

A meeting of the Federal Reserve Board was held in Washington on Friday, July 28, 1933, at 11:30 a.m.

PRESENT: Mr. Black, Governor  
Mr. Hamlin  
Mr. James  
Mr. Thomas  
Mr. Szymczak

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Wyatt, General Counsel.

Governor Black stated that he regretted to advise the Board of the death last night of Mr. E. M. McClelland, Assistant to the Governor.

Mr. Hamlin was requested to prepare, for the signature of the Governor, an appropriate letter.

There was then presented a telegram dated July 28, 1933, from Deputy Governor Crane of the Federal Reserve Bank of New York, stating that at the meeting of the board of directors yesterday the officers of the bank were authorized, subject to the approval of the Federal Reserve Board, to act for the Secretary of the Treasury along the lines indicated in the following telegram received under date of July 27, 1933, from the Under Secretary of the Treasury:

"It is desired that arrangements be made whereby foreign service officers of the Government will be paid in the currencies of the countries in which they are stationed without suffering the exchange loss incident to the present depreciated external value of the dollar. The Federal Reserve Bank of New York is hereby licensed to earmark and/or export such an amount of gold as will enable such bank, without profit or loss to itself, to provide for the conversion of Government checks and drafts, drawn on and after July fifteen, nineteen thirty-three, to the order of officers and employees of the United States stationed abroad for salaries and expenses, into the currencies of the countries where such officers are stationed, at the mint parity less all charges incident to the acquisition of the foreign currencies payable to such officers. This plan shall apply to foreign service officers of the United States in the following places: France (and its possessions), Italy, Belgium, Czechoslovakia, The Netherlands (and its possessions), Poland, Switzerland, Rumania, and Bulgaria. The Federal Reserve Bank of New York will be advised by the Secretary of the Treasury of the

"total amount in dollars of Government salary checks issued in each one of the above-mentioned countries and the names of the disbursing officers to whom the foreign currency amounts are to be paid."

Mr. Crane's telegram also stated that in order to carry out the arrangements contemplated by the telegram, the bank would expect to acquire the foreign currencies needed, amounting to approximately \$400,000 per month, through the Bank of France against the earmark of gold by the New York bank for the account of the Bank of France.

Governor Black also presented for the record a copy of a memorandum addressed by the Under Secretary of the Treasury to the President of the United States, requesting approval of the issuance of a license to the Federal Reserve Bank of New York authorizing the earmark and/or export of gold as referred to above; the memorandum having been approved by the President of the United States on July 27, 1933.

After brief discussion, the Secretary was requested to advise Deputy Governor Crane that the Board approves the action taken by the New York directors.

There was then presented for further consideration a draft of the regulation on open market operations, revised in accordance with the discussion in the meeting yesterday, and, after some further discussion, the regulation was approved in the following form:

"REGULATION M, SERIES OF 1933.

OPEN MARKET OPERATIONS. ✓

#### SECTION I.

"Pursuant to the authority conferred upon it by Section 12A of the Federal Reserve Act, as amended, and by other provisions of the Federal Reserve Act, the Federal Reserve Board prescribes the following regulations governing the procedure to be followed ordinarily in the conduct of open market operations of the Federal

"reserve banks.

"The specific mention in this regulation of any power or authority of the Federal Reserve Board or of the Federal reserve banks, or the failure to mention specifically any such power or authority, shall not be construed as an interpretation of the law as to the existence, extent, or absence of such power or authority; and the Federal Reserve Board expressly reserves the right to alter, amend, or repeal this regulation in whole or in part at any time.

## SECTION II. DEFINITIONS.

"(a) Government securities. - The term 'Government securities' shall include bonds, notes, certificates of indebtedness, and Treasury bills of the United States.

"(b) Obligations. - The term 'obligations' shall include all bankers' acceptances, bills of exchange, cable transfers, bonds, notes, warrants, debentures, and other obligations, including Government securities, which Federal reserve banks are authorized by law to purchase in the open market.

