

A meeting of the Federal Reserve Board was held in Washington on Wednesday, November 1, 1933, at 10:30 a. m.

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

- Mr. Morrill, Secretary
- Mr. Carpenter, Assistant Secretary
- Mr. Bethea, Assistant Secretary
- Mr. Martin, Assistant to the Governor
- Mr. Wyatt, General Counsel

There was presented a memorandum dated October 25, 1933 from Mr. Goldenweiser, Director of the Division of Research and Statistics, prepared by him in accordance with the action taken at the meeting of the Board on October 19, advising that the cost of bringing up to date all of the volumes, including the summary, of the report of the System Committee on Branch, Group and Chain Banking, could be estimated at not less than \$15,000; that, in his judgment, it would not be worth the money to undertake the revision unless it would carry the data through the year 1933, which would involve considerable delay and additional cost; that inclusion of additional data for 1931 and 1932 would not change the picture sufficiently, in his opinion, to justify the cost and delay; and that it is felt that the volumes as they stand give a substantially correct picture of banking in the United States prior to the 1933 crisis.

After a brief discussion, Mr. James moved that the recommendation of the Governors' Conference, that the Committee on Branch, Group and Chain Banking be reconstituted and its report brought up to date, be held in abeyance for an indefinite period, possibly

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until after the present emergency is passed, when the Board would be in a position, in the light of circumstances then existing, to determine whether further revision of, and addition to, the Committee report would be desirable.

Carried.

Consideration was given to reports submitted by various district committees of the Board relative to the appointment of class C directors of Federal reserve banks, the designation of Federal reserve agents and chairmen, the appointment of deputy chairmen, and the appointment of directors of branches of Federal reserve banks, and the following actions were taken:

Mr. Allen Hollis was reappointed a class C director of the Federal Reserve Bank of Boston for a term of three years beginning January 1, 1934, and deputy chairman of the board of directors of the bank for the year 1934.

Mr. Frederic H. Curtiss was redesignated chairman of the board of directors of the Federal Reserve Bank of Boston and Federal reserve agent for the year 1934.

Mr. Alba B. Johnson was reappointed a class C director of the Federal Reserve Bank of Philadelphia for a term of three years beginning January 1, 1934, and deputy chairman of the board of directors of the bank for the year 1934.

Mr. Richard L. Austin was redesignated chairman of the board of directors of the Federal Reserve Bank of Philadelphia and Federal reserve agent for the year 1934.

In connection with the redesignation of Mr. Austin, Mr. Hamlin, Chairman of the Committee on District No. 3, reported on the inquiries which had been made by the Committee with regard to Mr. Austin's age and increasing deafness and stated that, while the Committee had recommended the redesignation of Mr. Austin as Chairman and Federal Reserve Agent for the coming year, it felt that he should not be continued after the expiration on December 31, 1935, of his present term as class C director, and that the Committee plans to make an investigation with the view to selecting a suitable person for recommendation to

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the Board for appointment to succeed Mr. Austin as class C director and Chairman and Federal Reserve Agent at Philadelphia.

Mr. W. W. Knight was reappointed a class C director of the Federal Reserve Bank of Cleveland for a term of three years beginning January 1, 1934.

Mr. L. B. Williams was redesignated chairman of the board of directors of the Federal Reserve Bank of Cleveland and Federal reserve agent for the year 1934.

Mr. E. S. Burke, Jr., was reappointed deputy chairman of the board of directors of the Federal Reserve Bank of Cleveland for the year 1934.

Mr. George M. Verity was reappointed a director of the Cincinnati branch of the Federal Reserve Bank of Cleveland for a term of three years beginning January 1, 1934.

Mr. J. S. Jones was reappointed a director of the Pittsburgh branch of the Federal Reserve Bank of Cleveland for a term of three years beginning January 1, 1934.

Mr. Frederic A. Delano was reappointed a class C director of the Federal Reserve Bank of Richmond for a term of three years beginning January 1, 1934, and deputy chairman of the board of directors of the bank for the year 1934.

Mr. William W. Hoxton was redesignated chairman of the board of directors of the Federal Reserve Bank of Richmond and Federal reserve agent for the year 1934.

Mr. Norman James was reappointed a director of the Baltimore branch of the Federal Reserve Bank of Richmond for a term of three years beginning January 1, 1934.

Mr. F. F. Beattie, President of the First National Bank of Greenville, South Carolina, was appointed a director of the Charlotte branch of the Federal Reserve Bank of Richmond for the unexpired portion of the term ending December 31, 1933, to succeed Mr. John A. Law, resigned. Mr. Beattie was also appointed a director of the Charlotte branch for a term of three years beginning January 1, 1934.

Mr. J. P. Allen was reappointed a class C director of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1934.

