

March 9, 1933.

MR. HARLAN:

*through*

The following questions were submitted by Childs Federal Reserve Bank of Chicago:

*No*

*Yes*

1. Submitted by a bank in this district - We hold approximately 70 per cent of total trust funds in fiduciary capacity collected prior to holiday in currency STOP This currency is physically separated from assets of trust company STOP May we disperse such currency in normal way to beneficiaries? Since banking holiday we have established a new and special classification of trust funds 100 per cent in cash. We believe we have authority to utilize such new trust funds for the use and benefit of the trustees and beneficiaries involved without restrictions, are we correct?

*No*

2. Shall we pay here at the Federal Reserve Bank in Chicago past due Government obligations and coupons thereon?

*10 Aug -  
76*

3. At the present time are banks permitted to pay for bill of lading drafts covering food or feed products including livestock. We are now asked as to whether or not banks may release deposits for the payment of livestock in the stockyards ready for sale, although not covered by bill of lading terms, the question arising from the fact that the stock is there ready for sale and must be taken up. Can banks release deposits to consumers to be used for the purchase of livestock under these conditions.

*no*

4. Are bond or stockhouses acting as fiscal agents for corporations in paying ~~coupons~~ of interest on bonds? Do they come within the President's Proclamation?

*Prime int*

*Childs*

*Marshall*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

*470.*  
*3/9/33*  
*Regulation 17*

4cmr

Phila 1105a Mar 9

Board

Washington

Very important to Philadelphia Clearing House banks to make Saturday clearing of Friday's business amounting to about \$28,000,000 by debits and credits on books of reserve bank as usual STOP This will result in credit to Federal Reserve Bank of over \$1,500,000 STOP If not done over 50,000 items must be returned and banks will be compelled to open without ~~knowing~~ depositors balances. Please give authority if possible.

Norris.

1115am

Form 148b

470

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

March 9, 1933.

Norris - Philadelphia

3/7/33

Your wire re permitting member bank indebted upon 15 day note to exhaust its balance with Federal Reserve Bank to provide payroll or for other permissible purposes stop Regulation G prescribes fully conditions under which currency may be provided and discounts extended to member banks stop Your question appears to involve matter of credit policy which must be determined by your bank in light of regulations

Morrill

*Handwritten signature/initials*

FILE COPY

2-9454

Form 118b

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

**March 9, 1933.**

**Norris - Philadelphia**

**Your telegram 7th, regarding release of gold to the arts. Treasury Department advises matter is still under consideration.**

**McClelland.**

**EMM/acw**



**FILE COPY**

2-8454

011

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470.  
3/9/33

53dmr

RECEIVED AT WASHINGTON, D. C.

Cleveland Mar 9 349p

Morrill

Washington

This bank has approximately quarter million dollars in remittance drafts from members on their reserve accounts and remittance drafts of non-members upon other banks for proceeds of collections of non-cash items made prior to March fifth which drafts were not received until after the President's proclamation and have not been functioned stop Request permission be ~~secured~~ secured to authorize clearance of these drafts.

Strater

355p

This will be taken care of  
by new regulation being  
prepared.

My #17 Mr. [unclear] - file

Form No. 131

**Office Correspondence**FEDERAL RESERVE  
BOARDDate March 9, 1933.To Mr. Harlan

Subject: \_\_\_\_\_

From Mr. McClelland

2-8495

Mr. Jaeger of the Federal Reserve Bank of Minneapolis called with reference to the case of a cigar manufacturer in the Ninth Federal Reserve District who is in need of revenue stamps for his product. In a telegram to the Board, Governor Seay of Richmond also stated that the question of payment for revenue stamps is particularly important in the Fifth Federal Reserve District.

I do not know whether the matter can be handled under Regulation 10 or whether it is on a par with withdrawals for the purpose of payment of taxes. Perhaps the committee on interpretations should consider the matter.

EMM/acw

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

470.  
3/9/13

RECEIVED AT WASHINGTON, D. C.

9lghb

*ms*  
KansasCity Mar 9 1111am

*17*  
Regulation 17

Board

Washington DC

Many banks are inquiring whether they may receive on deposit from their customers checks drawn on themselves. No currency to be paid out thereon but such checks merely to be charged to one customers account and credited to another on their books. Regulations thus far issued do not seem to permit this class of transaction but would seem important that this be authorized. Please rush reply.

