

-2-

accordance with the provisions of section 13 of the Federal Reserve Act as amended by the Act of July 21, 1932.

Approved.

Telegraphic reply on April 15, 1933, approved by four members of the Board, to a telegram dated April 14, 1933, from Mr. Newton, Chairman of the Federal Reserve Bank of Atlanta, stating that, subject to the approval of the Federal Reserve Board, the board of directors of the bank had established a rate of 5% on all advances to nonmember State banks and trust companies under the provisions of section 404 of the Act of March 9, 1933, as amended by the Act of March 24, 1933; Mr. Newton also stating in another telegram dated April 14, 1933, that no other change was made in the bank's existing schedule of rates of discount and purchase. The reply stated that the Board approves the rate of 5% fixed by the board of directors of the bank, effective April 15, 1933.

Approved, and, there being no objection, the action of the directors of the Atlanta bank in making no other change in the bank's existing schedule of rates of discount and purchase was noted with approval.

Letter dated April 13, 1933, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, stating 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.

Memoranda dated April 6 and 12, 1933, from Mr. Paulger, Chief of the Division of Examinations, recommending the appointment of Mr. William J. Snow, Jr., and Mr. Joseph A. Turnbull and their designation as assistant

4/17/33

-3-

Federal reserve examiners with salary at the rate of \$3,600 and \$2,500 per annum, respectively.

Messrs. Snow and Turnbull were appointed examiners for all purposes of the Federal Reserve Act, as amended, and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board; and were designated as assistant Federal reserve examiners, with salary at the rate of \$3,600 and \$2,500 per annum, respectively, effective on the dates upon which the appointees take the oath of office.

Reply on April 15, 1933, approved by four members of the Board, to a letter dated March 13, 1933, from Mr. Albertson, Secretary of the Federal Reserve Bank of Atlanta, requesting approval of a change in the personnel classification plan of the New Orleans branch to provide for the new position of "special custodian" in the Custodian-Reconstruction Finance Corporation Department with a salary range of from \$3,600 to \$4,200 per annum. The reply stated that, upon comparing the proposed salary range of the position with corresponding salary ranges at other Federal reserve banks, it is found to be relatively high, and that it will be appreciated if the bank will advise the Board of the previous experience of Mr. J. Val Westeraus who, according to the Board's records, has been appointed to the position, and of any special circumstances surrounding the special custody arrangement which would justify the proposed salary range.

Approved.

Reply on April 13, 1933, approved by three members of the Board, to a letter dated March 23, 1933, from Deputy Governor Attebery of the Federal Reserve Bank of St. Louis, requesting approval of the change in the bank's personnel classification plan to provide for the new position of "clerk"

4/17/33

-4-

in the credit-discount department with a salary range of from \$2,700 to \$3,000 per annum. The reply stated that the salary range provided for this position, the duties of which are given as bond pricing, would seem to be relatively high compared with salary ranges provided for other positions in the department, and that it will be appreciated if the bank will advise the Board more fully with regard to the duties required and of conditions surrounding the position which would warrant the proposed salary range.

Approved.

Letter dated April 15, 1933, from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, stating that at the meeting of the executive committee on April 14, 1933, it was voted unanimously to grant Mr. McDougal, Governor of the bank, a leave of absence for 90 days from April 15, 1933, with salary in full, in order to enable him to regain his full health and strength before returning to his duties.

The salary payment involved in the action of the executive committee of the bank was approved.

Letter dated April 12, 1933, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, advising of the selection by the board of directors of the bank of Mr. W. T. Kemper, Chairman of the board of the Commerce Trust Company, Kansas City, Missouri, as a member of the Federal Advisory Council representing the Tenth Federal Reserve District to succeed Mr. Walter S. McLucas, resigned.

Noted.

Letter dated April 12, 1933, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, stating that the board of directors of the bank on that date appointed Mr. W. Dale Clark, President of the Omaha

4/17/33

-5-

National Bank, Omaha, Nebraska, as a director of the Omaha branch for the unexpired portion of the term ending December 31, 1933, to succeed Mr. R. O. Marnell, deceased.

Noted.

Letter dated April 13, 1933, from Mr. Lichtenstein, Secretary of the Federal Advisory Council, stating that the next meeting of the Council will be held in Washington on Tuesday, May 16, 1933, and requesting a list of the topics which the Federal Reserve Board desires the Council to discuss at that time.

Noted.

