

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Thursday, May 18, 1933, at 10:30 a.m.

PRESENT: Mr. Miller, Chairman of the Executive Committee
Mr. Hamlin
Mr. James
Mr. O'Connor

Mr. Morrill, Secretary
Mr. McClelland, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Smead, Chief, Division of Bank Operations
Mr. Van Fossen, Assistant Chief, Division of
Bank Operations.

ALSO PRESENT: Mr. E. R. Black, Governor-designate of the Federal Reserve Board.

The Committee considered and acted upon the following matters:

Letter dated May 11, 1933, from the Secretary of the Federal Reserve Bank of New York, and telegrams dated May 10, 1933, from the Chairman of the Federal Reserve Bank of Kansas City, May 11, 1933, from the Chairman of the Federal Reserve Bank of Richmond, May 12, 1933, from the Secretary of the Federal Reserve Bank of Atlanta, and May 17, 1933, from the Chairmen of the Federal Reserve Banks of Boston, 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.

Reply on May 11, 1933, to a letter dated May 6 from Mr. Floyd R. Harrison, Assistant to the Governor, tendering his resignation to take effect at the pleasure of the Board but in any event not later than May 15, 1933. The reply stated that, in accordance with Mr. Harrison's request, the Board accepts his resignation as at the close of business May 15, 1933. The reply contained an expression of the Board's appreciation of Mr. Harrison's services

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and regret as to his resignation.

Approved.

Reply on May 13, 1933, approved by three members of the Board, to a letter dated May 9 from Mr. Francis L. Fahy, Secretary to the Governor, tendering his resignation as at the close of business on May 15, 1933. The reply stated that the Board has accepted, with regret, the resignation as tendered.

Approved.

Letter dated May 13, 1933, from Mr. Newton, Chairman of the Federal Reserve Bank of Atlanta, inclosing a copy of a resolution adopted by the board of directors of the bank at its meeting on May 12, 1933, accepting the resignation of Governor Eugene R. Black as Governor of the bank, effective upon the assumption of his new duties as Governor of the Federal Reserve Board, and expressing the hope that the present trying and emergent conditions will shortly so far abate as to permit of the resumption by Governor Black of his duties as Governor of the Atlanta bank. The letter also stated that the directors had appointed Mr. W. S. Johns, senior deputy governor, as acting governor of the bank, effective as of the date upon which the resignation of Governor Black takes effect.

Noted.

Memoranda dated May 11 and 13, 1933, from Mr. Paulger, Chief of the Division of Examinations, recommending the appointment of Messrs. John C. Franzoni and Herbert H. Hagler and their designation as assistant Federal reserve examiners, with salaries at the basic rates of \$2,000 and \$2,500 per annum, respectively, less the reduction of 15%.

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Messrs. Franzoni and Hagler 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 salaries at the basic rates of \$2,000 and \$2,500 per annum, respectively, less the reduction required by the Act of March 20, 1933, now 15%, all effective as of May 26, 1933, on which date they will assume their duties.

Reply on May 17, 1933, approved by four members of the Board, to a letter dated May 10 from Mr. Austin, Federal Reserve Agent at Philadelphia, requesting approval of the designation as assistant examiners at the bank of Messrs. Henry W. Evans, J. Carl Myers and Raymond M. Dorsch, with basic salaries at the rate of \$2,200, \$2,400 and \$2,400 per annum, respectively, to be effective May 15, 1933, or as soon thereafter as the necessary arrangements may be completed. The reply stated that the Board has approved the designations as requested, with basic salaries at the rates named, subject to deductions in accordance with the share-the-work plan in effect at the bank.

Approved.

Reply to a letter dated May 11, 1933, from Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, requesting approval by the Board of the designation of Messrs. Harry V. Eichmann, John K. Neeley, and Cyril Bowman, employees of the bank, as assistants to examiners in the examination of some of the larger member State institutions located in or near Philadelphia. The reply stated that the records of the Board indicate that as of January 1, 1933, 58 employees of the bank, in addition to the regular staff of examiners and assistant examiners, were authorized to participate

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in the examination of State member banks, and that, in view of this situation, the Board will appreciate advice as to the need for the designation of the three additional employees referred to in the agent's letter.

Approved.

Reply on May 10, 1933, approved by three members of the Board, to letters dated May 6 from Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, advising of the death on April 23 of Mr. C. L. Bickford, Assistant Cashier at the head office, and of the appointment, effective May 16, 1933, of Mr. P. A. Brown, Assistant Cashier at the Pittsburgh branch, as Assistant Cashier at the head office, to succeed Mr. Bickford, and of Mr. C. J. Bolthouse, manager of the currency and coin function in the money department of the head office, as Assistant Cashier at the Pittsburgh branch to succeed Mr. Brown. The reply stated that, in accordance with the action taken by the board of directors, the Federal Reserve Board has approved the salaries at the basic rates of \$7,000 and \$5,400 per annum (subject to deduction in accordance with the share-the-work plan in effect at the bank) fixed by the directors for Messrs. Brown and Bolthouse, respectively, in their new positions.

Approved.

Letter dated May 16, 1933, to Mr. Hoxton, Chairman of the Federal Reserve Bank of Richmond, approved by four members of the Board, referring to his letter of April 29, 1933, and stating that the Board approved salaries at the rates of \$1,620 and \$1,080, respectively, for Miss T. Elizabeth Lucius and Mr. Thomas J. Glanville, employees of the Baltimore branch receiving salaries on January 1, 1933, in excess of those provided

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for in the personnel classification plan of the branch for the positions occupied. The letter also stated that with regard to the salaries of employees in the Reconstruction Finance Corporation custodian department, which it appears are not subject to the percentage reductions applied to salaries of other employees of the bank, the Board suggests that consideration be given to the desirability of adopting a uniform plan of fixing basic salaries which will apply to all employees of the bank.

Approved.

Telegraphic reply on May 10, 1933, approved by three members of the Board, to a letter dated May 8 from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, stating that the executive committee of the bank on May 5 approved the employment of Mr. Ralph H. Buss as Assistant Deputy Governor of the Federal Reserve Bank of Chicago; that the matter has been taken up individually with a majority of the directors; that it is proposed to employ Mr. Buss as of May 15, 1933, and, at the meeting of the board of directors on May 26, to designate him Assistant Deputy Governor; and that subject to approval by the Federal Reserve Board, his salary is to be fixed at the rate of \$8,550 per annum, effective May 15, 1933. The reply stated that the Board approves the salary at the rate named, effective May 15, 1933, with the understanding that Mr. Buss will assume his duties at the bank on that date and that at the meeting of the board of directors on May 26 he will be designated Assistant Deputy Governor.

Approved.

Reply on May 12, 1933, approved by three members of the Board, to a letter dated May 9 from Mr. John N. Peyton advising formally of his

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acceptance of appointment by the Federal Reserve Board as class C director of the Federal Reserve Bank of Minneapolis and designation as chairman of the board of directors of the bank and Federal reserve agent, and inclosing his oaths of office and a surety bond in the amount of \$100,000 executed by him on May 8, 1933, as Federal reserve agent. The reply stated that the Board has approved the bond, and that it is understood that Mr. Peyton will assume his duties at the Federal Reserve Bank of Minneapolis on May 15, 1933. The reply also acknowledged receipt of Mr. Peyton's letter of May 10, 1933, in which he advised of the disposition of all of the bank stocks owned by him.