"(c) System account. - The term 'system account' applies to Government securities held for two or more participating Federal reserve banks under the control of the Executive Committee.

"(d) Executive Committee. - The term 'Executive Committee' shall mean the Executive Committee of the Federal Open Market Committee.

## SECTION III. GENERAL PRINCIPLES.

"The time, character, and volume of all purchases and sales in the open market by Federal reserve banks shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.

## SECTION IV. FEDERAL OPEN MARKET COMMITTEE.

"(a) Organization. - The Federal Open Market Committee created by Section 12A of the Federal Reserve Act, as amended by the Banking Act of 1933, consists of one member from each Federal Reserve District selected annually by the board of directors of the Federal reserve bank of such Federal Reserve district. The Committee shall select its own chairman, vice chairman, and secretary.

"(b) Meetings. - The Committee shall meet in Washington, D. C., at least four times each year and oftener if deemed necessary. Meetings shall be held upon the call of the Governor of the Federal Reserve Board or at the request of any three members of the Committee and, in the discretion of the Board, may be attended by the members



7/28/33

-4-

"of the Board. The Committee shall keep minutes of all its meetings and furnish copies thereof to the Federal Reserve Board and to each Federal reserve bank.

"(c) Functions. - It shall be the duty of the Committee to consider the needs of commerce and business, the general credit situation of the country, and such other matters as may be called to its attention by the Federal Reserve Board or by any member of the Committee and to formulate and submit to the Federal Reserve Board for its action recommendations in writing concerning the open-market policy of the Federal Reserve System.

"(d) Open Market Policy. - Any open market policy recommended by the Federal Open Market Committee shall be considered by the Federal Reserve Board and shall be effective only when and to the extent approved by the Board. Any such policy shall be subject to reconsideration at any time after it has become effective and before it has been fully executed; and a meeting of the Federal Open Market Committee shall be called for that purpose whenever requested by the Federal Reserve Board or by any three members of the Committee. The Board reserves the right to modify or revoke its approval after the Committee shall have had a reasonable opportunity to reconsider any such policy and submit further recommendations to the Federal Reserve Board. The Federal Reserve Board will notify each Federal reserve bank and the Chairman of the Federal Open Market Committee of all decisions respecting any such policy.

"(e) Participation by Federal Reserve Banks. - If any Federal reserve bank shall decide not to participate in open market operations recommended by the Federal Open Market Committee and approved by the Federal Reserve Board, it shall file written notice of its decision with the Chairman of the Committee within thirty days after notification by the Federal Reserve Board of its action respecting such recommendation and shall transmit a copy of such notice to the Federal Reserve Board. Any Federal reserve bank which shall fail within the time prescribed to file such notice of its decision not to participate in such open market operations shall be deemed to have agreed to participate in the same and will be expected to cooperate fully in carrying out the policy so decided upon.

"(f) Undertaking to Sell Securities Purchased. - Whenever the Federal Reserve Board has approved an open market policy involving the purchase of Government securities for System account, all banks participating therein shall be deemed to have agreed to the sale of any part or all of the Government securities so purchased or of an equivalent amount of other Government securities held for System account, whenever such sale shall be recommended by the Federal Open Market Committee and approved by the Federal Reserve Board.

#### SECTION V. EXECUTIVE COMMITTEE.

"(a) Organization. - The Federal Open Market Committee, at its



"first meeting in each calendar year, shall select from its own membership an executive committee consisting of five members and shall appoint the chairman thereof. The executive committee shall keep minutes of all its meetings and furnish copies thereof to the Federal Reserve Board and to each Federal reserve bank.

"(b) Functions. - It shall be the duty of the executive committee:

"(1) To execute purchases and sales of Government securities and other obligations in the open market in accordance with open market policies approved by the Federal Reserve Board;

"(2) To allocate among all participating Federal reserve banks the aggregate amount of Government securities and other obligations held for their account and to adjust such allocation from time to time to meet the changing needs of the respective Federal reserve banks. Such allocations shall be made with the view primarily of (a) enabling each Federal reserve bank to maintain a suitable reserve position, and (b) equalizing as far as practicable the net earning position of the Federal reserve banks.