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Mr. Oscar Newton was redesignated chairman of the board of directors of the Federal Reserve Bank of Atlanta and Federal reserve agent for the year 1934.

Mr. W. H. Kettig was reappointed deputy chairman of the board of directors of the Federal Reserve Bank of Atlanta for the year 1934.

Mr. E. F. Allison was reappointed a director of the Birmingham branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1934.

Mr. S. O. Chase was reappointed a director of the Jacksonville branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1934.

Mr. William P. Ridley was reappointed a director of the Nashville branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1934.

Mr. Albert P. Bush was reappointed a director of the New Orleans branch of the Federal Reserve Bank of Atlanta for a term of three years beginning January 1, 1934.

Mr. John S. Wood was reappointed a class C director of the Federal Reserve Bank of St. Louis for a term of three years beginning January 1, 1934, and redesignated chairman of the board of directors of the bank and Federal reserve agent for the year 1934.

Mr. Paul Dillard was reappointed deputy chairman of the board of directors of the Federal Reserve Bank of St. Louis for the year 1934.

Mr. F. K. Darragh was reappointed a director of the Little Rock branch of the Federal Reserve Bank of St. Louis for a term of three years beginning January 1, 1934.

Mr. W. P. Paxton, President of the Southern Textile Machine Corporation, Paducah, Kentucky, was appointed a director of the Louisville branch of the Federal Reserve Bank of St. Louis for a term of three years beginning January 1, 1934.

Mr. E. L. Anderson was reappointed a director of the Memphis branch of the Federal Reserve Bank of St. Louis for a term of three years beginning January 1, 1934.

Mr. Homer P. Clark was reappointed a class C director of the Federal Reserve Bank of Minneapolis for a term of three years beginning January 1, 1934, and deputy chairman of the board of directors of the bank for the year 1934.

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Mr. John N. Peyton was redesignated chairman of the board of directors of the Federal Reserve Bank of Minneapolis and Federal reserve agent for the year 1934.

Mr. Henry Sieben was reappointed a director of the Helena branch of the Federal Reserve Bank of Minneapolis for a term of two years beginning January 1, 1934.

Mr. S. B. Perkins was reappointed a class C director of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1934, and deputy chairman of the board of directors of the bank for the year 1934.

Mr. C. C. Walsh was redesignated chairman of the board of directors of the Federal Reserve Bank of Dallas and Federal reserve agent for the year 1934.

Mr. S. P. Applewhite was reappointed a director of the El Paso branch of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1934.

Mr. E. A. Peden was reappointed a director of the Houston branch of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1934.

Mr. John M. Bennett was reappointed a director of the San Antonio branch of the Federal Reserve Bank of Dallas for a term of three years beginning January 1, 1934.

Mr. Miller, Chairman of the Committee on District No. 2, stated that the Committee had not submitted a formal report with regard to appointments by the Board in that district because of discussions with Mr. Clarence M. Woolley with regard to his reappointment as a class C director of the Federal Reserve Bank of New York; that Mr. Woolley had stated that he felt he had served as a director of the bank long enough and desired to retire, and if he were reappointed it would be with the understanding that he would not be expected to serve for the entire three year term; and that the committee desired to recommend the reappointment of Mr. Woolley with the understanding that, if Mr. Woolley desired to

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submit his resignation at any time after the present banking emergency is passed, it would be accepted by the Federal Reserve Board. Mr. Miller also stated that his Committee was not in favor of the continuance of Mr. Case as a class C director and chairman and Federal reserve agent of the Federal Reserve Bank of New York beyond his present term as class C director which expires on December 31, 1934, but that the Committee desired to recommend, as an orderly procedure, that he be redesignated as chairman and Federal reserve agent for the year 1934, with the idea that the Committee should make an investigation for the purpose of determining upon a suitable successor to Mr. Case and of giving Mr. Case ample notice that he will not be reappointed.

In accordance with the recommendation of the Committee on District No. 2, Mr. Miller was authorized to tender to Mr. Woolley reappointment as a class C director of the Federal Reserve Bank of New York for a term of three years beginning January 1, 1934, and, upon the further recommendations of the Committee on District No. 2, the following actions were taken:

Mr. J. H. Case was redesignated chairman of the board of directors of the Federal Reserve Bank of New York and Federal reserve agent for the year 1934.

Mr. Owen D. Young was reappointed deputy chairman of the board of directors of the Federal Reserve Bank of New York for the year 1934.

Mr. Edward G. Miner was reappointed a director of the Buffalo branch of the Federal Reserve Bank of New York for a term of three years beginning January 1, 1934.