Approved.

Letter dated May 12, 1933, to Mr. Homer P. Clark, Deputy Chairman of the Federal Reserve Bank of Minneapolis, prepared in accordance with the action taken at the meeting of the Executive Committee of the Board on May 6, 1933, and approved by three members of the Board, stating that, in connection with consideration by the Federal Reserve Board of the selection of Mr. Peyton as Chairman of the board of directors and Federal Reserve Agent at Minneapolis, the by-laws of the bank were reviewed and it was noted that, although the article relating to the executive committee provides that the Federal reserve agent shall be a member of the committee, it does not provide that in his capacity as chairman of the board of directors he shall also be chairman of the executive committee; that, in view particularly of the fact that the executive committee is authorized to exercise between meetings of the directors all of their powers, it seems to the Federal Reserve Board that clearly the chairman of the board of directors should be the chairman of the executive committee; and that, for

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the same reason, it seems that in Section 3 of Article III the reference to the supervision and control of the board of directors should be extended to include that of the executive committee. The letter referred to the action taken by the board of directors of the Federal Reserve Bank of Cleveland in this respect in connection with the appointment of Mr. Williams as chairman of the board of directors, and stated that the Board believes that, upon careful consideration of the matter, the directors of the Minneapolis bank will feel that similar action should be taken with respect to the by-laws of that bank; that it would be appropriate to make the change at the next meeting of the board of directors so that it will take place as an incident to the filling of the vacancy in the position of chairman of the board of directors; and that it will be appreciated if Mr. Clark will take the matter up with the other directors of the bank and advise the Board as to the action taken. The letter also inclosed a memorandum showing the manner in which the by-laws should be amended in order to carry out the suggested changes.

Approved.

Telegraphic reply on May 11, 1933, approved by three members of the Board, to a letter dated April 28 from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, requesting an expression from the Board as to whether the by-laws of the branches of the bank should be amended so as to eliminate the provision for the office of Assistant Cashier at each of the branches, or whether an amendment to the by-laws of the El Paso and Houston branches to bring them in conformity with the by-laws now in effect at the San Antonio branch would be preferable. The agent's letter also referred to the custom

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at the Houston branch, when a director made two trips to the branch office on the same day in order to attend a board of directors meeting and an executive committee meeting, of paying to the director a separate fee for each meeting, and stated that, as the managing director of the branch has been instructed to arrange the meetings so that only one fee will be paid instead of two, it is believed that a change in the by-laws of the branch will not be necessary. The reply suggested that the by-laws of the Houston and El Paso branches be amended so as to make the appointment of assistant cashiers at those branches optional with the board of directors of the Federal reserve bank, as is provided in the by-laws of the San Antonio branch, and stated that, in view of the agent's statement that in the future only one fee will be paid to a director of the Houston branch who attends meetings of the board of directors and the executive committee on the same day, no change in the by-laws of the branch with respect to this matter would appear to be required.

Approved.

Reply on May 15, 1933, approved by three members of the Board, to a letter dated May 5 from Mr. Newton, Federal Reserve Agent at San Francisco, advising that he has released Mr. S. L. Stewart, temporarily employed as an examiner in the Federal Reserve Agent's department, but that, subject to the approval of the Federal Reserve Board, Mr. Stewart's designation is being continued without pay in order that his services may be available immediately in case they should be needed. The reply stated that the Board approves the continuance of the designation of Mr. Stewart as an examiner for a period of six months from May 15, 1933, provided he does not leave

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the employ of the Reconstruction Finance Corporation during that time, other than to return to the Federal reserve bank, and that it is requested that, in the event it is found necessary to recall Mr. Stewart to the bank, the Board be advised promptly. The reply also stated that the agent's letter indicates that, should the work in the examination department of the bank justify enlarging the force of examiners, Mr. Stewart would be tendered a permanent appointment, and requested that, in the event such action becomes necessary, the permanent designation of Mr. Stewart as examiner be submitted to the Board for approval.

Approved.

Letter dated May 17, 1933, to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, approved by three members of the Board, stating that, in accordance with the recommendation contained in his letter of May 4, 1933, the Board has approved changes in the personnel classification plan of the bank to provide for a change in the title of the positions of "senior examiner" and "junior examiner" to "examiner", and of the position of "assistant to examiner" to "assistant examiner", and for the new position of "junior clerk" in the credit department of the bank. The letter also stated that, with regard to the salaries of employees taken on under the share-the-work plan, which it appears are not subject to the percentage deductions applied to salaries of other employees of the bank, consideration should be given to the desirability of adopting a uniform plan of fixing basic salaries which will apply to all employees of the bank.

Approved.

Letter dated May 12, 1933, to Mr. Walden, Controller of the Federal Reserve Bank of Richmond, approved by three members of the Board, stating

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that, in accordance with the recommendation contained in his letter of May 6, 1933, the Board has approved changes in the personnel classification plan of the bank to provide for a change in the title of the positions "senior examiner" and "junior examiner" to "chief examiner" and "examiner", respectively, and for the new position of "assistant examiner" in the examining department of the bank.

Approved.

Letter dated May 17, 1933, to Deputy Governor Helm of the Federal Reserve Bank of Kansas City, approved by three members of the Board, stating that, in accordance with the recommendation contained in his letter of May 5, 1933, the Board has approved changes in the bank's personnel classification plan affecting the Reconstruction Finance Corporation Department as shown on the revised pages of the personnel classification plan inclosed with his letter.

Approved.

Letter dated May 12, 1933, to Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, approved by three members of the Board, stating that, in accordance with the recommendation contained in his letter of May 4, 1933, the Board has approved a change in the personnel classification plan of the El Paso branch to provide for the new position of "typist" in the accounting and service department of the branch.

Approved.

Reply on May 12, 1933, approved by three members of the Board, to a letter dated May 1 from Mr. Young, Secretary of the Federal Reserve Bank of Chicago, stating that at the meeting of the board of directors on April

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28 there was authorized a contribution by the bank of \$2,000 toward the expenses of the annual convention of the American Institute of Banking to be held in Chicago this year, and the payment of the expense, not to exceed \$2.00 per person, of a dinner to the delegates to the convention from other Federal reserve banks and branches. The reply stated that the Board approves the payments involved in the action of the directors.

Approved.

Telegram dated May 11, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by three members of the Board, stating that the Board approves the application of the Ida County State Bank, Ida Grove, Iowa, for membership in the Federal Reserve System and for 29 shares of stock of the Federal Reserve Bank of Chicago, subject to the conditions prescribed in the telegram.

Approved.

Telegrams dated May 12, 1933, to the respective Federal reserve agents, approved by three members of the Board, stating that the Board approves the applications filed by the following state banks for membership in the Federal Reserve System and for Federal reserve bank stock, subject to the conditions prescribed in the individual telegrams:

<u>Name of Bank</u>	<u>Number of Shares</u>	<u>Federal Reserve Bank</u>
Capital City Bank, Charleston, West Virginia.	162	Richmond
Glasgow Savings Bank, Glasgow, Missouri.	90	St. Louis

Approved.