"(3) To keep the Federal Reserve Board and each Federal reserve bank informed of all transactions executed by the committee and of all allocations and reallocations of Government securities and other obligations held for participating banks; and

"(4) To perform such other functions and duties in connection with open market policies approved from time to time by the Federal Reserve Board as may be assigned to it from time to time by the Federal Open Market Committee with the approval of the Federal Reserve Board.

#### SECTION VI. PURCHASES AND SALES OF GOVERNMENT SECURITIES.

"No Federal reserve bank shall purchase or sell Government securities except in accordance with an open market policy approved by the Federal Reserve Board and in effect at the time, except that:

"(1) In an emergency, any Federal reserve bank may purchase Government securities when necessary to afford relief in a situation involving specific banking institutions in its district; and

"(2) After obtaining the consent of the Federal Reserve Board, any Federal reserve bank may purchase or sell Government securities for other specific purposes, for its own account.

"All purchases and sales of Government securities by any Federal reserve bank for its own account shall be reported promptly to the Federal Reserve Board and to the chairman of the executive committee; and the executive committee may make such compensatory purchases or sales for the System account and such reallocations of the obligations in the

7/28/33

-6-

"System account as may be appropriate in the light of purchases and sales made for their own account by individual Federal reserve banks.

"The Board reserves the right, in its discretion, to require the sale of any Government securities purchased by an individual Federal reserve bank under the authority of this section.

"Any Federal reserve bank may purchase United States temporary certificates of indebtedness for the accommodation of the Treasury of the United States in amounts requested by the Treasury and may sell participations therein; but such certificates shall not be held for more than seven days without the approval of the Federal Reserve Board.

#### SECTION VII. OTHER OPEN MARKET OPERATIONS.

"Each Federal reserve bank may engage in open market operations other than the purchase or sale of Government securities, subject to the following conditions:

"(1) All such transactions shall be reported daily to the Federal Reserve Board.

"(2) Purchases of acceptances and bills of exchange shall be in accordance with the provisions of Regulation B and the rates of interest or discount shall be in accordance with schedules approved by the Federal Reserve Board: Provided, however, That no obligations payable in foreign currency shall be purchased without the consent of the Federal Reserve Board.

"(3) All purchases by Federal reserve banks of bills, notes, revenue bonds and warrants of States, counties, districts, political subdivisions or municipalities shall be in accordance with the provisions of Regulation E.

"(4) No Federal reserve bank shall engage in the purchase or sale of cable transfers for its own account without first obtaining the approval of the Federal Reserve Board, except that the Federal Reserve Bank of Atlanta may purchase and sell cable transfers through its Havana Agency in accordance with the resolutions or regulations of the Federal Reserve Board governing the operations of such agency.

"(5) Except with the approval of the Federal Reserve Board, no Federal reserve bank shall engage in any open market transactions which are not of the customary character, which do not occur in the ordinary course of business, which are engaged in for the purpose of affecting general credit conditions or which may have a material effect upon general credit conditions: Provided, however, That any Federal reserve bank may purchase obligations for the purpose of affording relief in a situation involving specific banking institutions in its district."



7/28/33

-7-

The Secretary then presented a revised draft of the proposed regulation with regard to relations of Federal reserve banks with foreign banks and bankers, which was discussed and approved in the following form:

"REGULATION N, SERIES OF 1933.

RELATIONS WITH FOREIGN BANKS AND BANKERS.

SECTION I.

"Pursuant to the authority conferred upon it by Section 12A and subsection (g) of Section 14 of the Federal Reserve Act, as amended, and by other provisions of law, the Federal Reserve Board prescribes the following regulations governing relationships and transactions between Federal reserve banks and foreign banks or bankers or groups of foreign banks or bankers.