Telegram dated April 15, 1933, approved by four members of the Board, to Mr. Hoxton, Federal Reserve Agent at Richmond, stating that the Board has approved the application filed by the American Security and Trust Company, Washington, D. C., for membership in the Federal Reserve System and for 4,080 shares of stock of the Federal Reserve Bank of Richmond, subject to the conditions prescribed in the telegram.

Approved.

Letter to Mr. Case, Federal Reserve Agent at New York, replying to his letter of March 24, 1933, with regard to a proposed application by the Title Guarantee and Trust Company, New York City, for membership in the Federal Reserve System. The reply stated that from the information submitted it appears clear that the primary business of the company is that of examining and issuing titles to real estate and making and selling mortgage loans and that, as the Federal Reserve Act apparently did not contemplate that institutions of this class would be eligible for membership, it is very

4/17/33

-6-

doubtful that the Board would be able to take favorable action on the company's application unless the character of its business should be materially changed. The reply also stated that if the company desires to apply for membership, it would be necessary for the Board, in view of the company's wide field of interest, to have a full and detailed analysis of its corporate functions and relations in addition to the results of recent examinations of its affiliates and subsidiaries, and that, in order to avoid unnecessary delay in the consideration of the matter by the Board, it is suggested that special care be exercised in the preparation of such an analysis and that the agent transmit it with the application, accompanied by any recommendation that he may wish to make.

Approved.

Letter dated April 15, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, prepared in accordance with the action taken at the meeting on April 1, 1933, and approved by four members of the Board, replying to the Federal reserve agent's letter of March 22, 1933, requesting advice as to whether the Personal Loan and Savings Bank of Chicago, Illinois, would be admitted to membership in the Federal Reserve System. The reply stated that it is understood that the institution is engaged in the business of making personal loans repayable in installments and does not do any commercial banking business; that the provisions of section 9 of the Federal Reserve Act require the Board, when acting on an application by a State bank for membership in the Federal Reserve System, to consider not only the financial condition of the institution and the character of its management, which in the present case are understood to be satisfactory, but also whether or not

4/17/33

-7-

the corporate powers exercised are consistent with the purposes of the Federal Reserve Act; that it seems clear that the Act did not contemplate the admission to membership of institutions of this class; and that, accordingly, after careful consideration of all the facts involved, the Board does not feel that it can approve the application of the Personal Loan and Savings Bank and requests that the agent so advise that institution.

Approved, together with a circular letter to the Federal reserve agents of all other Federal reserve banks, enclosing for their information a copy of the letter to the Federal Reserve Agent at Chicago.

Letter dated April 14, 1933, to the National Bank of Commerce, Dallas, Texas, approved by three members of the Board, stating that, in addition to the authority previously granted to the bank to act as trustee, executor, administrator and registrar of stocks and bonds, the Federal Reserve Board has approved the bank's application for permission to act as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, the exercise of such rights being subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

Approved.

Reply on April 14, 1933, approved by three members of the Board, to a letter dated March 18, 1933, from Mr. Newton, Federal Reserve Agent at San Francisco, inclosing a certified copy of an amended resolution adopted by the board of directors of the bank on March 16, 1933, authorizing the

4/17/33

-8-

Governor to enter into an agreement with the Federal reserve agent covering the custody of unissued Federal reserve notes at the Los Angeles, Salt Lake City and Portland branches of the bank, and a certified copy of the amended agreement entered into by the Governor and Federal reserve agent in accordance therewith; Mr. Newton calling attention to the fact that the agreement provides that custody may be held by representatives of the Federal reserve agent, the bank and auditing department attached to the head office or branches involved, and supersedes previous resolutions and agreements placing custody solely in representatives attached to the head office. The letter also stated that, as soon as the present emergency has passed, it is planned to terminate the appointments of acting assistant Federal reserve agents at the branches and to retain the custody of unissued Federal reserve notes with the Federal reserve agent and assistant Federal reserve agents attached to the head office. The reply suggested two changes in the wording of the resolution and agreement in order to bring them into conformity with the provision above referred to, and stated that, if there are any other respects in which the language of the agreement is not in accord with the actual practice, it is suggested that the agent have the bank's counsel prepare appropriate changes in the agreement to bring it into conformity with the practice.

Approved.