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Telegrams dated May 17, 1933, to the respective Federal reserve agents, approved by four members of the Board, stating that the Board approves the applications filed by the following State banks for membership in the Federal Reserve System and for Federal reserve bank stock, subject to the conditions prescribed in the individual telegrams:

<u>Name of Bank</u>	<u>Number of Shares</u>	<u>Federal Reserve Bank</u>
Homewood Bank at Pittsburgh, Pittsburgh, Pennsylvania.	75	Cleveland
Bank of Hartsville, Hartsville, Tennessee.	30	Atlanta
Citizens Bank and Trust Company, Carthage, Tennessee.	18	Atlanta
Neat, Condit and Grout, Bankers, Winchester, Illinois.	84	St. Louis

Approved.

Telegraphic reply on May 17, 1933, approved by four members of the Board, to a letter dated May 8 from Mr. Case, Federal Reserve Agent at New York, with regard to the application for membership of The Southampton Bank, Southampton, New York, and recommending that condition of membership numbered 18, as contained in the Board's letter of April 24, 1933, to the Southampton Bank, be modified so as to permit the bank to reduce its surplus to \$75,000 in order to provide for the elimination of losses and depreciation. The reply stated that the Board amends condition numbered 18 as requested and as set out in the reply.

Approved,

Reply on May 12, 1933, approved by three members of the Board, to a letter dated May 10 from Mr. Case, Federal Reserve Agent at New York,

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recommending an extension for 30 days of the time in which the Leonia Bank and Trust Company, Leonia, New Jersey, may accept the conditions prescribed by the Board for membership in the Federal Reserve System. The reply stated that, in accordance with the agent's recommendation, the Board grants an extension to June 12, 1933, and that it will be appreciated if the agent will advise the applicant institution accordingly.

Approved.

Telegram dated May 11, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by three members of the Board, replying to a telegram dated May 10 from Assistant Federal Reserve Agent Young stating that a meeting of the board of directors of the Western State Bank, Cicero, Illinois, will be held on June 12, 1933, to consider the special conditions of membership prescribed by the Board for the bank; that the bank has requested an extension of the time within which it may accept the conditions; and that it is recommended that the time be extended to the date of the directors' meeting. The reply stated that the Board grants an extension to June 12, 1933.

Approved.

Telegraphic reply on May 12, 1933, approved by three members of the Board, to a telegram dated May 8 from Mr. Walsh, Federal Reserve Agent at Dallas, transmitting the request of the City Savings Bank and Trust Company, Shreveport, Louisiana, that its application for membership in the Federal Reserve System be held in abeyance until further notice, pending the perfection of plans looking to further improvements in the bank's condition. The reply stated that the Board will hold the application in abeyance as

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requested.

Approved.

Telegram dated May 12, 1933, to Mr. Walsh, Federal Reserve Agent at Dallas, approved by three members of the Board, referring to the Board's telegram of May 29 approving the application of the Atoka State Bank, Atoka, Oklahoma, for membership in the Federal Reserve System, and stating that it appears from recent developments, which have been discussed over the telephone with the Federal reserve agent and Governor McKinney, that the applicant bank's capital may be impaired by depreciation in its investments, and the Board feels that any further action pertaining to the admission of the bank to membership should be deferred pending further consideration of the subject, but that the Board's telegram is not intended as an extension of the time within which the bank may complete its membership and if it desires an extension beyond May 28, 1933, it should apply for such extension in the usual manner. The telegram also requested that the agent advise the Board, as promptly as possible, of the results of his investigations and negotiations with regard to the matter.

Approved.

Telegraphic reply on May 17, 1933, approved by three members of the Board, to a letter dated May 9 from Mr. McClure, Federal Reserve Agent at Kansas City, requesting an expression of the Board's views regarding a proposed application for membership by a bank which has recently secured agreements from depositors representing more than 90% of its total deposits relieving the bank of all liability on 15% of such deposits, but providing that all dividends which may be paid hereafter will be applied in payment

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to depositors to the extent of their waived deposits. The reply stated that the Board is not in a position to express an opinion without complete information regarding the terms of the agreement and the condition of the bank, including its liquidity and the character of its management, and that it is felt that counsel for the Federal reserve bank should first satisfy himself as to the constitutionality of any State law which permits an agreement on the part of 85% of the depositors to the waiver of a certain part of their deposits to bind the non-assenting depositors. The reply further stated that if in the opinion of counsel the State law is constitutional, and the condition of the bank, the character of its management and the prospects for its future growth are such that the agent and the membership committee of the Federal reserve bank would be willing to recommend the approval of the application, the Federal Reserve Board, upon receipt of full and complete information, will be glad to give prompt consideration to the matter and to afford an opportunity for the withdrawal of the application if it should appear that favorable action cannot be taken thereon.

Approved.

Telegram dated May 16, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by four members of the Board, referring to the application of the Suburban Trust and Savings Bank, Oak Park, Illinois, for permission to withdraw immediately from membership in the Federal Reserve System. The telegram stated that the Board waives the usual requirement of six months notice of intention to withdraw and that, accordingly, upon surrender of the Federal reserve bank stock issued to the Suburban Trust and Savings Bank, the Federal Reserve Bank of Chicago is authorized to cancel

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such stock and make a refund thereon.

Approved.

Letter dated May 12, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by three members of the Board, stating that the Board has considered the application filed by the National Bank of Martinsville, Indiana, for permission to act in all fiduciary capacities authorized under section 11(k) of the Federal Reserve Act and that, while it appears that the condition of the institution is satisfactory and that its management is capable, in view of the brief existence of the bank, the Board has deferred action on the application until after another examination of the institution has been made, and it is requested that the agent so advise the national bank.

Approved.

Reply on May 12, 1933, approved by three members of the Board, to a letter addressed by Mr. J. R. Monroe of the legal division of the Reconstruction Finance Corporation to Mr. Wingfield, Assistant Counsel of the Board, requesting an informal expression as to the attitude of the Board toward certain amendments to the articles of incorporation of the Central Bank of Oakland, California, providing for authority to pay a dividend on the common stock of that bank. The reply stated that the Board offers no objection to the proposed amendments if they meet with the approval of the Reconstruction Finance Corporation and the payment of such dividend will not result in violation of any of the conditions of membership prescribed by the Board and accepted by the bank at the time of its admission to membership in the Federal Reserve System.

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Approved.