SECTION II. INFORMATION TO BE FURNISHED TO THE BOARD.

"In order that the Federal Reserve Board may perform its statutory duty of exercising special supervision over all relationships and transactions of any kind entered into by any Federal reserve bank with any foreign bank or banker or with any group of foreign banks or bankers, each Federal reserve bank shall promptly submit to the Federal Reserve Board in writing full information concerning all existing relationships and transactions of any kind heretofore entered into by such Federal reserve bank with any foreign bank or banker or with any group of foreign banks or bankers and copies of all written agreements between it and any foreign bank or banker or any group of foreign banks or bankers which are now in force, unless copies have heretofore been furnished to the Board, in which case the Federal reserve bank shall inform the Board as to the dates upon which such copies were furnished. Each Federal reserve bank shall also keep the Federal Reserve Board promptly and fully advised of all transactions with any foreign bank or banker or with any group of foreign banks or bankers, except transactions of a routine character.

SECTION III. CONFERENCES AND NEGOTIATIONS WITH FOREIGN BANKS AND BANKERS.

"Without first obtaining the permission of the Federal Reserve Board, no officer or other representative of any Federal reserve bank shall conduct negotiations of any kind with the officers or representatives of any foreign bank or banker or any group of foreign banks or bankers, except communications in the ordinary course of business in connection with transactions pursuant to agreements previously approved by the Federal Reserve Board. Any request for the Board's permission to conduct any such negotiations shall be submitted in writing and shall include a full statement of the occasion and objects of the proposed negotiations.



7/28/33

-8-

"The Federal Reserve Board reserves the right, in its discretion, to be represented by such representative or representatives as it may designate in any negotiations between any officer or other representative of any Federal reserve bank and any officers or representatives of any foreign bank or banker or any group of foreign banks or bankers; and the Board shall be given reasonable notice in advance of the time and place of any such negotiations.

"A full report of all such conferences or negotiations and all understandings or agreements arrived at or transactions agreed upon and all other material facts appertaining to such conferences or negotiations shall be filed with the Federal Reserve Board in writing by a duly authorized officer of each Federal reserve bank which shall have participated in such conferences or negotiations, including copies of all correspondence appertaining thereto.

#### SECTION IV. AGREEMENTS WITH FOREIGN BANKS OR BANKERS.

"No Federal reserve bank shall hereafter enter into any agreement, contract, or understanding with any foreign bank or banker or with any group of foreign banks or bankers without first obtaining the permission of the Federal Reserve Board. When any Federal reserve bank has entered into such an agreement, contract, or understanding with the consent of the Federal Reserve Board, any other Federal reserve bank desiring to do so may participate in transactions pursuant to such agreement with the approval of the Federal Reserve Board.

#### SECTION V. AMENDMENTS.

"The Federal Reserve Board reserves the right, in its discretion, to alter, amend, or repeal these regulations and to prescribe such additional regulations, conditions, and limitations as it may deem desirable respecting relationships and transactions of any kind entered into by any Federal reserve bank with any foreign bank or banker or with any group of foreign banks or bankers."

In connection with the regulations quoted above, the Secretary was requested to transmit copies thereof to the Federal reserve banks with the statement that the regulations have been revised in the light of the recommendations and suggestions made by the Federal Open Market Committee and the various Federal reserve agents; that they have been adopted for issuance on August 10, 1933; and that they are to be published in the August Federal Reserve Bulletin and also printed in separate pamphlet form.

Governor Black stated that Mr. Morrill had participated in conferences on two occasions very recently in the office of Assistant Secretary of the Treasury Hewes with regard to the situation with respect to needs

of various organizations for space in the Treasury building, and that it had appeared that it would not be possible to obtain the assignment of additional space for the Board in the building at the present time. Governor Black said that he had conferred with Under Secretary Acheson, who had indicated that there was no question in his mind as to the Board's retaining the space which it now occupies. Governor Black added that he was going to New York this afternoon, and while there would obtain, if possible, a definite commitment from Mr. Woodin, Secretary of the Treasury, that in the event the Board should decide to move its Division of Examinations out of the Treasury building, it will be permitted to retain the space now occupied in the Treasury building.