Letter to Mr. Case, Federal Reserve Agent at New York, referring to his letter of February 23, 1933, replying to the Board's letter of February 24, 1933, with regard to the application of Mr. F. W. Murray for permission to serve at the same time as a director and officer of the First-Merchants

4/17/33

-9-

National Bank and Trust Company, Middletown, New York, as director and officer of the Tuxedo National Bank, Tuxedo Park, New York, and as director and officer of the National Bank of Orange County, Goshen, New York; Mr. Case stating that after a careful consideration of all the factors involved, including Mr. Murray's past record as a banker, he can see no reason from the standpoint of the public interest why Mr. Murray should not be permitted to serve the three banks named and that his forced withdrawal from directorship of the banks would be more apt to be detrimental than otherwise at this time. The reply stated that it is understood that the First-Merchants National Bank and Trust Company has not yet been licensed to reopen, and that it is possible that a new bank may be authorized to take over its affairs, and that, accordingly, action on the application will be deferred temporarily since Mr. Murray's service of the other two banks involved does not constitute a violation of the Clayton Act. The Board's letter also noted the statement contained in Mr. Case's reply that he does not find in the confidential pages of the examiner's report to which reference is made in the Board's letter of February 24, 1933, any comments which reflect personally on Mr. Murray and that, although the language used represents a serious indictment of the management of the bank, it is written in such general terms as to make specific answer difficult. The Board's letter quoted at length from the examiner's criticisms, and stated that unless there is reason to believe that the examiner's confidential report is not justified by the facts of the situation it is difficult to understand why some responsibility for the condition described by the examiner should not be attributed to Mr. Murray in view of the fact that he is President of the institution, and that the Board would be glad to have any further comments

4/17/33

-10-

which the agent thinks will be helpful to it in arriving at a correct understanding of the matter.

Approved.

Reply on April 13, 1933, approved by four members of the Board, to a telegram dated April 11, 1933, from Mr. Curtiss, Federal Reserve Agent at Boston, quoting a telegram addressed to the Secretary of the Treasury with regard to the issuance of a license to reopen to the Union Trust Company, Ellsworth, Maine, for which a conservator has been appointed under State law and inquiring (1) whether a doubt as to the constitutionality of a State statute under which the bank may be reorganized would prevent the bank from continuing as a member bank and (2) whether, in the event the trust company should wish to request the waiver of the usual six months notice and to withdraw from membership at the earliest possible date, the matter should be initiated by a resolution of the board of directors authorizing the conservator to make the application, whether it should be initiated by an order of the court directing the conservator to make the application and to arrange for withdrawal, or whether both the resolution of the board of directors and the court order should be furnished. The reply stated that the bank would continue as a member unless its membership should be terminated through voluntary withdrawal, forfeiture for violation of law or other method provided by the Federal Reserve Act, and that, should the bank desire to withdraw from membership, notice of intention to withdraw and application for waiver of the six months notice should be filed with the Board by the conservator, accompanied by a certified copy of a court order authorizing the conservator to file such notice and application

4/17/33

-11-

and to perform all other necessary acts in connection with the withdrawal of such bank from the Federal Reserve System, and by a certified copy of the resolution of the board of directors of the bank consenting to its immediate withdrawal from the System.

Approved.

Telegraphic reply on April 15, 1933, approved by four members of the Board, to a telegram dated April 13, 1933, from Governor Fancher of the Federal Reserve Bank of Cleveland, inquiring whether it is permissible for the Federal reserve bank to apply the old reserve balance of a State member bank, now in the hands of a conservator under State law, to the reduction of the bills payable of the member bank to the Federal reserve bank at the request of the conservator and under authority of the State Superintendent of Banks, with the retention of all collateral to assure payment of the balance remaining payable by the State member bank; Governor Fancher stating that all segregated funds, including the unrestricted portion of the old balances are protected by a 100% reserve in cash or in the conservator's special account with the Federal reserve bank. The reply stated that the Board sees no objection to the application of the old reserve balance to the reduction of the member bank's bills payable to the Federal reserve bank under the circumstances outlined, with the understanding that the special accounts with the Federal reserve bank in which are deposited the proceeds of special trust deposits received by the conservator or amounts made available for withdrawal will not in any way be affected. The reply also suggested that the agent consult the bank's counsel as to any legal questions which may be involved, and called attention to the Board's telegrams of April 6, 1933,

4/17/33

-12-

and March 30, 1933, regarding reserve requirements of member banks in the hands of conservators.

Approved.