Worthington

1235pm



Form 148b

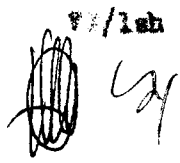
**TELEGRAM**  
**FEDERAL RESERVE BOARD**  
**WASHINGTON**

March 9, 1933

McKinney - Dallas

With further reference to your telegram of March 8 the Accounting Department of the Cleveland Bank advises us that their credit to you in last night's settlement included payment for the wire transfer of \$1,600,000 through the Pittsburgh branch for the account of the Stockyards National Bank of Fort Worth.

MCNRELL

8/1sh  


FILE COPY

2-9454

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470  
3/9

123gb rush

RECEIVED AT WASHINGTON, D. C.

Dallas Mar 9 1212p

Morrill,

Washn.

Should regulation 10 secretary of Treasury authorizing certain activities by national or state banking institutions be interpreted to permit a member bank to ship currency to a non member bank to enable such bank to carry on limited transactions authorized by various regulations of secretary. Please rush reply.

Coleman

125p

see ans. 3/10/33

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

470  
1319133  
*Regulation 17*

109gb

Sanfrancisco Mar 9 951am

RECEIVED AT WASHINGTON, D. C.

Morrill,

Washington.

Please obtain ruling from Secretary of Treasury on following point at request of the Sanfrancisco Clearing House Association:

March 2, 3, and 4, were declared legal holidays in the State of California by the Governor on the morning of March 2nd. The Banks of the Sanfrancisco Clearing House have been holding checks which would have been cleared the morning of March 2nd pending the reopening after the holiday. Under the proclamation of the Governor it would have been possible for them to have cleared them on March 2nd. It is now their desire to clear these items as of March 2nd and wish permission of the Secretary of the Treasury to effect debits involved against the accounts of their depositors affected and authority for making settlement in the usual way on the books of the Federal

Reserve Bank.

Hale 11lp

2-11901

U. S. GOVERNMENT PRINTING OFFICE: 1927

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

470.  
3/9/33

RECEIVED AT WASHINGTON, D. C.

17fmr  
MO Washn

See your number 1 date to Black we are unable to locate any message containing regulation 15 Can you advise what number to us if sent.

JM Atlanta Mar 9

1042a

See: Trans 1568, 3/7/33

Form 148b

47

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

March 9, 1933.

Young - Boston	Seay - Richmond	Geary - Minneapolis
Harrison - New York	Black - Atlanta	Hamilton - Kansas City
Norris - Philadelphia	McDougal - Chicago	McKinney - Dallas
Fancher - Cleveland	Martin - St. Louis	Colkins - San Francisco

TRANS: 1588. Supplementing trans. 1568. Published regulation contained in trans. 1574 numbered (15). Additional unpublished regulations and authorization have been lettered as follows:

(i) trans. 1570, (j) trans. 1569, (k) trans. 1584. Numbers and letters of further regulations, interpretations, etc., will be furnished when transmitted.

MCClelland.

SRC/vmt



FILE COPY

2-9454

1933 MAR 9 PM 11 14

470

3/9/33

March 9, 1933

Federal Reserve Bank of:	Boston	Richmond	Minneapolis
	New York	Atlanta	Kansas City
	Philadelphia	Chicago	Dallas
	Cleveland	St. Louis	San Francisco

TRANS NO. 159 Following is the text of the proclamation signed by the President of the United States tonight:

TRANS-NO. \_\_\_\_\_ WHEREAS, on March 6, 1933, I, FRANKLIN D. ROOSEVELT, President of the United States of America, by Proclamation declared the existence of a national emergency and proclaimed a bank holiday extending from Monday the 6th day of March to Thursday the 9th day of March, 1933, both dates inclusive, in order to prevent the export, hoarding or earmarking of gold or silver coin, or bullion or currency, or speculation in foreign exchange; and

WHEREAS, under the Act of March 9, 1933, all Proclamations heretofore or hereafter issued by the President pursuant to the authority conferred by section 5(b) of the Act of October 6, 1917, as amended, are approved and confirmed; and

WHEREAS, said national emergency still continues, and it is necessary to take further measures extending beyond March 9, 1933, in order to accomplish such purposes:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such continuing national emergency and by virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by the Act of March 9, 1933,

do hereby proclaim, order, direct and declare that all the terms and provisions of said Proclamation of March 8, 1933, and the regulations and orders issued thereunder are hereby continued in full force and effect until further proclamation by the President.

IN WITNESS WHEREOF I have hereunto set my hand and have caused the seal of the United States to be affixed.

Done in the District of Columbia, this 9th day of March,  
in the Year of Our Lord One  
Thousand Nine Hundred and Thirty-  
three, and of the Independence  
of the United States the One  
Hundredth and Fifty-seventh.