Mr. Morrill stated that, as outlined in a memorandum dated July 25, 1933, from Mr. Paulger, a canvass had been made of the available office space within a reasonable distance of the Treasury building with a view to finding suitable quarters for the Division of Examinations; that it appears that the most desirable space available at reasonable rental is in the Shoreham building, where the Board's Divisions of Bank Operations and Research and Statistics are now housed; that the owners of the Shoreham building have indicated that, if the Board would make a firm offer of \$1.75 per square foot, they would be willing to execute a lease covering 5,150 square feet of space on the third floor at that price and would furnish 850 square feet additional space on that floor, which is needed by the Division of Bank Operations, at a rate of \$1.50 per square foot, which is the rate of the present lease. Mr. Morrill also stated that if such an arrangement is made, the average cost of the space occupied by the Board in the Shoreham building would be approximately \$1.56 per square foot, and that it is believed the additional space under consideration could be taken on a six

months' lease with a privilege of renewal for the term of the original lease.

After discussion, the Board authorized negotiations with the owners of the Shoreham building for a lease on the basis suggested.

Governor Black stated that, in accordance with the suggestion made by Mr. James at the meeting yesterday, he felt a survey should be made of the Board's staff to ascertain what changes should be effected to enable it to carry on the work of the Board without unduly burdening the members of the staff, and he recommended that the Board appoint Messrs. James, Hamlin and Szymczak as a committee for that purpose.

Accordingly, Messrs. James, Hamlin and Szymczak were appointed a committee to investigate and report to the Board the situation as to the personnel of the Board's staff, and what changes in the organization of the Board's staff, or additions thereto, are necessary in order properly to handle the increased work of the Board.

Governor Black then stated that Governor Norris, of the Federal Reserve Bank of Philadelphia, called him on the telephone this morning in connection with the Board's letter of July 22, 1933, calling attention to the fact that the Berks County Trust Company, Reading, Pennsylvania, was not a member of the Federal Reserve System. Governor Norris had advised, Governor Black stated, that Mr. Austin, Federal reserve agent, had written the Board fully regarding the matter under date of July 27, 1933, but that the question of the status of the trust company is urgent for the reason that the Federal Reserve Bank of Philadelphia is holding rediscounts for the trust company in the amount of \$400,000 which mature today, and that, if the paper cannot be renewed as redis-



7/28/33

-11-

counts for a member bank, the trust company will probably be forced to close, as it cannot qualify for advances from the Federal reserve bank as a non-member bank.

After a discussion, Governor Black was requested to call Governor Norris on the telephone and advise him that it would appear that the advances to the Berks County Trust Company can be renewed as a means of working out the collection of advances made to the company while it was a member of the Federal Reserve System; that it would appear that this would take care of the present emergency; and that the Board will address a letter to the Federal Reserve Agent at Philadelphia in the course of the next few days, outlining its position with regard to the status of the trust company, in order that the Federal Reserve Bank of Philadelphia may be fully advised and may explain the matter to the trust company and clarify the situation.

Governor Black also reported that he had attended the conference of representatives of the American Bankers' Association with General Hammond of the National Recovery Administration with regard to the acceptance by banks of the blanket code issued by the National Recovery Administration, and that General Hammond advised that the Administration is considering a revision of section 14 of the code so as to make it possible for a signer of the code, who feels that he cannot accept all of the provisions, to set forth the provisions to which he cannot agree, with the understanding that the position of the signer will be considered, but that when a decision is reached by the Administration the signer will be bound to accept that decision.

Governor Black stated that he and Under Secretary of the Treasury Acheson called on the President yesterday afternoon, and that the President advised that he did not desire a renewal beyond the original two weeks' period of the license to the Federal Reserve Bank of New York to earmark and export

7/28/33

-12-

gold for the purpose of preventing the exchange price of sterling from rising above \$4.86.