Reply on April 13, 1933, approved by four members of the Board to a telegram dated April 11, 1933, from Deputy Governor Clerk of the Federal Reserve Bank of San Francisco, referring to the Board's telegram of April 10, 1933, regarding the status of State member banks in that district for the purpose of loans to such institutions by the Federal reserve bank; Deputy Governor Clerk stating that several Oregon State banks have been directed by State supervisory authority to discontinue normal banking functions placing them in a position similar to banks in the hands of a receiver; that the Federal reserve bank has before it an application for discount from an unlicensed Oregon State member bank, and that as its status is identical with that of banks for which a conservator has been appointed, it is the Federal reserve bank's feeling that it is without authority to grant the application. The reply stated that, if the member bank referred to has been closed or required to discontinue normal banking functions by the Superintendent of Banks under authority of provisions of State law, it would appear that its status for the purposes in question is similar to that of a bank in the hands of a receiver or a conservator, and that, if so, the Board feels that the Federal reserve bank is not authorized to discount for or make advances to such bank. The reply also stated that as the Board is not advised of the provisions of the statute in question it cannot express a definite opinion on the question; that it is suggested that the counsel for the bank be consulted as to the status of the member bank; and

4/17/33

-13-

that, even if the Federal reserve bank has the requisite authority, the question whether credit should be extended to any member bank is one for the exercise of discretion by the Federal reserve bank and, as indicated in the Board's telegram of April 6, 1933, is to be determined in the light of all the circumstances in the case.

Approved.

Telegram dated April 13, 1933, to Governor Calkins of the Federal Reserve Bank of San Francisco, approved by three members of the Board, referring to a telegram dated April 12, 1933, addressed to the Board's General Counsel by Mr. Agnew, Counsel for the Federal reserve bank, suggesting that the Federal Reserve Board express opposition to bills now pending in the California legislature which would provide for the staying of all proceedings for the foreclosure of mortgages and deeds of trust until September, 1935. The reply stated that, after careful consideration, the Board does not feel that it is advisable for it to take such action.

Approved.

Letter dated April 14, 1933, from Deputy Governor Crane of the Federal Reserve Bank of New York, stating that advice has been received from the Bank for International Settlements that all of the participating banks have agreed to renew the central bank credits to the National Bank of Hungary and to the Austrian National Bank for three months from April 18, 1933, on the same terms and conditions as govern the existing credits except that, in the case of the credit to the Austrian National Bank, the rate of interest for the renewal will be the official rate of the Austrian National Bank, with a minimum of 5%, which is the present official rate of that bank.

4/17/33

-14-

Noted.

Telegram dated April 13, 1933, from Deputy Governor Knoke of the Federal Reserve Bank of New York, stating that the credit to the Reichsbank was paid in full on that date, and letter dated April 13, 1933, from Deputy Governor Crane transmitting a copy of a letter addressed by him on the same date to the Governors of the other Federal reserve banks inclosing for their record a copy of the contract letter relating to the proposed renewal of the credit to the Reichsbank for three months from March 4, 1933, which proved unacceptable to the Reichsbank, and stating that in the absence of other reasons, the changes suggested by the Bank of France in clause 4 of the contract letter defining more precisely than heretofore the amount of the gold equivalent of the United States dollar in which the credit was expressed and signifying that repayment in dollars would only be acceptable if the dollar were effectively convertible into gold at the date of reimbursement, would not seem to have been sufficient cause for rejection of the credit, and that it is more likely that Mr. Schacht, who recently resumed Presidency of the Reichsbank and who had publicly criticized the arrangement of the credit felt that he should take the first opportunity to liquidate it. The letter to the Governors further stated that Mr. Schacht believed that the interest charge involved in the credit was an unnecessary expense and that more progress could be made in building Germany's domestic and foreign credit position if the credit were out of the way.

Noted.

Reply, prepared by the Acting Comptroller of the Currency for the signature of the Secretary of the Treasury, to a letter dated March 28,

4/17/33

-15-

1933, from the Chairman of the Banking and Currency Committee of the Senate requesting a report on S. J. Res. 2, "to strengthen the security of deposits in certain banks and for other purposes". The reply stated that it appears to be the intent of the resolution to supplement credit facilities already available through Government agencies for State non-member banks which find difficulty in obtaining credit during the banking emergency from correspondent banks; that the resolution would extend to certain State banks access to the facilities of the Federal Reserve System without requiring such banks to become members; that it would appear that the Act of March 24, 1933, accomplishes, to a large extent, the object for which the measure under review is intended; and that while the Treasury recognizes the merits of that portion of the measure which would leave to the discretion of the President the publication of loans made by the Reconstruction Finance Corporation, it does not believe that an actual need now exists for the other provisions of the resolution, and does not approve its enactment.

