

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Wednesday, April 26, 1933, at 11:20 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. Wyatt, General Counsel.

The Committee considered and acted upon the following matters:

Telegram dated April 24, 1933, from Mr. Hoxton, Chairman of the Federal Reserve Bank of Richmond, advising of the establishment on that date of the following schedule of effective buying rates on bankers' acceptances:

1 to 90 days	2%
91 to 120 days	2 1/8%
121 to 180 days	2 1/2%

Without objection, noted with approval.

Telegram dated April 25, 1933, to Mr. Newton, Federal Reserve Agent at San Francisco, approved by four members of the Board, stating that the Board approves the supplemental application of the Central Bank of Oakland, California, for 1,590 shares of stock in the Federal Reserve Bank of San Francisco, and that the telegram supersedes the telegram sent to the Federal reserve agent on April 24, 1933, approving an application filed by the member bank for 1,800 shares of Federal reserve bank stock.

Approved.

Memorandum dated April 18, 1933, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending leave of absence without pay for an additional period of two months from May 1, 1933, for Miss Nora V. Elder, an employee in that division; her physician having

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advised that she will be able to return to work by July 1, 1933, at the latest.

Approved.

Memorandum dated April 26, 1933, from Mr. Wyatt, recommending the appointment of Mr. H. Lee Boatwright, Jr., as Assistant Counsel to the Federal Reserve Board, with basic salary at the rate of \$4,800 per annum, effective as of the date upon which Mr. Boatwright assumes his duties.

Approved.

Mr. Miller, Chairman of the Committee on District No. 12, stated that the committee desires to recommend the appointment of Mr. M. W. Smith, Manager of the Midland Elevators Company, Idaho Falls, Idaho, as a director of the Salt Lake City branch of the Federal Reserve Bank of San Francisco, to succeed Mr. G. G. Wright, deceased.

Accordingly, Mr. Smith was appointed a director of the Salt Lake City branch for the unexpired portion of the term ending December 31, 1934.

Reply on April 24, 1933, approved by four members of the Board, to a letter dated April 18 from Assistant Federal Reserve Agent Gettemy at Boston, requesting approval of the designation of Messrs. E. J. Stevens, W. R. King and Percy E. Hoyle, employees of the bank, as assistant examiners, and of the continuation, for an additional period, of the temporary appointment of Mr. R. W. Marr, as assistant examiner, with salary at the rate of \$180 per month. The reply stated that the Board approves the designation of the three employees named, and of the continuance for an additional period of the temporary appointment of Mr. Marr, and requested advice as to whether the designations of the three employees are temporary or permanent.

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Approved.

Reply to a letter dated April 18, 1933, from Mr. Albertson, Secretary of the Federal Reserve Bank of Atlanta, referring to the Board's letter of April 15, 1933, and stating that developments during and since the bank holiday have made it possible to abolish the position of "special custodian" in the Reconstruction Finance Corporation department of the New Orleans branch. The reply stated that, in view of the discontinuance of this position, it would appear that a change in the personnel classification plan of the branch to provide for the position, as recommended in Mr. Albertson's letter of March 13, 1933, is no longer necessary, and that, unless advice is received to the contrary, no further action will be taken by the Board.

Approved.

Reply to a letter dated April 20, 1933, from Governor Geery of the Federal Reserve Bank of Minneapolis, stating that the action of the board of directors of the Helena branch and the executive committee of the Federal Reserve Bank of Minneapolis with regard to the payment of additional compensation to Mr. A. A. Hoerr, Cashier of the Helena branch, contemplated such payment from the date on which Mr. Towle, Managing Director of the branch, was released to the Regional Agricultural Credit Corporation, rather than from April 7, 1933, on which date the executive committee considered the matter. The reply stated that, accordingly, the Board has approved the payment of additional compensation at the rate of \$100 per month to Mr. Hoerr from September 16, 1932, to the date on which Mr. Towle again assumes his duties as managing director of the branch. The reply also stated that it appears from the Board's records that the leave of absence of three

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months granted by the executive committee of the bank to Mr. Towle in December 1932, expired on March 16, 1933; that it is assumed that leave of absence for an additional period has been granted to Mr. Towle; and that it will be appreciated if Governor Geery will advise of the action taken in this regard and when Mr. Towle is expected to return to the branch.