(SEAL)

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL  
Secretary of State.

UNSUB

Merrill.

FOR IMMEDIATE RELEASE.

STEPHEN T. EARLY  
Assistant Secretary to  
the President

-----  
BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A. PROCLAMATION

MAR - 9 1933

WHEREAS, on March 6, 1933, I, FRANKLIN D. ROOSEVELT, President of the United States of America, by Proclamation declared the existence of a national emergency and proclaimed a bank holiday extending from Monday the 6th day of March to Thursday the 9th day of March, 1933, both dates inclusive, in order to prevent the export, hoarding or earmarking of gold or silver coin, or bullion or currency, or speculation in foreign exchange; and

WHEREAS, under the Act of March 9, 1933, all Proclamations heretofore or hereafter issued by the President pursuant to the authority conferred by section 5(h) of the Act of October 6, 1917, as amended, are approved and confirmed; and

WHEREAS, said national emergency still continues, and it is necessary to take further measures extending beyond March 9, 1933, in order to accomplish such purposes:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such continuing national emergency and by virtue of the authority vested in me by Section 5 (b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by the Act of March 9, 1933, do hereby proclaim, order, direct and declare that all the terms and provisions of said Proclamation of March 6, 1933, and the regulations and orders issued thereunder are hereby continued in full force and effect until further proclamation by the President.



IN WITNESS WHEREOF I have hereunto set my hand and have  
caused the seal of the United States to be affixed.

Done in the District of Columbia, this 9th day of March,  
in the Year of Our Lord One  
Thousand Nine Hundred and Thirty-  
three, and of the Independence  
(SEAL) of the United States the One  
Hundredth and Fifty-seventh.

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL  
Secretary of State.

4710

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

4/13

WHEREAS, on March 6, 1933, I, FRANKLIN D. ROOSEVELT, President of the United States of America, by Proclamation declared the existence of a national emergency and proclaimed a bank holiday extending from Monday the 6th day of March to Thursday the 9th day of March, 1933, both dates inclusive, in order to prevent the export, hoarding or earmarking of gold or silver coin, or bullion or currency, or speculation in foreign exchange; and

WHEREAS, under the Act of March 9, 1933, all Proclamations heretofore or hereafter issued by the President pursuant to the authority conferred by section 5(b) of the Act of October 6, 1917, as amended, are approved and confirmed; and

WHEREAS, said national emergency still continues, and it is necessary to take further measures extending beyond March 9, 1933, in order to accomplish such purposes:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such continuing national emergency and by virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by the Act of March 9, 1933, do hereby proclaim, order, direct and declare that all the terms and provisions of said Proclamation of March 6, 1933, and the regulations and orders issued thereunder are hereby continued in full force and effect until further proclamation by the President.

IN WITNESS WHEREOF I have hereunto set my hand and have caused the seal of the United States to be affixed.

Done in the District of Columbia, this 9th day of March,  
in the Year of Our Lord One  
Thousand Nine Hundred and Thirty-  
three, and of the Independence of  
the United States the One Hundredth  
and Fifty-seventh.

(SEAL)

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL  
Secretary of State.

410.

March 9, 1933.

The President

The White House

Dear Mr. President:

Referring to your inquiry this morning, the Federal Reserve Board feels that it is important that control of the export or hoarding of gold or silver coin, or bullion and currency, and of transactions in foreign exchange should be continued, the exercise of such control to be vested in the Secretary of the Treasury or the Federal Reserve Board, as you may direct. If you so desire, the Board will be glad to draft an appropriate order for this purpose for your signature.

Respectfully,

*Original Eugene Meyer*

Governor

*See minutes*  
**AT EXECUTIVE COMMITTEE**

**AT EXECUTIVE COMMITTEE**

MAR 29 1933  
*SR*

*Tracywick*

8  
470

March 9, 1933.

Young - Boston  
Harrison - New York  
Morris - Philadelphia  
Fancher - Cleveland

Booy - Richmond  
Black - Atlanta  
McDougal - Chicago  
Martin - St. Louis

Coery - Minneapolis  
Hamilton - Kansas City  
McKinney - Dallas  
Galkins - San Francisco

TRANS. 1590 Secretary of Treasury advises that cigar manufacturing companies should be referred to collectors of internal revenue for information regarding purchase of internal revenue stamps in connection with cigar manufacturing. Designated as interpretation No. 8.

McClelland.

*Myers*

470

March 9, 1933.