Mr. Morrill referred to a suggestion made in a letter dated July 10, 1933, from Mr. Stevens, Chairman of the Federal Reserve Agents' Conference, and by Mr. Curtiss, Federal Reserve Agent at Boston, in a telephone conversation with Mr. Paulger, that it would be desirable to have representatives of the Federal reserve agents' departments of the various Federal reserve banks come to Washington to discuss, among other things, requirements for membership in the Federal Reserve System, the procedure to be followed in connection with applications by State banks and trust companies for membership, and other matters.

After discussion, the Governor was authorized to call a meeting of the Federal reserve agents, or their representatives, to convene in Washington at 10:30 a.m. on Tuesday, August 15, 1933.

The Board then considered and acted on the following matters:

Letter dated July 27, 1933, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegram dated July 28, 1933, from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, both advising that, at meetings of the board 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 July 27, 1933, approved by six members of the Board, to a letter dated July 24, from Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, requesting approval by the Board of the appointment of Mr. Harry N. Baxendale as an examiner in the Federal reserve agent's department with salary at the rate of \$4,020 per annum. The reply stated that the

7/28/33

-13-

Board approves the appointment as requested.

Approved.

Reply on July 27, 1933, approved by six members of the Board, to a letter dated July 13 from Mr. Wood, Federal Reserve Agent at St. Louis, transmitting reports of indebtedness, as of July 1, 1933, of officers and employees occupying responsible positions in the Federal reserve agent's department of the St. Louis bank. The reply stated that the Board's letter of April 29, 1933, X-7425, contemplated the submission to the Board of reports of indebtedness of all employees in the agent's department, and, in order that the Board's records may be complete as to the Federal Reserve Bank of St. Louis, it is requested that the agent forward reports, as of July 1, 1933, covering the remaining members of his staff. The reply also noted from the reports inclosed with Mr. Wood's letter that loans have been made by the Four-Four Savings Club of St. Louis to employees of his department for the purpose of making investments and to purchase an automobile; that it will be appreciated if the agent will submit to the Board a statement of the loan policies of the club with special reference to the use of the proceeds of such loans for purposes of this character; and that, in this connection, it is assumed that the investments of Mr. Bailey, Acting Assistant Federal Reserve Agent, do not include obligations of banking institutions or their affiliates or subsidiaries, but it will be appreciated if Mr. Wood will advise as to the correctness of this assumption. The reply also stated that it is noted from Deputy Governor Attebery's memorandum of July 15, 1933, inclosed with Mr. Wood's letter, that Mr. E. J. Bruckner, general bookkeeper at the head office, is a director of a building and loan association, and Mr. G. K. Strickland, field man assigned to the Memphis branch, is a director and inactive vice-president of the J. F. Dickinson & Company, Inc., Memphis,



7/28/33

-14-

Tennessee; that it appears from the information submitted that both of these affiliations are within the scope of the Board's letter of April 29, 1933, and it is felt that the employees should consider the possibility of terminating their connections with the respective companies; and that the Board will appreciate advice as to the action taken by Messrs. Bruckner and Strickland with regard to the discontinuance of the affiliations referred to. The reply further stated that the other outside activities of officers and employees listed in the reports of indebtedness and Mr. Attebery's memorandum apparently do not represent identification in an official capacity with outside business interests; that the Board will interpose no objection to their being continued, on the assumption that the agent has satisfied himself that the activities do not conflict with the officer's or employee's service to the Federal reserve bank nor in any way impair his efficiency, and that the affiliations do not involve any financial or other relations that may be embarrassing to the Federal reserve bank; that it will be appreciated if the agent will confirm this assumption, particularly with regard to whether the services rendered by Assistant Federal Reserve Agent Stewart, as lecturer at the Y. M. C. A. evening school, and by Mr. L. K. Arthur, manager of files and old records at the head office, as instructor at the Washington University, the Y. M. C. A. schools, the Rubicam Business Schools, and the American Institute of Banking, in any way conflict with their duties at the bank; and that the Board assumes from the statement made in the report of Mr. J. Vion Papin, Manager of the statistics division, that he contributes occasional articles to trade journals, that these are written in his personal capacity and not as an employee of the Federal reserve bank.