Telegram dated May 12, 1933, to Mr. Hoxton, Federal Reserve Agent at Richmond, approved by three members of the Board, stating that, while under the law the proposed reduction in the capital stock of the Baltimore Commercial Bank, Baltimore, Maryland, involved in a tentative plan for the reorganization of that institution, does not require approval by the Federal Reserve Board, the Board has considered information submitted in connection with such tentative reorganization plan and, in the circumstances, will offer no objection to the proposed reduction. The telegram also stated that it appears, however, that the plan contemplates no assessment on the holders of the stock of the bank which will be exchanged for stock in the Baltimore Commercial Company and it is assumed that consideration has been given to the question of preserving for recourse, if necessary, the assessment liability of the bank's old stockholders; that it is also assumed that the reopening of the bank is conditioned upon ample liquidity and the elimination of the item of borrowed money prior to such reopening; that it appears that the old management under whom the unsatisfactory conditions developed will be retained in the reorganized institution, and that it is assumed that the agent has considered this matter fully. The reply further noted that borrowings of the present directors are in excess of the bank's proposed new capital and that a number of such directors' loans are subject to criticism and it would seem that this and other matters commented upon should be satisfactorily adjusted.

Approved.

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Letter dated May 12, 1933, to Mr. Case, Federal Reserve Agent at New York, stating that it appears that the holding by the Bloomfield Bank and Trust Company, Bloomfield, New Jersey, of 96.5% of the stock of the Watsessing Bank of Bloomfield disclosed by the analysis of report of examination of the former as of November 5, 1932, may be a change in the scope of the member bank's functions within the meaning of the condition under which it was admitted to membership in the Federal Reserve System, and that it will be appreciated if the agent will advise the Board in detail of the facts involved in the investment by the member institution in the stock of the Watsessing Bank and of his views as to whether any 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 detailed information regarding the relationship of the member bank with the Essex Title Guaranty and Mortgage Company, in the stock of which the member bank, according to the analysis of report of examination above referred to, has a present investment of \$140,000, and which it is assumed is a conversion of the Essex Title Guaranty and Trust Company in the stock of which the member bank had an investment at the time of its admission to membership in the Federal Reserve System. The letter further suggested that the agent consider the advisability of discussing with the Commissioner of Banking and Insurance of the State of New Jersey the question of a further reduction in the company's dividends, if not an entire elimination thereof, advising the Board of the results of any such discussion and of any improvement which may be affected in the condition of the member bank.

Approved.

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Reply on May 17, 1933, approved by four members of the Board, to a letter dated April 27, 1933, from Mr. Case, Federal Reserve Agent at New York, in which he referred to the Board's letter of April 13, and inclosed a letter dated April 25 from the Chairman of the Bank of the Manhattan Company, New York City, stating that the institution is in the midst of an examination by the Clearing House Association, and that it is planned upon receiving a report of the examination to make such charge-offs and allocations to reserves as may seem proper. The reply stated that while, under the provisions of one of the conditions of membership prescribed by the Board and accepted by the bank, at the time of its admission to membership in the Federal Reserve System, the bank agreed to make such arrangements or adjustments of its assets as, in the opinion of the Federal Reserve Board, would be necessary on the basis of the reports of examination by the State banking department as of November 18, 1932, the Board, in view of the fact that the bank is now in process of examination by the Clearing House Association, will await the completion of such examination before taking any further action with regard to requirements as to charge-offs or allocation of reserves. The reply also stated that it will be appreciated if the agent will forward to the Board an analysis of the Clearing House examination report, together with advice as to what action, if any, the bank has taken toward effecting charge-offs or providing reserves against assets which may be subject to criticism in such report, and that in making adjustments following the examination the Bank of the Manhattan Company should keep in mind the Board's usual policy of requiring an institution, prior to its admission to membership, to charge off, or otherwise eliminate,

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all estimated losses and depreciation on stocks and defaulted bonds and on securities other than those in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities.

Approved.

Letter dated May 17, 1933, approved by four members of the Board, to Mr. Austin, Federal Reserve Agent at Philadelphia, stating that, in view of the information submitted by him, the Federal Reserve Board will take no action affecting the membership of the Princeton Bank and Trust Company, Princeton, New Jersey, by reason of the absorption by that institution of its affiliate, the Princeton Securities Company, but that it is requested that the agent require the bank to make an adjustment as soon as possible in the carrying value of the proportionate interest in the securities company which was transferred to the books of the bank on December 31, 1932, and that the Board approves the proposed request by the agent that the acquired assets be carried by the bank in a separate account and that such assets be liquidated as rapidly as possible without undue sacrifice. The letter also stated that the Board will take no action at this time regarding the acquisition by the bank of 34 shares of its own stock through the absorption of the assets of the Princeton Securities Company, although the bank should be advised that such stock must be disposed of as soon as possible, and that the Board notes with approval the action of the agent's office in advising the bank that the Board does not look with favor upon commercial banking institutions engaging in the business of selling mortgage loans to the public, either directly or through affiliated corporations, even though such mortgages are sold without recourse.

Approved.

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Letter to Mr. Austin, Federal Reserve Agent at Philadelphia, stating that, in view of the information submitted by him, it is apparent that the absorption of the Waymart State Bank, Waymart, Pennsylvania, a nonmember, by the Wayne County Savings Bank, Honesdale, Pennsylvania, as of December 12, 1931, has resulted in no material change in the general character of the assets of, or in the scope of the corporate powers exercised by, the member institution within the meaning of the general condition under which it was admitted to membership and that, in accordance with the agent's recommendation, the Board will take no action affecting the membership of the Wayne County Savings Bank by reason of the transaction. The letter also stated that it seems evident, however, that the condition of the member bank is one which calls for vigorous efforts to obtain prompt and material corrections, to the greatest extent possible, of the many unsatisfactory features existing in the situation, and that the Board will appreciate being advised by the agent's office in this connection, and of any improvements effected either through personal contact with the bank's management and directorate or in cooperation with the State banking department.

Approved.

Letter to Mr. Austin, Federal Reserve Agent at Philadelphia, prepared in accordance with the action taken at the meeting of the Executive Committee of the Board on May 10, 1933, with regard to the alternatives proposed by Mr. C. S. Newhall, Vice President of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pennsylvania, in his letter of May 1, 1933, in connection with the disposition by the Pennsylvania Company of the stock of the Main Line Trust Company of

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Ardmore, Pennsylvania. The Board's letter stated that the first of the four alternative suggestions submitted would not meet with the Board's approval because the only change in the existing situation which would result therefrom would be the elimination from the existing declaration of trust of the provision which authorizes the trustees to transfer and assign all of the stock of the Main Line Trust Company held by them to the Pennsylvania Company on such terms and conditions as the trustees may stipulate; that, in the light of the statements made by Mr. Newhall, the fourth alternative, which contemplates the closing of the bank, would not seem desirable since it would deprive the community of banking facilities which appear to be needed, and Mr. Newhall states that it would give rise to severe criticism of the Pennsylvania Company; but that either the second alternative providing for the declaration to the stockholders of the Pennsylvania Company of a dividend consisting of the stock of the Main Line Trust Company, or the third alternative providing for the sale of the stock to outside interests, would be acceptable to the Federal Reserve Board, provided that it is carried out within a reasonable time in such a way as not to retain in the Pennsylvania Company, directly or indirectly, any interest in or control of the Main Line Trust Company, although the second alternative would not be satisfactory if there were coupled with it any arrangements by which the stockholders of the Pennsylvania Company would be prevented from transferring the stock of the Main Line Trust Company freely and without any restriction whatsoever and without at the same time transferring their stock in the Pennsylvania Company. The letter also stated that it is believed that the Pennsylvania Company rather than the Federal Reserve Board should decide whether the second or third alternative should be adopted, and that when the company has reached

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a definite decision and has advised the Board, it will be glad to consider the question how much time should be allowed for the consummation of the plan adopted by the Pennsylvania Company. The reply further stated that as the second or third alternative is acceptable to the Board, it would not seem necessary for Mr. Newhall and Mr. Mason, Chairman of the Main Line Trust Company to come to Washington, as suggested by Mr. Newhall, for the purpose of discussing the matter with the Board. The Federal reserve agent was also requested to transmit a copy of the letter to Mr. Newhall and to endeavor to obtain from the Pennsylvania Company prompt advice as to the action decided upon with respect to the matter.

