

A meeting of the Federal Reserve Board was held in Washington on Friday, September 15, 1933, at 12:15 p. m.

PRESENT: Mr. Black, Governor  
Mr. Miller  
Mr. James  
Mr. Thomas  
Mr. Szymczak  
Mr. O'Connor

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Paulger, Chief of the Division of  
Examinations  
Mr. Wingfield, Assistant Counsel.

Governor Black reported that he had received a letter from Mr. Johns, Acting Governor of the Federal Reserve Bank of Atlanta, dated September 12, 1933, requesting that the Board approve the making of a direct loan, in the amount of \$250,000, by the Federal Reserve Bank of Atlanta to the Mississippi Cottonseed Products Company, Jackson, Mississippi, under section 13 of the Federal Reserve Act, as amended, inasmuch as the Board's circular letter of July 26, 1932 (X-7215-a) provides that:

"Except with the permission of the Federal Reserve Board, no Federal reserve bank shall discount for any one individual, partnership or corporation paper amounting in the aggregate to more than one per cent of the paid-in capital stock and surplus of such Federal reserve bank."

Governor Black also stated that the Federal Reserve Bank of St. Louis has been requested to consider extending a line of credit to the same company to an amount not exceeding \$250,000, and that he recommended the Board approve the extension of such line of credit by the Federal Reserve Bank of St. Louis in the event that institution decided to do so.

After discussion, the Board approved loans in the amount of \$250,000 each to the Mississippi Cottonseed Products Company, Jackson, Mississippi,

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by the Federal Reserve Banks of Atlanta and St. Louis, respectively, with the understanding that the approval of the loan by the St. Louis bank was contingent upon the bank's decision to make such a loan. It was understood that Governor Black would communicate the action of the Board to Governor Martin of the Federal Reserve Bank of St. Louis.

The Board then considered and acted upon the following matters:

Letter dated September 14, 1933, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegrams dated September 14, 1933, from Mr. Hoxton, Chairman of the Federal Reserve Bank of Richmond, and Mr. McAdams, Secretary of the Federal Reserve Bank of Kansas City, all advising that, at meetings of the boards of directors on the date stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated September 13, 1933, from Mr. Morrill, requesting authority to employ a painter to paint room 287 $\frac{1}{2}$  which is the office occupied by Mr. L. P. Bethea, Assistant Secretary; the request having been approved by seven members of the Board on September 14, 1933.

Approved.

Letter dated September 15, 1933, to Mr. Gilbert, Deputy Governor of the Federal Reserve Bank of New York, approved by seven members of the Board, stating that, in accordance with the recommendation contained in his letter of September 1, the Board approves changes in the personnel classification plan of the Buffalo branch of the Federal Reserve Bank of New York to provide for increases in the salary ranges of various positions in the office service department.

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Approved.

Letter dated September 14, 1933, to Mr. Attebery, Deputy Governor of the Federal Reserve Bank of St. Louis, approved by seven members of the Board, stating that, in accordance with the recommendation contained in his letter of August 30, the Board approves changes in the personnel classification plan of the bank to provide for increases in the salary ranges of certain positions in various departments of the head office, and Little Rock, Louisville, and Memphis branches.

Approved.

Letter dated September 14, 1933, to Mr. Worthington, Deputy Governor of the Federal Reserve Bank of Kansas City, approved by seven members of the Board, stating that, in accordance with the recommendation contained in his letter of August 30, the Board approves a change in the personnel classification plan of the bank to provide for a decrease in the salary range of the position of "mail clerk" in the general service department of the Oklahoma City branch.

Approved.

Telegram dated September 14, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by seven members of the Board, referring to the application of the Fairbank State Bank, Fairbank, Iowa, for permission to withdraw immediately from membership in the Federal Reserve System, and stating 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 Fairbank State Bank, the Federal Reserve Bank of Chicago is authorized to cancel such stock and make a refund thereon.



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Approved.

Letter dated September 14, 1933, to Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, approved by seven members of the Board, stating that the Board had received the report of examination of the Federal Reserve Bank of Chicago made by the Board's examiners as of April 15, 1933. The letter called attention to various matters criticized or commented upon by the examiners in the report of examination as requiring correction or attention, and requested that the Chairman furnish the Board with certain additional information with respect to these matters and advise it as to the action taken by the bank pursuant to the suggestions and recommendations made by the examiners. The letter also requested that it, together with Mr. Stevens' reply thereto, be brought to the attention of the board of directors of the bank.

Approved.

Letter dated September 14, 1933, to Mr. Hoxton, Federal Reserve Agent at Richmond, approved by six members of the Board, inclosing a copy of a report of a special study of the fiscal agency operations of the Federal Reserve Bank of Richmond, and stating that, with regard to the practice of "padding" subscriptions, special reference is made to pages 3 and 40 of the report relating to the transactions of the Western National Bank, Baltimore, Maryland, the president of which is a director of the Federal Reserve Bank of Richmond; and that the Board feels that it is particularly important, in view of the high responsibility of the Federal reserve banks to the Government and public in these matters, that their directors be scrupulously careful to avoid participation by themselves or their institutions

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in practices that are objectionable when indulged in by others, even though such practices may have been widespread and generally known. The letter also stated that the Board desires that the detailed information contained in the report be brought to the attention of the board of directors of the bank, and that the Board be advised of any action which may be taken in connection therewith; and that the Board will also appreciate advice as to whether the recommendations of its examiner in regard to changes in the forms and records used by, and the clerical routine of, the fiscal agency department, and his recommendations in regard to auditing functions with a view to maintaining a more complete control over the assets, accounts and functions of the fiscal agency department, have been adopted.

Approved.

Governor Black referred to the meeting of the Federal Advisory Council which was scheduled to be held with the Board on Tuesday, September 19, 1933. He stated that he thought it would be helpful if the members of the Board would suggest topics which might be discussed to advantage with the Council.

After full discussion with respect to various general subjects which might properly be considered at the meeting with the Federal Advisory Council, the members of the Board suggested that the following topics be discussed at that meeting, with the understanding that Governor Black would notify the secretary of the Council with respect thereto in advance:

1. Credit conditions
2. Extension of credit
3. Inflation
4. Federal Deposit Insurance Corporation
5. Recovery program
6. Long term investments
7. Reopening of banks in communities having  
no banking facilities

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Report of Standing Committee dated September 14, 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. 5.</u>	
First National Bank in Marlinton, West Virginia.	36
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Approved.

Thereupon the meeting adjourned.

Claster Howell  
Secretary.

Approved:

E. R. Black  
Governor.