Approved.

Memorandum dated April 13, 1933, from the Committee on Salaries and Expenditures, stating that, in accordance with the Board's letter of November 30, 1932 (B-854), the Federal reserve banks have submitted statements showing the name and annual salary of each employee on January 1, 1933, together with the salary on January 1 of last year or the initial salary if hired after January 1, 1932; that these statements have been checked against the personnel classification plans on file with the Board; and that it is recommended that each Federal reserve bank be advised that the salaries paid by it as of January 1, 1933, as shown on the respective lists furnished the Board, have been noted with approval and, also, that the following matters be called to the attention of the respective Federal reserve banks:

- (1) At the Federal Reserve Banks of Philadelphia and Cleveland no deductions are being made from the salaries of additional employees under the share-the-work plans adopted by the banks, although the Board advised these banks that it assumed such deductions would be made.
- (2) The Cleveland salary list shows a Reconstruction Finance Corporation Department which is not provided for in the bank's personnel classification plan.
- (3) The Cleveland bank should submit revised pages of its personnel classification plan to provide for the position of acting assistant Federal reserve agent at its branches.

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(4) No percentage reductions were applied by the Federal Reserve Bank of Richmond to the salaries of employees assigned to the Reconstruction Finance Corporation unit, although such reductions were applied to salaries of all other employees (except special cases) who received in excess of \$720 per annum.

(5) More than 200 employees of the Federal Reserve Bank of San Francisco were receiving higher salaries on January 1, 1933, than on January 1, 1932, and that as this number represents approximately 40% of the total number of employees in the System as a whole receiving higher salaries on January 1, 1933, it would appear that the salary policy of the bank during 1932 was somewhat out of line with that followed by other Federal reserve banks.

(6) With a view to obtaining uniformity in titles of examiners whose appointments are approved by the Federal Reserve Board, the personnel classification plans of certain banks should be revised so that the titles used will be limited to "chief examiner," "examiner," and "assistant examiner."

(7) At some of the banks an employee was transferred during the year to a position having a lower salary range than the position occupied by the employee on January 1, 1932, with the result that the salary paid on January 1, 1933, is in excess of the maximum salary for the position occupied.

Letters to the Chairmen of the various Federal reserve banks, submitted by the Committee on Salaries and Expenditures in accordance with its recommendations, were approved.

Telegram dated April 25, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by four members of the Board, stating that the Board has approved the application filed by the Farmers State Bank, Belvidere, Illinois, for membership in the Federal Reserve System and for 120 shares of stock of the Federal Reserve Bank of Chicago, subject to the conditions prescribed in the telegram.

Approved.

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Reply on April 25, 1933, approved by four members of the Board, to a letter dated April 21 from Mr. Hoxton, Federal Reserve Agent at Richmond, transmitting the request of the Lynchburg Trust and Savings Bank, Lynchburg, Virginia, for an extension of 30 days in the time within which it may qualify for membership in the Federal Reserve System; the bank having advised that it is not ready to act definitely on the conditions of membership imposed by the Board. The reply stated that the Board grants the extension and requests that the Lynchburg Trust and Savings Bank be advised accordingly.

Approved.

Letter dated April 24, 1933, to the Washington National Bank, Olympia, Washington, approved by three members of the Board, stating that the Board has approved the bank's application for permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, 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 Washington, the exercise of such rights being subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

Approved.

Letter dated April 24, 1933, to Mr. Newton, Federal Reserve Agent at San Francisco, approved by four members of the Board, stating that it is noted from the analysis of the report of examination, as of September 21, 1932, of the Commercial Security Bank, Ogden, Utah, that the bank has an

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investment of \$8,000 in the stock of the Bear Lake State Bank, Paris, Idaho; that it appears that this investment is contrary to the provisions of one of the conditions under which the bank was admitted to membership; and that it will be appreciated if the agent will advise in detail of the circumstances surrounding the investment and his views as to what action should be taken at this time, either by the Board or the Federal reserve agent's office, in connection with the matter. The letter also requested that the agent forward to the Board a copy of a current report of condition of the American Investment Corporation which owns 1,458 1/3 shares of the stock of the Commercial Security Bank and such information as may be available with regard to the condition of the other banks controlled by the corporation, as well as advice as to any corrections or other improvements made by the Commercial Security Bank in the features of its condition which were subject to criticism in the report of examination above referred to.