Approved.

Letter dated May 11, 1933, to Mr. Newton, Federal Reserve Agent at Atlanta, approved by three members of the Board, referring to the analysis of report of examination of the Trust Company of Georgia, Atlanta, Georgia, as of October 31, 1932, and to the agent's letter of December 31, 1932, relative to the principal criticisms of the institution and stating that the Board is entirely in accord with the criticisms of the examiner and the Federal reserve agent relative to the syndicate operations of the trust company in the stock of the Coca-Cola Company and the Continental Gin Company; that it is assumed that, in accordance with the advice received from the officers of the trust company, the practice of participating in such operations has been discontinued; and that the Board feels that the trust company, if it has not already done so, should take appropriate steps as soon as practicable to reduce substantially the large concentrations in these and other common stocks, and to correct its books so that they will

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show the liability of the trust company for its proportionate part of the amount borrowed by the syndicate. The letter also stated that the large deposit of \$6,000,000 made by the First National Bank of Atlanta in the trust company appears to be more in the nature of a loan than a deposit and is far in excess of the legal loaning limit of the national bank; that the investment of a large proportion of these funds in speculative common stock also is an unsound practice; and that it is suggested that the agent discuss this excessive loan with the chief national bank examiner of the district with the view of enlisting his cooperation in the correction of this unsatisfactory feature of the trust company's condition. The letter further suggested that the agent have an examiner participate in the next examination of the trust company and that the Board be advised in detail of any improvement effected in the conditions which were subjected to criticism in the last report of examination, together with the agent's recommendations, and requested that the Board be furnished with a complete copy of the report of the next examination in addition to the customary analysis thereof.

Approved.

Letter dated May 11, 1933, to the Comptroller of the Currency, approved by three members of the Board, enclosing a copy of the letter to the Federal Reserve Agent at Atlanta, above referred to, in connection with the criticized matters disclosed in the report of examination of the Trust Company of Georgia and stating that the Board's letter is brought to the attention of the Comptroller of the Currency for the reason that one of the major criticisms relates to the large deposit of \$6,000,000 of the First

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National Bank of Atlanta in the Trust Company of Georgia which is regarded as being more in the nature of a loan than a deposit; that it will be noted that the trust company has been engaged in certain investment operations which are not in accord with sound banking practices; and that the information is referred to the Comptroller for whatever action he may desire to take in the premises.

Approved.

Letter to the Comptroller of the Currency, replying to a memorandum dated April 12, 1933, from the Acting Comptroller and to a memorandum dated May 10, 1933, from Mr. Gough, Deputy Comptroller, relative to the proposed reduction in the capital stock of the Patapsco National Bank, Ellicott City, Maryland, from \$100,000 to \$50,000. The reply stated that while the Board is in sympathy with the desire on the part of the depositors and others interested in the bank to reorganize its affairs, it feels, in view of the circumstances referred to in the letter, that it cannot properly grant its approval of the proposed reduction in the capital stock of the bank as a part of the contemplated plan of reorganization.

Approved.

Letter dated May 10, 1933, to Mr. Wood, Chairman of the Federal Reserve Bank of St. Louis, commenting upon the various matters referred to in the report of examination of the bank made by the Board's examiners as at the close of business on January 28, 1933, and requesting that the report and the Board's letter, as well as the chairman's reply thereto, be brought to the attention of the directors of the bank and that the Board be advised of their comments on the findings of the examiners.

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Approved.

Letter to the Comptroller of the Currency referring to the cablegram received by him under date of March 12, 1933, from Mr. Prickett, National Bank Examiner, in which he advises that the London office of the International Banking Corporation is inactive and that he does not think the results to be accomplished would justify the expense of an examination. The Board's letter stated that in view of this information and the advice received by the Board from the International Banking Corporation that the activities of its London office are confined principally to the acceptance of bills drawn on them by various branches of the National City Bank of New York, and that the London branch has no dealings with the public and its assets consist mainly of cash and due from banks, the Board will not require an examination of the London branch at this time and will appreciate it if the Comptroller of the Currency will so advise Mr. Prickett.

Approved.

Reply on May 16, 1933, approved by four members of the Board, to a letter dated May 3 from Mr. Wood, Chairman of the Federal Reserve Bank of St. Louis, replying to the Board's letter of April 29, 1933, (X-7425), on the subject of indebtedness of officers and employees, and calling attention to a resolution adopted by the board of directors of the bank on May 20, 1931, to the effect that officials and employees of the St. Louis bank and its branches must not borrow from member banks within the Eighth Federal Reserve District. The reply stated that it is noted that the resolution apparently provided only that officials and employees of the bank and its branches must not borrow from member banks in the Eighth Federal Reserve

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District; that the views expressed in the Board's letter of April 29 were not confined in their application to member banks in the district, but referred to any indebtedness which might be incurred (except for current bills for ordinary personal and household expenses), contemplated that reports should be made to the Board of Directors, and referred to connections of officers and employees with business concerns; and that, in the circumstances, it is not clear to the Board whether all aspects of its letter have received the consideration of the directors of the bank, and, if not, it is assumed that they will be given careful consideration and the Board advised as to the action taken in all these respects.

Approved.

Reply on May 15, 1933, approved by four members of the Board, to a letter dated April 24 from Deputy Governor McKay of the Federal Reserve Bank of Chicago raising certain questions with regard to the assessment of penalties for deficiencies in reserves which do not appear to him to be fully covered by the Board's telegrams of March 30 and April 8, 1933. The reply stated that the Board's telegram of April 8 advised the Federal reserve banks that the Board would interpose no objection to the non-assessment of penalties for deficiencies in reserves of member banks from March 1 to 15 in cases where member banks did not have an adequate opportunity to restore deficient reserve balances to amounts required by section 19 of the Federal Reserve Act and that, accordingly, assessment of penalties for reserve deficiencies of member banks located in reserve cities for the week ended March 15 is not required if, in the opinion of the Federal reserve bank, such banks did not have an adequate opportunity to restore their

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average reserves for the week to the required level. The reply also noted that certain unlicensed member banks in the Seventh Federal Reserve District have not opened special accounts with the Federal reserve bank for the deposit of the proceeds of segregated new deposits or have not maintained in such accounts balances sufficient to cover the amount required as reserve against such new deposits and that Mr. McKay recommended that penalties be not assessed in such cases, because these banks were not advised until April 11 as to the requirement for reserves against such deposits and in all cases of this kind the banks had sufficient funds in their reserve accounts with the Federal reserve bank to cover the reserve required on the segregated new deposits, and stated that, in the circumstances, it is the Board's view that penalties should not be assessed in these cases. The reply further stated that the Board interposes no objection to the non-assessment of penalties incurred by the newly admitted member banks referred to in Mr. McKay's letter on account of deficiencies in reserves which were due to misunderstanding or misinformation as to the reserve requirements and which occurred prior to the time that correct advice as to the reserve requirement was furnished to such banks.