Approved.

Circular letter dated April 14, 1933, to the Governors of all Federal reserve banks, approved by four members of the Board, stating that reports received by the Board indicate that member banks which normally maintain their reserves somewhat in excess of the minimum requirements occasionally incur penalties for deficiencies in reserves; that in such cases, where the amounts involved are nominal, it is the general practice of the Federal reserve banks not to assess the penalties; that, while the Board has no objection to the non-assessment of penalties of nominal amounts in

4/17/33

-16-

such cases, it feels that there should be a maximum limit, uniform in all Federal reserve districts, upon the amount which in any case may be assessed or not by the Federal reserve bank in its discretion; and that the Board prescribes the following rules for uniform application by each Federal reserve bank:

"(a) When the aggregate amount of penalties incurred by a member bank in any calendar month is not in excess of \$2.00, such penalties may be assessed or not as the Federal reserve bank may determine upon consideration of the circumstances of the case.

"(b) When, for the first time since a bank became a member, there is a deficiency in its reserves which is subject to a penalty, such penalty may be assessed or not as the Federal reserve bank may determine upon consideration of the circumstances of the case.

"(c) When, before the assessment of a penalty for a deficiency in the reserves of a member bank, it is placed in receivership or liquidation, such penalty may be assessed or not as the Federal reserve bank may determine upon consideration of the circumstances of the case.

"(d) In all cases other than those described in (a), (b) and (c), penalties incurred by a member bank for deficiencies in its reserves shall be assessed unless the Federal Reserve Board, after a review of the facts of the case, authorizes the Federal reserve bank not to make the assessment."

The letter also stated that the above rules are not to be considered as in any way affecting the instructions relative to the non-assessment of penalties for deficiencies in reserves, which were contained in the Board's telegrams of March 30 and April 8, 1933.

Approved.

Letter dated April 13, 1933, to the Governors and Chairmen of all Federal reserve banks, approved by three members of the Board, trans-

4/17/33

-17-

mitting for their confidential information a copy of a memorandum and statement prepared by Mr. Smead, Chief of the Division of Bank Operations, under date of April 8, 1933, with regard to the amount of borrowings from Federal reserve banks, as of March 31, 1933, by member banks not licensed by the Secretary of the Treasury to reopen, and the amount of claims of Federal reserve banks, on March 28, 1933, against closed banks.

Approved.

Memorandum dated April 14, 1933, from Mr. Smead, Chief of the Division of Bank Operations, submitting a bill rendered by the Bureau of Engraving and Printing, in the amount of \$247,738, covering the cost of printing Federal reserve bank notes under the recent emergency legislation; the bill being based on a rate of \$97 per thousand sheets for the 2,554,000 sheets delivered during March, the increased cost of \$6.50 per thousand sheets as compared with the cost of printing Federal reserve notes being due to the cost of logotypes used in the printing of Federal reserve bank notes and additional press work, counting, etc. The memorandum also stated that under existing orders the Bureau of Engraving and Printing has 80,000 additional sheets of Federal reserve bank notes to print for the Federal Reserve Bank of Atlanta at a cost of \$7,760, making the total cost of printing Federal reserve bank notes \$255,498.

The payment of the bill submitted by the Bureau of Engraving and Printing was approved, and the Assistant Secretary was authorized to approve payment, at the same rate for any additional notes which may be authorized to be printed.

The Assistant Secretary then presented a letter dated April 7, 1933, addressed to the Board by Governor Norris of the Federal Reserve Bank of

4/17/33

-18-

Philadelphia in accordance with the Board's request of April 3. The letter, copies of which had been furnished to the individual members of the Board, outlined in detail the present vault facilities of the bank and its need for additional vault space, and requested that the Board grant permission to the bank to authorize the architect to prepare definitive plans and to obtain bids for the construction of a new vault in the bank building with an approximate inside measurement of 3,800 square feet.