Approved.

7/28/33

-15-

Reply on July 27, 1933, approved by six members of the Board, to a memorandum dated July 5, 1933, from the Comptroller of the Currency, recommending approval of the application of the Wellesley National Bank, Wellesley, Massachusetts, for permission to reduce its capital stock from \$300,000 to \$120,000 in accordance with the terms of a proposed plan which provides for the surrender of the present capital stock of \$300,000, represented by 3,000 shares of a par value of \$100 per share, the issuance in return for such surrendered stock of 12,000 shares at \$10.00 per share, amounting to \$120,000, and the sale of 15,000 new shares of \$10.00 par stock, resulting in a total capital stock of \$270,000; the funds released by such capital reduction to be used to eliminate estimated losses, depreciation and doubtful assets in the amount of \$180,000. The reply stated that the Board approves the proposed reduction, subject to certain conditions set forth in the reply.

Approved.

Reply on July 27, 1933, approved by six members of the Board, to a memorandum dated June 28, from the Comptroller of the Currency, recommending approval of the application of the Central National Bank of Cambridge, Ohio, for permission to reduce its capital stock from \$150,000 to \$125,000 in accordance with a plan of reorganization which provides for the surrender of the present capital stock, the resale of \$125,000 par value of such stock at a premium of \$25,000, and a waiver by depositors of 35% of their net unsecured claims; the released capital, together with the bank's present surplus and undivided profits amounting to \$2,666.55 and funds in the amount of approximately \$262,103.53 made available by the waiver of 35% of unsecured deposits, to be used to eliminate \$414,770.08 of unacceptable assets which are to be trusted for the benefit of waiving depositors. The

7/28/33

-16-

reply stated that the Board's records indicate that, on September 25, 1930, the Central National Bank was authorized to exercise trust powers; that it is noted that the proposed reduction will result in a capital which is \$25,000 less than that required by the laws of the State of Ohio of banks and trust companies exercising trust powers in cities with a population in excess of 10,000; and that, therefore, the Board approves the proposed reduction in capital subject to certain conditions set forth in the reply, effective only if and when the institution has signified its desire to surrender its right to exercise trust powers in the manner outlined in the Board's Regulation F, and has received a certificate from the Board terminating its right to exercise trust powers.

Approved.

Reply to a memorandum dated June 28, 1933, from the Comptroller of the Currency, recommending approval of the application of the Medomak National Bank, Waldoboro, Maine, for permission to reduce its capital stock from \$50,000 to \$35,000 in accordance with a plan of reorganization which provides for the surrender of the present capital stock of \$50,000, the resale of \$35,000 par value of such surrendered stock at a premium of \$15,750, the sale of \$35,000 of preferred stock at par to the Reconstruction Finance Corporation, and a waiver by creditors of 40% of net unsecured claims; the funds released by such capital reduction, together with the bank's present surplus, undivided profits and reserves, amounting to \$104,549.13, and funds in the amount of approximately \$308,331.27, made available by the waiver of 40% of unsecured liabilities, to be used to eliminate unacceptable assets in the amount of \$462,880.40, such assets to be trustee'd for the benefit of waiving creditors. The reply stated that the Board approves the proposed reduction subject to certain conditions



7/28/33

-17-

set forth in the reply.

Approved.