Approved.

Draft of a letter, prepared in the Treasury Department for the signature of the Secretary of the Treasury, to the Chairman of the Committee on Banking and Currency of the Senate, replying to his request for a report by the Treasury Department on S. 806, "a bill establishing the Bank of the United States, owned, operated, and controlled by the Government of the United States; defining the scope and manner of its operation; defining the powers and duties of the persons charged with its management; creating a board of directors; and for other purposes." The reply referred to objectionable features of the bill and stated that the Treasury Department is opposed to its enactment.

Approved.

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The following statement to the press, issued by the Secretary of the Treasury on April 25, 1933, was presented for the record:

"Secretary Woodin today called attention to the fact that under the provisions of the President's Order of April 5, 1933, forbidding the hoarding of gold coin, gold bullion and gold certificates, persons who own gold coin, gold bullion or gold certificates are required to deliver their holdings to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System, on or before next Monday, May 1st, 1933, except as provided in certain cases specified in the Order. A fine of \$10,000 or ten years imprisonment, or both, may be imposed as the penalty for failure to comply with the terms of the Order.

"Gold in reasonable amount, actually required for use in industry, profession or art, is excepted from the order to deliver on or before May 1st. An exception is also allowed in the case of gold coin and gold certificates in an amount not exceeding \$100 belonging to any one person, and in the case of gold coins having a recognized special value to collectors of rare and unusual coins.

"In a final effort to acquaint the public with the requirements of the President's Order, and the criminal penalties provided for violations of the Order, the Treasury Department is forwarding to every post-office and banking institution a printed notice, in the form of a poster and intended for public display, setting forth the Executive Order in full. Persons having gold coin, gold bullion or gold certificates should acquaint themselves with the exact terms of the Executive Order.

"To facilitate the identification of gold certificates, as distinguished from other currency, the Treasury points out that Gold Certificates may be identified by the words 'Gold Certificate' appearing thereon. In the case of gold certificates of the small-size currency, which were first issued in 1929, the title 'Gold Certificate' appears on the face of the certificate, and in the case of gold certificates of the large-size currency, (the issue of which was discontinued in 1929), the title 'Gold Certificate' appears on the back. The serial number and the Treasury seal on the face of a Gold Certificate are printed in yellow. While Federal Reserve Notes and United States Notes are redeemable in gold and bear a provision to that effect, they are not 'Gold Certificates' and are not, therefore, required to be surrendered."

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At this point Messrs. Smead and Goldenweiser joined the meeting.

Governor Meyer stated that he had talked over the telephone this morning with Governor Harrison of the Federal Reserve Bank of New York, who stated that he felt it would be desirable, in connection with the current offering by the Treasury Department of \$500,000,000 of Treasury notes, for the System to increase its holdings of Government securities in the open market account today by \$40,000,000 or \$50,000,000, so that the increase will appear in the weekly statement of condition of Federal reserve banks published tomorrow, and that it will be appreciated if the Board will consider the resolution adopted at the meeting of the Open Market Policy Conference on April 22, 1933, authorizing the executive committee of the conference to arrange with the Secretary of the Treasury from time to time to purchase up to \$1,000,000,000 of Government securities to meet Treasury requirements.

Governor Meyer stated that while the resolution appears to contemplate purchases direct from the Treasury to enable it to meet its requirements, Governor Harrison had stated that it was not the intention of the conference that purchases should be so limited. He called attention to the fact that, entirely aside from this point, the Treasury offering has been over-subscribed by more than \$600,000,000 and stated that he had advised Governor Harrison that, in his opinion, the Treasury Department does not need the assistance of the Federal Reserve System at this time; that it would be preferable for the department to market the issue without any assistance from the Federal reserve banks; and that, in the present situation, he questions the advisability of purchasing \$40,000,000 or \$50,000,000 as an indication of the attitude of the System toward increasing its holdings of securities. Governor Meyer also stated that Under Secretary of the Treasury Ballantine had discussed the matter with him and Governor Harrison yesterday and today, and is inclined to

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favor the suggested purchase, although he appears to have no strong feeling in the matter, but that, so far as he knew, the Secretary of the Treasury, who is still confined to his home by illness and had talked the matter over with Mr. Ballantine, had expressed no opinion concerning it.