Approved.

Letter dated May 11, 1933, to Governor Harrison of the Federal Reserve Bank of New York, prepared in accordance with the request made at the meeting of the Executive Committee of the Board on May 9, 1933, and approved by three members of the Board, referring to the Board's letter of March 20, 1933, with regard to the account maintained by the Federal Reserve Bank of New York with the Bank for International Settlements, and stating

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that as the records of the Board do not show that any reply to this letter has been received, the Board will appreciate it if Governor Harrison will advise it fully in response to its letter, or, if a reply has been transmitted previously, the Board will appreciate receiving a copy thereof for its consideration.

Approved.

Letter to Mr. Winthrop W. Aldrich, President of The Chase Bank, New York City, New York, replying to a letter dated May 10, 1933, from the Cashier of the bank stating that, due to the bank's inability to acquire suitable premises for the purpose, it has not yet opened the agency in the Chinatown section of New York City, the establishment of which was approved by the Board in its letter of December 15, 1932, and requesting an extension for six months of the time within which the agency may be established. The reply stated that, in accordance with the request, the Board extends to December 15, 1933, the period within which the proposed agency may be established, subject to conditions (a) and (c) set forth in the Board's letter of December 15, 1932.

Approved.

Letter dated May 13, 1933, to Mr. Newton, Federal Reserve Agent at San Francisco, approved by three members of the Board, replying to Mr. Sargent's letter of May 1 inclosing a certified copy of an amended agreement between the Federal reserve agent and the Federal Reserve Bank of San Francisco covering the custody of unissued Federal reserve notes at the Los Angeles, Salt Lake City and Portland branches and advising that the resolution adopted by the directors authorizing the execution of the agree-

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ment had been amended to conform to the changes made therein as suggested in the Board's letter of April 14, 1933. The reply stated that the Federal Reserve Board has no objection to the establishment of the arrangement provided in the agreement for the custody of unissued Federal reserve notes at the branches named, with the understanding that the Board may require the arrangement to be modified or discontinued whenever it may deem it advisable to do so.

Approved.

Reply on May 11, 1933, approved by three members of the Board, to a letter dated May 3 from Mr. Stevens, Federal Reserve Agent at Chicago, acknowledging receipt of the Board's letter of May 1, 1933, with regard to the procedure to be followed in connection with possible violations of the Clayton Act, and stating that there are a few cases in the district involving banks which are closed and that it is assumed that, until such time as they are reopened, nothing need be done about the matter. The reply stated that, although it is not felt that applications are necessary in the cases referred to in the agent's letter at this time, it would nevertheless seem appropriate to proceed in the manner indicated in the Board's letter of May 1 so that the persons involved may be advised of the necessity of obtaining permits if they wish to serve such banks when they are reopened and in cases where the agent feels that he is not prepared to recommend the approval of applications that such persons be advised of that fact.

Approved.

Letter dated May 16, 1933, from Mr. Crane, Deputy Governor of the Federal Reserve Bank of New York, stating that all participants in the

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Reichsbank credit have agreed to an interest charge of 4% per annum on the amount of the credit outstanding during the period from March 4 to April 13, 1933, on which latter date the credit was repaid, and that interest at that rate has been paid by the Reichsbank.

Noted.

Reply to a letter dated May 8, 1933, from Mr. Burgess, Secretary of the Open Market Policy Conference, transmitting a copy of a tentative draft of the minutes of the meeting of the Open Market Policy Conference held in Washington on April 22, 1933. The reply suggested a change in the next to the last paragraph of the tentative draft with regard to the meeting of the Conference with the Board, and called attention to the consideration which has been given by the Board to the three resolutions adopted at the meeting of the Conference.

Approved.

Letter dated May 17, 1933, to Mr. Paul Bestor, Farm Loan Commissioner, approved by three members of the Board, referring to the recent conversation between Messrs. Carson and Cagle of the Federal Farm Loan Bureau and Assistant Counsel Vest of the Federal Reserve Board, from which it is understood that the Farm Loan Commissioner desires that checks in payment of principal or interest on loans made pursuant to the provisions of section 32 of the Act of May 12, 1933, the Agricultural Relief Bill, be made payable to the Farm Loan Commissioner or to his field agent and deposited by such agent, properly indorsed, directly with the Federal reserve bank of the district in which such agent is located in the general account of the Treasurer of the United States for credit on the books of the Treasurer to

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the account of the Farm Loan Commissioner, subject to the provisions of the Treasury Department circular No. 176; and also that checks drawn by applicants for such loans, in payment of expenses of appraisals or other fees and commissions incident to the making of the loans, be deposited with the Federal reserve bank under the same arrangement but for credit to a special account of the Farm Loan Commissioner on the books of the Treasurer of the United States. The letter stated that in order to ascertain whether the several Federal reserve banks would have any objection to handling items under the arrangements described, the Federal Reserve Board communicated by wire with each Federal reserve bank and is advised that none of the Federal reserve banks has any objection to the handling of items under the arrangements described, except that the Governor of one bank has advised that it is hard to make a commitment for the bank without knowing some of the details, but that it is the desire of the bank to cooperate in every way, and that, if the account becomes so active as to create a large amount of additional expense, it is assumed that the Farm Loan Commissioner would be in a position and be willing to reimburse the Federal reserve bank.

Approved.

Reply on May 10, 1933, approved by three members of the Board, to a letter dated April 26 from the Acting Clerk of the Committee on Banking and Currency of the Senate inclosing a letter from Messrs. Hawthorne, Stafford & Pitts of Alexandria, Louisiana, stating that that firm represents the holder of certain bonds issued by the Mutual Loan and Investment Company of Alexandria, secured by a mortgage under which the Interstate Trust and Banking Company of New Orleans is trustee; that the firm is desirous of

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obtaining from the trust company the names of all the bondholders in order that they may communicate with them with a view to making arrangements to protect the bondholders interests; and that the trust company has refused to furnish the names. The reply stated that while the Federal Reserve Board performs certain duties of a supervisory character with respect to member banks of the Federal Reserve System, it is not within the scope of its lawful functions to undertake to determine the rights of the parties in a situation such as above described or to require a member bank to take any action with respect thereto; that the subject is one which appears to be governed by the applicable local law; and that, in the circumstances, the Board is not in a position to advise regarding the matter.

Approved.