In connection with the report submitted by the Committee on District No. 7, Mr. Szymczak, chairman of the committee, stated that no recommendation had been made with regard to the appointment of a class C director of the Federal Reserve Bank of Chicago for the three year

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term beginning January 1, 1934, or the designation of the chairman of the board of directors and Federal reserve agent for the coming year, for the reason that the board of directors of the bank hopes to appoint a governor of the bank in the very near future, and the Committee desired to recommend that action by the Board with regard to the appointment of a class C director and chairman of the board of directors and Federal reserve agent be deferred until the position of governor of the bank has been filled.

In accordance with the Committee's recommendation, action was deferred on the matter of the appointment of a class C director of the Federal Reserve Bank of Chicago and the designation of a chairman of the board of directors of the bank and Federal reserve agent, pending receipt of a further report from the Committee, and, in accordance with the other recommendations contained in the Committee report, the following actions were taken:

Mr. James Simpson was reappointed deputy chairman of the board of directors of the Federal Reserve Bank of Chicago for the year 1934.

Mr. David McMorran was reappointed a director of the Detroit branch of the Federal Reserve Bank of Chicago for a term of three years beginning January 1, 1934.

Mr. Thomas stated that, following the action at the meeting of the Board on September 19, 1933, he had been requested by the Committee on District No. 10 to go to Kansas City in connection with the selection by the Committee, for recommendation to the Board, of an appointee as class C director of the Federal Reserve Bank of Kansas City for the unexpired portion of the term ending December 31, 1934. He stated that he had discussed with the various members of the board of directors of the Federal Reserve Bank of Kansas City and with Mr. E. F. Swimney, Chairman of the First National Bank, the question whether the selection

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of class C directors should be limited to residents of Kansas City and its environs, or whether appointments should be made also from other points within the district; that all of the directors expressed the opinion that, from the standpoint of the best interests of the bank, it would be desirable that the directors be representative of all sections of the district; and that Mr. McClure, without expressing an opinion on the question of outside representation, had stated that no inconvenience on the part of the bank or the board of directors had resulted from the practice which had been followed at times in the past of having class C directors living outside of Kansas City serve on the executive committee of the bank. Mr. Thomas said also that the Committee on District No. 10 had not made formal recommendations to the Board with regard to the appointment of class C directors of the Federal Reserve Bank of Kansas City for the unexpired portion of the term ending December 31, 1934, and for the three year term beginning January 1, 1934, the appointment of directors of the branches of the bank, each for a term of three years beginning January 1, 1934, the designation of the Federal reserve agent and chairman of the board of directors for the coming year, and the appointment of a deputy chairman for the year 1934, pending definite determination by the Board of its future policy in the matter above referred to.

After discussion, Mr. O'Connor moved that it be the policy of the Board that there be no discrimination in the Kansas City district limiting the choice of class C directors.

Carried.

Mr. Thomas stated that he understood that Mr. Woodin, Chairman

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of the Board, will be in Washington early next week, and that he desired, as chairman of the Committee on District No. 10, to recommend that action by the Board on the appointments and designation above referred to be deferred for a meeting of the full Board at a time next week when Mr. Woodin can be present.

Action deferred in accordance with Mr. Thomas' recommendation.

Reference was then made to the report submitted by the Committee on District No. 12. Upon inquiry as to whether he had any suggestions with regard to the report, Mr. O'Connor stated that he would appreciate it if the Board would defer for a day or two its action on the Committee's recommendation of the reappointment of Mr. C. B. Voorhis as director of the Los Angeles branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1934, for the reason that he was not acquainted with Mr. Voorhis and knew nothing about him. He also stated that he had no comment to make as to the other recommendations contained in the Committee report.

Accordingly, action on the Committee's recommendation with regard to the reappointment of Mr. Voorhis was deferred, and, in accordance with the other recommendations contained in the Committee report, the following actions were taken:

Mr. Walton N. Moore was reappointed a class C director of the Federal Reserve Bank of San Francisco for a term of three years beginning January 1, 1934, and deputy chairman of the board of directors of the bank for the year 1934.

Mr. Isaac B. Newton was redesignated chairman of the board of directors of the Federal Reserve Bank of San Francisco and Federal reserve agent for the year 1934.

Mr. Harry M. Haller was reappointed a director of the Portland branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1934.

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Mr. Lafayette Hanchett was reappointed a director of the Salt Lake City branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1934.

Mr. Charles H. Clarke was reappointed a director of the Seattle branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1934.

Mr. Stanly A. Easton was reappointed a director of the Spokane branch of the Federal Reserve Bank of San Francisco for a term of two years beginning January 1, 1934.