A discussion ensued, at the conclusion of which the Governor was requested to advise Governor Harrison that the Board does not think it advisable to make any change in the System holdings of Government securities this week, and that action on the resolution of the Open Market Policy Conference has been deferred.

There was some further discussion of the two other resolutions adopted by the Open Market Policy Conference at its meeting on April 22, and it was expressed as the consensus that the Board should approve the resolution instructing the executive committee of the conference to work out a system of allotment of existing holdings, as well as new purchases of Government securities, with a view to arriving at a more equitable relationship of reserve percentages of the Federal reserve banks, with the understanding that the system, when worked out, will be submitted to the Board for its approval.

In connection with the resolution adopted by the conference looking to the authorization of the executive committee to shift maturities in the system account as conditions in the market or requirements of the Treasury appear to make that advisable, the suggestion was made that a limitation be placed on the length of the maturities of Government securities which may be placed in the open market account. Some of the members stated that they would like to consider this point further.

Accordingly, Governor Meyer was requested to advise Governor Harrison that action on the last mentioned resolution has been deferred, but that the Board is in agreement with the proposal embodied in the resolution instructing the executive committee of the Open Market Policy Conference to work out a new system of allotment, it being understood that the new system will be submitted to the Board before being made effective.

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The Secretary stated that the proposed letter to the Attorney General transmitting the report of the investigation made by the Board's Division of Examinations in the Fiscal Agency Department of the Federal Reserve Bank of Chicago, and related documents, has been approved by the appointive members of the Board and it is understood that it is to be held for approval by the Secretary of the Treasury upon his return to the office. It was agreed that this procedure should be followed.

Reports of Standing Committee dated April 24 and 25, 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. 10.</u>		
National Bank of Tulsa, Oklahoma.	4,800	4,800
<u>District No. 11.</u>		
Farmers National Bank in Brenham, Brenham, Texas.	30	30
	Total	4,830
<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 4.</u>		
Second National Bank, Connellsville, Penna. (Increase in capital, partly offset by decrease in surplus)	60	60
<u>District No. 7.</u>		
Dixon National Bank, Dixon, Illinois. (Increase in capital, partly offset by decrease in surplus)	60	60
	Total	120
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 3.</u>		
Ninth Bank and Trust Company, Philadelphia, Penna. (Decrease in surplus)	795	795
<u>District No. 7.</u>		
First National Bank, Coon Rapids, Iowa. (V.L.Suc. by First State Bank of Coon Rapids, nonmember)	33	33

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 8.</u>		
Park Savings Trust Company, Richmond Heights, Missouri. (Insolvent)	72	
University City Bank and Trust Company, University City, Missouri. (Insolvent)	<u>78</u>	150
<u>District No. 10.</u>		
First National Bank, North Bend, Nebraska. (Insolvent)	42	42
<u>District No. 11.</u>		
First National Bank, Knox City, Texas. (V.L.Abs. by Citizens State Bank of Knox City, nonmember)	30	
First National Bank, Rio Grande, Texas. (V.L.Abs. by The First State Bank and Trust Company of Rio Grande, nonmember)	<u>15</u>	45
<u>District No. 12.</u>		
First National Bank, Redondo Beach, California. (V.L. Abs. by Bank of America National Trust and Savings Association, San Francisco, California.)	180	
First National Bank, Linnton, Oregon. (V.L.Abs. by The United States National Bank of Portland, Oregon.)	18	
Citizens National Bank, Portland, Oregon. (V.L.Abs. by The United States National Bank of Portland, Oregon.)	240	438
	<u>Total</u>	<u>1,503</u>

Approved.

Reports of Standing Committee dated April 24 and 25, 1933, recom-
mending approval of the following Clayton Act applications:

Mr. W. S. Hammons, for permission to serve at the same
time as director and officer of the Portland National Bank of
Portland, Maine, and as director of The Miami Beach First
National Bank, Miami Beach, Florida.

Mr. C. B. Japhet, for permission to serve at the same time
as director of the Harrisburg National Bank of Houston, Texas,
and as director of the National Bank of Commerce of Houston,
Texas.

Approved.

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Thereupon the meeting adjourned.

Peter Howell
Secretary.

Approved:

Ernest C. ...
Governor.