Letter to the Comptroller of the Currency, replying to a memorandum dated July 7, 1933, from Acting Comptroller of the Currency Awalt, recommending approval of the application of the First National Bank in Highland Falls, New York, for permission to reduce its capital stock from \$150,000 to \$75,000 in accordance with the terms of a plan of reorganization which provides for the surrender of the present capital stock of \$150,000, the resale of \$75,000 par value of the common capital stock so surrendered for \$125,000, the sale of \$75,000 preferred stock at par, and a waiver by creditors of 36% of their net unsecured claims; the funds released by the capital reduction, together with the bank's present surplus and undivided profits, aggregating \$122,044.47, and funds in the amount of \$596,636.20, made available by the waiver by creditors of 36% of their unsecured claims, to be used to eliminate unacceptable assets in the amount of \$868,680.67, such assets to be trusteeed for the benefit of waiving creditors. The reply stated that the Board approves the reduction subject to certain conditions set forth in the reply.

Approved.

Reply to a memorandum dated June 27, 1933, from the Comptroller of the Currency, recommending approval of the application of the Central National Bank and Trust Company, Attica, Indiana, for permission to reduce its capital stock from \$100,000 to \$50,000 in accordance with a plan of reorganization which provides for the surrender of the present capital stock of \$100,000, the resale of \$50,000 of such surrendered stock, a contribution to surplus by depositors, and a waiver by depositors of 40% of their net unsecured claims; the funds released by the capital reduction, together with the bank's

7/28/33

-18-

206

present surplus and undivided profits, amounting to \$30,179.29, and funds in the amount of approximately \$164,292.06, made available by the waiver of 40% of unsecured deposits, to be used to eliminate unacceptable assets in the amount of \$294,471.35, such assets to be trusted for the benefit of waiving creditors. The reply stated that the Board approves the proposed reduction subject to certain conditions set forth in the reply.

Approved.

Telegraphic reply to a telegram dated July 27, 1933, from Mr. Crane, Deputy Governor of the Federal Reserve Bank of New York advising that certain technical difficulties which require further negotiation have arisen in connection with the longer term renewal of the credits to the National Bank of Hungary and that while these negotiations are proceeding it is proposed to continue the credits for a further period of three months on the existing terms and conditions in the hope that within that period the technical difficulties may be overcome and a final agreement reached. The reply stated that the Board offers no objection to the action of the directors of the New York bank in authorizing the officers of the bank to arrange for a renewal for the three months period ending October 18, 1933, of the bank's participation of approximately \$4,000,000 in the credits, provided the other participants in the credits likewise extend their participations; it being understood that the renewal will be upon the same terms and conditions as the existing credits.

Approved.

Reply on July 27, 1933, approved by six members of the Board, to a letter addressed to Governor Black under date of June 30 by Mr. Burgess, as Secretary of the Federal Open Market Committee, inclosing a copy of a tentative draft of the minutes of the meeting of the executive committee of the Open Market Policy Conference held in New York on June 29, 1933, and attended by

7/28/33

-19-

Governor Black. The reply stated that Governor Black has no suggestions to make as to changes in the draft.

Approved.

Circular letter to the Federal reserve agents at all Federal reserve banks with regard to Senate Resolution 75, adopted during the first session of the 73rd Congress, requesting the Federal Reserve Board to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each Federal reserve bank and member bank of the Federal Reserve System. The letter stated that, in order that the Board may comply with this resolution, it is requested that the agent submit a report to the Board giving the information, as of June 30, 1933, with regard to officers and directors of the Federal reserve bank as called for by an inclosed form. The letter also inclosed a copy of a letter to be addressed by the agent to each national and State member bank in his district which, on June 30, 1933, was operating under a license issued by the Secretary of the Treasury, calling for a similar report in duplicate covering the bank's directors and executive officers, both copies of such report to be forwarded by the agent to the Federal Reserve Board.

Approved.

Report of Standing Committee dated July 28, 1933, recommending approval of the following change in stock at a Federal reserve bank:

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 7.</u>		
The Manufacturers National Bank,	2,700	2,700
Detroit, Michigan.		

Approved.



7/28/33

-20-

Thereupon the meeting adjourned.

Robert Merrill  
Secretary.

Approved:

E. R. Black  
Governor.