Governor Black then reported that while he was in Chicago last week he attended the regular meeting of the board of directors of the Federal Reserve Bank of Chicago, but that, as he had strong doubts as to the advisability of presenting a copy of the Board's letter of October 19, 1933, addressed to the Comptroller of the Currency, to a committee of the board of directors of the Federal reserve bank for presentation by the committee to the board of directors of the Continental Illinois National Bank and Trust Company, as was contemplated at the meeting of the Board on October 25, 1933, he had withheld presentation of the letter pending a further discussion with the Board. He stated that he had discussed the matter, however, with Mr. James Simpson, deputy chairman of the Federal Reserve Bank of Chicago, who advised that, in his opinion, it would be very harmful to the Continental Illinois National Bank and Trust Company to present the copy of the letter to the entire board of directors of the national bank, and that his suggestion was that instead of having a committee of the board of directors of the Federal reserve bank present the letter to the board of directors of the national bank, it be presented by a committee consisting of Messrs. Szymczak and Miller, members of the Board's Committee on

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District No. 7, and Mr. Simpson, to the executive committee of the national bank and the matter left in their hands as to the further action to be taken in connection with the letter.

Governor Black also stated that he had discussed with Mr. Simpson the question of the selection of a person for the position of Governor of the Federal Reserve Bank of Chicago, and the action to be taken by the Board with regard to the chairmanship of the Federal reserve bank. Discussion was also had, Governor Black stated, with Mr. Simpson, and separately with Mr. James R. Leavell, President of the Continental Illinois National Bank and Trust Company, with regard to selection of a chairman of the board of directors of the national bank, and that Mr. Simpson had advised that Mr. George A. Ranney, director of the International Harvester Company, had been suggested for consideration. Governor Black added that he had inquired of Mr. Leavell as to whether he had considered Mr. Ranney for the position, and that Mr. Leavell had replied that, if available, Mr. Ranney would be a very desirable person for the position. Governor Black also remarked that he had impressed upon Mr. Leavell the absolute necessity of building up the management of the national bank, and had stated to him that the Comptroller of the Currency is in accord with the Board's position in the matter.

Mr. Szymczak stated that after he and Mr. Miller had discussed the matter with Governor Black upon his return from Chicago, he had called Mr. Simpson on the telephone, who had advised that he had discussed with the executive committee of the national bank the question of management, and had insisted that the reorganization of the bank be a

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complete one. Mr. Simpson had advised, Mr. Szymczak said, that the executive committee had agreed to come to Washington for the purpose of taking up with the Reconstruction Finance Corporation the possibility of the Corporation subscribing for an additional \$25,000,000 of preferred stock. Mr. Szymczak also stated that Mr. Simpson had advised that, in his opinion, it is impossible at this time for the present shareholders to subscribe for \$25,000,000 additional common stock; and that recourse to the Reconstruction Finance Corporation is the only way open. Mr. Szymczak added that he felt it was desirable that when the executive committee of the national bank comes to Washington, the Board, in consultation with the Comptroller of the Currency, should cooperate with the committee in every way possible in completing the reorganization plan.

After discussion, it was understood that Governor Black would cooperate with the executive committee of the national bank in perfecting the reorganization plans.

The Board then considered and acted upon the following matters:

Telegrams dated November 1, 1933, from Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, and Mr. Wood, Chairman of the Federal Reserve Bank of St. Louis, both advising that, at meetings of the boards of directors today, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Bond in the amount of \$100,000, executed under date of October 24, 1933, by Mr. Ernest W. Swanson as Alternate Acting Assistant Federal Reserve Agent at the Federal Reserve Bank of Minneapolis.

Approved.

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Reports of Standing Committee dated October 31, 1933, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
Claremont National Bank, Claremont, New Hampshire (Being liquidated through conservator)	120	120
<u>District No. 7.</u>		
Union Industrial Trust & Savings Bank, Flint, Michigan (Insolvent)	1,800	
Knoxville-Citizens National Bank & Trust Company, Knoxville, Iowa (Insolvent)	75	
Tipton National Bank, Tipton, Iowa (Voluntary liquidation, succeeded by Tipton State Bank, nonmember)	39	
First National Bank, Ypsilanti, Michigan (Being liquidated through conservator)	<u>210</u>	2,124
<u>District No. 9.</u>		
First National Bank, Fosston, Minnesota (Insolvent)	24	
First National Bank, New Richland, Minnesota (Insolvent)	19	
First National Bank, Grand Forks, North Dakota (Being liquidated through conservator)	<u>300</u>	343
<u>District No. 10.</u>		
First National Bank, Havensville, Kansas (Insolvent)	21	
First National Bank, Oakland, Nebraska (Insolvent)	45	
First National Bank, Albuquerque, New Mexico (Being liquidated through conservator)	<u>360</u>	426
<u>District No. 11.</u>		
First National Bank, Channing, Texas (Insolvent)	<u>23</u>	<u>23</u>
	<u>Total</u>	<u>3,036</u>

Approved.

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Thereupon the meeting adjourned.

Walter Merrill
Secretary.

Approved:

E. R. Black
Governor.