Reply on May 10, 1933, approved by three members of the Board, to a letter dated April 21 from Senator Morris Sheppard quoting a communication from Honorable Nathan Adams of Dallas, Texas, advocating the direct clearance of checks through banks instead of through the gold settlement fund. The reply stated various reasons why, in the opinion of the Board, the adoption of the suggestion would not be advisable.

Approved.

Reply on May 13, 1933, approved by three members of the Board, to a letter dated May 2 from Assistant Secretary of the Treasury Douglas, requesting that there be prepared for the signature of the Secretary of the Treasury a report to the Chairman of the Committee on Banking and Currency of the Senate with regard to S. 1539, a bill to amend Section 13 of the Federal Reserve Act, as amended, with respect to rediscount powers of Federal

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reserve banks. The reply enclosed a draft of a proposed letter to the Chairman of the Banking and Currency Committee of the Senate for the signature of the Secretary of the Treasury, stating that under the provisions of the bill the Federal Reserve Board would be authorized, for two years after its enactment, to permit any Federal reserve bank, during such periods as the Board might determine, to discount obligations of any State, county, district, political subdivision or municipality, including irrigation, drainage and reclamation districts, for any individual, partnership or corporation, including the body issuing such obligations, when they have a maturity from the date of discount of not exceeding six months and are issued in anticipation of the collection of taxes or of the receipt of assured revenues. The proposed letter also called attention to subsection (b) of Section 14 of the Federal Reserve Act and stated that, for the reasons outlined in the letter, it is believed that the discount in substantial amounts of obligations of States and their political subdivisions might seriously impair the ability of the Federal reserve banks to perform the functions for which they were created, and the Treasury Department, therefore, is opposed to the enactment of the bill. There was also presented a similar report dated May 13, 1933, approved by three members of the Board and signed by the Secretary of the Board, to the Chairman of the Banking and Currency Committee of the Senate, in response to a request received from the Acting Clerk of the Committee under date of May 1, 1933.

Approved.

Memorandum to Mr. Steven B. Gibbons, Assistant to the Secretary of the Treasury, with regard to a proposal of Mr. William C. Safford, Vice

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President of the Western and Southern Indemnity Company of Cincinnati, Ohio, that the Federal Reserve Act be amended so as to extend the privilege of rediscounting at the Federal reserve banks to life insurance companies licensed for the purpose by the Secretary of the Treasury. The memorandum outlined reasons why the Federal Reserve Board considers the proposal to be a very material departure from the fundamental purposes of the Federal Reserve Act and stated that to add this function to their already heavy burdens might seriously impair the ability of the Federal reserve banks to perform the functions for which they were created.

Approved.

There was then presented for the record the following expression adopted by the Federal Advisory Council at its meeting on May 16, 1933:

"The Federal Advisory Council desires to place on its records this minute expressing its great satisfaction and gratification in the way the general situation has been helped by the President's leadership and by the action of the Congress in passing so promptly the emergency banking legislation of March 9, 1933.

"The reopening of sound banks has contributed largely to the restoration of public confidence. A careful survey shows that the whole banking situation is steadily improving. In view of the successful results of the constructive measures so far undertaken the Council has given careful consideration to the wisdom of enacting further banking legislation at this session of the Congress and has discussed especially S. 1631 and H.R. 5598 (the Glass and Steagall bills).

"The Council recognizes the many constructive features embodied in the two bills mentioned such as the divorcement of affiliates from banks, the regulations as to qualifications for directorships, the limitations placed upon officials serving with companies handling investment securities, and the like. The Council believes that many of these provisions if enacted into law will be beneficial to the country.

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"On the other hand, the Council questions the advisability of preventing in the future banks from participating in long term capital financing. The Council would point out that with the complete elimination of banks from all types of underwriting it is likely to prove impossible to place at the disposal of commerce and industry the funds needed for the progress of industrial development in this country. There are simply not available outside of the banks sufficient accumulations of capital to handle the financing and refinancing required.

"Above all else, the Council is vigorously opposed to the principle of the guarantee of bank deposits as provided for in the bills under consideration. It believes that even as an emergency measure such a step is both unnecessary at the present time and doomed to failure in practice.

"The Council realizes and admires the faithful and conscientious study that distinguished members of the Congress have given to the banking problems, but it ventures to ask in view of there being an entirely new administration in the Department of the Treasury and a new Governor of the Federal Reserve Board whether it might not be wise to allow these new financial authorities more time for a still more thorough study of the situation and the formulation of policies based thereon."

Mr. Morrill presented a memorandum dated May 15, 1933, from Mr. W. A. Kane, Chief of the Statistical Division of the office of the Comptroller of the Currency, attaching a copy of a resolution adopted by the Senate Committee on Banking and Currency requesting the Comptroller of the Currency to obtain for the Committee information as to the number and aggregate balances of all deposit accounts of national banks segregated as follows: (a) balances not exceeding \$2,500, (b) over \$2,500 and not exceeding \$5,000, (c) over \$5,000 and not exceeding \$10,000, (d) over \$10,000 and not exceeding \$50,000, and (e) in excess of \$50,000; Mr. Kane stating that, in accordance with this request, telegrams were sent to 4,834 national banks requesting the information as at the close of business on May 13, 1933. Mr. Morrill raised

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the question whether the Board desired to obtain the same information from State member banks.

After discussion, the Secretary was requested to send a telegram to all Federal reserve agents asking that they obtain the same information from State member banks by telegraph and forward it to the Board by air mail.

Reply to a letter dated May 17, 1933, from Assistant Secretary of the Treasury Douglas, stating that, during the recent banking emergency in Washington, a large amount of Federal reserve notes of the Federal Reserve Banks of Richmond, Chicago and New York was paid to the local banks by the Treasurer of the United States; that, with the return of more nearly normal banking conditions in the community, these notes have been returned to the Treasurer of the United States, resulting in an accumulation of over \$40,000,000 of such notes; that the Treasury holds \$12,200,000 of notes of the Federal Reserve Bank of Richmond which are still in the original sealed packages; that \$9,800,000 of circulated notes may well be disposed of; that in conference with representatives of the Federal Reserve Board it has been suggested that the sealed packages be returned to the Bureau of Engraving and Printing and placed in the reserve vault of the Federal Reserve Board, and that the \$9,800,000 of circulated notes be redeemed in the usual manner; and that it will be appreciated if the Board will advise promptly if this procedure is satisfactory to it, as it is desired to receive credit in the Treasurer's account for the notes before the end of the current week. The reply inclosed a copy of a letter addressed by the Board to the Comptroller of the Currency, requesting that arrangements be made for the return today, by the Treasurer of the United States to the custody of the Comptroller of

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the Currency at the Bureau of Engraving and Printing, of the \$12,200,000 of Federal reserve notes of the Federal Reserve Bank of Richmond held by the Treasurer which are still in the original sealed packages as received from the Bureau of Engraving and Printing, and stated that with regard to the \$9,800,000 of circulated notes it is understood that the Treasurer of the United States has made arrangements to have these notes redeemed in the usual manner, and that the Board sees no objection to such action. Attention was called to the fact that the adoption of the proposed procedure in returning the packaged notes of the Federal Reserve Bank of Richmond to the Bureau of Engraving and Printing has been requested by the Richmond bank.