After discussion, the Secretary was requested to advise Governor Norris that the Federal Reserve Board will interpose no objection to the Philadelphia bank authorizing its architect to prepare plans for the proposed new vault and to obtain bids for the installation of the vault on the basis of such plans, it being understood that, when the bids are received, the offer which the board of directors desires to accept will be submitted to the Board for approval, together with a budget of the complete cost of the vault installation including architects' and engineers' fees, etc.

At this point the Secretary of the Treasury joined the meeting which continued as a meeting of the Federal Reserve Board.

The Governor stated that, in accordance with the request of the Board, Mr. John H. Williams, whom the Federal Reserve Agent at New York proposes to appoint as assistant Federal reserve agent at the bank, had come to Washington and had met with the appointive members of the Board, and Governor Meyer requested an expression from the members present as to their feeling with regard to the proposed appointment. All of the members present indicated that they were willing to approve the appointment at the salary recommended.

4/17/33

-19-

Accordingly, the Secretary was requested to advise the Federal Reserve Agent at New York, in response to his letter of April 3, 1933, that the Board approves the appointment of Mr. Williams as assistant Federal reserve agent at the bank and has fixed his salary at the rate of \$22,000 per annum, effective May 1, 1933, without deduction in accordance with the share-the-work plan in effect at the bank.

Governor Meyer stated that Mr. James Simpson, Deputy Chairman of the Federal Reserve Bank of Chicago, called at his office on Saturday of last week and advised that he had not been in Chicago since the dispatch of the Board's letter of April 4, 1933, regarding subscriptions by him to Government securities through the Federal Reserve Bank of Chicago, and that he will reply to the letter upon his return to Chicago the early part of this week. Reference was made to the question whether the Federal Reserve Board should now transmit to the Attorney General the report made by the Board's Division of Examinations and related documents. A discussion indicated the consensus that the matter should not be referred to the Department of Justice until after the receipt of Mr. Simpson's reply to the Board's letter, when the Board will be in possession of all the information requested by it in connection with the matter.

The Governor then presented a letter dated April 15, 1933, from Senator Carter Glass stating that it is understood that the committee, of which Mr. Goldenweiser was chairman, appointed about three years ago, to make a thorough investigation of branch, group, chain and unit banking, filed a report with voluminous exhibits in the latter part of 1932; and that it would be extremely valuable to the sub-committee of the Banking and Currency Committee of the Senate which is considering the so-called Glass

4/17/33

-20-

Bill, if a copy of the System Committee's report covering at least branch banking and the causes of bank failures, could be made available. Attention was called to the fact that the members of the Board's staff who have been reviewing the detailed reports prepared by the committee have not had an opportunity, because of the press of other matters, to review all of the reports submitted by the committee, and Mr. Goldenweiser stated that three volumes of the report have not yet been put in shape by the committee, and that some of the other volumes are not entirely satisfactory to it.

After a discussion, Mr. Goldenweiser was requested to prepare, for the consideration of the Board, a reply to Senator Glass' letter, transmitting, for the use of the sub-committee of the Banking and Currency Committee, all the volumes of the committee's report which are in form for transmittal, and stating that other volumes will be forwarded as soon as possible; particular attention to be called in the letter to the fact that the volumes have not been considered by the members of the Federal Reserve Board.

There was then reviewed briefly for the information of the Chairman the legislative history of the Glass Bill and his attention was called to the report submitted to the Senate Committee by the Board on March 29, 1932, suggesting certain changes in the bill. Certain provisions which it is understood may be included in the bill to be reported by the sub-committee, including provisions relating to the insurance of bank deposits and the Federal Open Market Committee, were discussed briefly, but no action was taken.

Reference was then made to the lists which have been received from some of the Federal reserve banks in response to the Board's request for

4/17/33

-21-

the names and addresses of persons who withdrew gold coin or gold certificates which they had not redeposited in a bank on or before March 27, 1933. Copies of the lists were shown to the Chairman, with the understanding that these copies would be sent to his office, and that copies of the lists from the other Federal reserve banks would be submitted to him as they become available.

Report of Standing Committee dated April 17, 1933, recommending approval of the following Clayton Act application:

Mr. Frank Phillips, for permission to serve at the same time as director and officer of the First National Bank in Bartlesville, Bartlesville, Oklahoma, as director of the First National Bank in St. Louis, St. Louis, Missouri, and as director of the Manufacturers Trust Company of New York, New York.

Approved.

Thereupon the meeting adjourned.

Oliver Morice
Secretary.

Approved:

Augustus S. [Signature]
Governor.