Approved.

Memorandum dated May 17, 1933, from Mr. Smead, Chief of the Division of Bank Operations, stating that, in view of the provision in the Emergency Farm Mortgage Act of 1933 making all coins and currencies, coined or issued by or under the authority of the United States, legal tender for all debts, public or private, it is recommended that the following changes be made in the weekly press statement showing the condition of Federal reserve banks: (1) combine amounts now shown against the items "Reserves other than gold" and "Non-reserve cash" into one item "Other cash", (2) change the item "Total reserves" to "Total gold reserves and other cash", and (3) change the memorandum item "Ratio of total reserves to deposit and Federal reserve note liabilities combined" to "Ratio of total gold reserves and other cash to deposit and Federal reserve note liabilities combined". The memorandum also recommended that the text accompanying the statement to be issued today contain the following statement regarding the changes:

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"Following the passage of the Act of May 12, 1933, making all coins and currencies, coined or issued by or under the authority of the United States, legal tender for all debts public and private, amounts formerly reported against items 'Reserves other than gold' and 'Non-reserve cash' have been combined and are now shown against the item 'Other cash', and the item 'Total gold reserves and other cash' has been substituted for 'Total reserves'."

Attention was called to the fact that under the provision of law above referred to, Federal reserve notes and Federal reserve bank notes are legal tender and are therefore lawful money and eligible as reserves against deposits in Federal reserve banks, and the question was raised as to whether Federal reserve notes held by the issuing bank and Federal reserve bank notes should be included as reserves in the item "Other cash" in the revised statement.

During the discussion, Mr. O'Connor left the meeting.

At the conclusion of the discussion, the recommendations contained in Mr. Smead's memorandum were approved, with the addition to the revised statement of an explanatory note that the item "'Other cash' does not include Federal reserve notes or a bank's own Federal reserve bank notes."

The Secretary stated that it is expected that the Board's Annual Report covering operations for the year 1932 will be received from the printer tomorrow morning and he recommended that the report be released to the press following presentation to the Speaker of the House of Representatives tomorrow.

Approved.

Governor Black stated that he desired to recommend to the Board that, effective immediately, Mr. E. M. McClelland, Assistant Secretary of the Board, be appointed as Assistant to the Governor, with the understanding that if and

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when Governor Black leaves the office of Governor, Mr. McClelland will be reappointed to his present position of Assistant Secretary.

Mr. McClelland was appointed Assistant to the Governor, effective immediately, in accordance with Governor Black's recommendation.

Mr. Morrill stated that, in order to fill the position of Assistant Secretary made vacant by the appointment of Mr. McClelland as Assistant to the Governor, he desired to recommend to the Board the appointment of Mr. S. R. Carpenter as Assistant Secretary, to perform all of the duties heretofore performed by Mr. McClelland as Assistant Secretary, with the understanding that, if and when Mr. McClelland is reappointed as Assistant Secretary of the Board, Mr. Carpenter will be retained in his present position in the Secretary's office.

Mr. Carpenter was appointed Assistant Secretary, effective immediately, in accordance with Mr. Morrill's recommendation.

In connection with the above appointments, the question was raised as to whether there should be a change in the salaries now being paid to Messrs. McClelland and Carpenter, and the matter was deferred for further consideration.

Governor Black stated that he had just received advice from Mr. Newton, Federal Reserve Agent at Atlanta, of the sudden death yesterday of Mr. Ward Albertson, Assistant Federal Reserve Agent at the bank.

Noted with regret.

Reports of Standing Committee dated May 11, 13, 15 and 18, 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. 1.</u>		
Windsor County National Bank, Windsor, Vermont.	36	36
<u>District No. 4.</u>		
First National Bank at Massillon, Ohio.	150	150

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<u>Applications for ORIGINAL Stock: (Cont'd)</u>		<u>Shares</u>
<u>District No. 7.</u>		
First National Bank in Burlington, Burlington, Iowa.	69	
The Mid-City National Bank, Chicago, Illinois.	270	
First National Bank in Colfax, Iowa.	<u>18</u>	357
<u>District No. 9.</u>		
Citizens National Bank of Park Rapids, Minnesota.	18	18
	<u>Total</u>	<u>461</u>

<u>Applications for ADDITIONAL Stock:</u>			
<u>District No. 2.</u>			
First National Bank, Islip, New York. (Increase in capital)		57	57
<u>District No. 7.</u>			
Old Second National Bank, Aurora, Illinois. (Increase in capital)		24	
Citizens National Bank, Decatur, Illinois. (Increase in capital)		<u>60</u>	84
<u>District No. 11.</u>			
City National Bank in Wichita Falls, Texas. (Increase in capital)		240	240
<u>District No. 12.</u>			
First National Bank, Park City, Utah. (Increase in capital)		14	
Washington National Bank, Vancouver, Washington. (Increase in capital)		30	44
		<u>Total</u>	<u>425</u>

<u>Applications for SURRENDER of Stock:</u>			
<u>District No. 1.</u>			
Capitol National Bank & Trust Company, Hartford, Conn. (Decrease in capital)		180	180
<u>District No. 5.</u>			
First National Bank, Hampstead, Maryland. (Insolvent)		81	81
<u>District No. 7.</u>			
First National Bank, Black River Falls, Wisconsin. (V.L.Suc. by First State Bank of Black River Falls, which merged with Jackson County Bank of Black River Falls, Wisconsin, nonmember)		60	
American National Bank, Wausau, Wisconsin. (V.L.Suc. by First American State Bank of Wausau, Wisconsin, nonmember)		<u>540</u>	600

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<u>Applications for SURRENDER of Stock: (Cont'd)</u>		<u>Shares</u>	
<u>District No. 8.</u>			
Nokomis National Bank, Nokomis, Illinois. (Insolvent)		60	
Cherokee National Bank, St. Louis, Mo. (Insolvent)		150	
Lowell Bank, St. Louis, Missouri. (Insolvent)		<u>180</u>	390
<u>District No. 9.</u>			
East Helena State Bank, East Helena, Montana. (Insolvent)		39	39
<u>District No. 11.</u>			
Hall County National Bank, Memphis, Texas. (Decrease in surplus)		9	
Citizens State Bank, Richardson, Texas. (Decrease in capital and surplus)		<u>9</u>	18
<u>District No. 12.</u>			
Central National Bank, Oakland, California. (Insolvent)		1,440	1,440
		<u>Total</u>	<u>2,748</u>

Approved.

Reports of Standing Committee dated May 13, 1933, recommending approval of the following Clayton Act applications:

Mr. Scott F. Ennis, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Mr. Arthur Reynolds, for permission to serve at the same time as director and officer of the Bank of America National Trust and Savings Association of San Francisco, California, and as director and officer of the Bank of America of San Francisco, California.

Mr. J. Paul Miller, for permission to serve at the same time as director of the Bank of America National Trust and Savings Association of San Francisco, California, and as director of the Bank of America of San Francisco, California.

Approved.

Thereupon the meeting adjourned.

Approved:

A. E. Miller
Chairman, Executive Committee.

O. Peter Morley
Secretary.