Young - Boston

Harrison - New York

Harris - Philadelphia

Knicker - Cleveland

Seay - Richmond

Black - Atlanta

McGaughey - Chicago

Hertin - St. Louis

Seary - Minneapolis

Wadilton - Kansas City

McKinney - Dallas

Salinas - San Francisco

Trans. 1591 Secretary of Treasury advises quote release of funds for purchase of cotton where absolutely necessary to maintain operation is interpreted as "necessary current expenditures for the purpose of maintaining employment and for other similar essential purposes" unquote as used in Regulation 10. Designated as interpretation No. 7.

McNelland.

*Myrick*

# 6 470

**March 9, 1935.**

**Young - Boston  
Harrison - New York  
Morris - Philadelphia  
Fancher - Cleveland**

**Osay - Richmond  
Black - Atlanta  
McDougal - Chicago  
Martin - St. Louis**

**Geery - Minneapolis  
Hamilton - Kansas City  
McKinney - Dallas  
Calkins - San Francisco**

**TRANS NO. 1589 Secretary of Treasury advises "food or feed products as used in Regulation 6 may be construed as including whole grain if such grain is intended for processing or consumption in the immediate future." Designated as interpretation No. 6.**

**McClelland.**

TREASURY DEPARTMENT

PRESS RELEASE,  
MARCH 9, 1933.

The President has today urged the immediate enactment of legislation dealing with the existing banking situation. It appears that prompt action will make banking facilities and an adequate supply of currency available. Notwithstanding the expected early opening of banks, the Secretary of the Treasury interposes no objection to the issuance of clearing house certificates or other evidences of claims against assets of banking institutions, in communities where local conditions make such action necessary. The regulation issued by the Secretary March 7, 1933 remains effective, granting permission to clearing house associations and other associations organized to provide an adequately secured medium of temporary exchange to issue certificates against sound assets of banking institutions, such certificates to be deliverable by each institution to its creditors and depositors on a pro rata basis.

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

47

**March 8, 1933.**

**Young - Boston**

*3/8/33*

**Your telegram regarding release of gold bars for use in jewelry industry.**

**Treasury Department advises matter is still under consideration.**

**McClelland.**

**SRC/acw**



**FILE COPY**

2-9454

g r o



STANDARD FORM NO. 14  
APPROVED BY THE PRESIDENT  
MARCH 10, 1926  
10-1728

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM	Room 31
BUREAU	
CHG. APPROPRIATION	Contg. Exp.

U. S. GOVERNMENT PRINTING OFFICE: 1926

March 8, 1933

YOUNG  
BOSTON

*Your telegram*

~~Retel~~ March eighth concerning release of gold bars for use in jewelry industry <sup>clearing advice</sup> STOP Matter still under consideration STOP

W. H. WOODRIN  
Secretary of the Treasury

*Merrill*

*Prepared by Treasury Committee  
on Interpretations*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

470  
3/8/33

55bs

RECEIVED AT WASHINGTON, D. C.

Boston 350PM Mar 8

Board

Washington

With further reference to transaction 1555 the following telegram was received by me Quote Can you assist this community in its real distress stop Thirty thousand people dependent upon jewelry industry which has as its base gold bars stop Factories compelled to close because of inability to secure gold bullion from bank stop Comparatively small amount of gold needed to keep us going stop Statistics department of Commerce nineteen thirty show that fifteen millions of gold was used in manufacture and twenty seven million in actual gold values came out through recovery in refining stop Situation here is desperate stop Immediate release of gold bars necessary for the well-being of workers and their families in this district. Roy A Hitchings Vice President First National Bank

U. S. GOVERNMENT PRINTING OFFICE: 1924

2-11901

*see telegram 3/8/33*

# TELEGRAM

## FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

Sheet 2-55bs

Attleboro, Mass. Unquote. Treasury regulation to cover this  
situation would be helpful

Young

422P

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

52bs

Boston Mar 8 4PM

Board

Washington

Further reference to transaction 1555 Strong feeling in Boston in which I concur that banks should not be permitted to declare or pay dividends during the holiday

Young

414PM

*File*

470.

318133

*File*

*Mr. Harlan*

470.

Treasury Department OFFICE

TELEGRAPH OFFICE  
1933 MAR - 8 - PM 5:44

Received at Washington, D. C.

TREASURY DEPARTMENT

C46W MI 52 XC

HACKENSACK NJ 519P MAR 8

FEDERAL RESERVE BOARD

WASHN

UNABLE TO HAVE FEDERAL RESERVE BANK OF NEWYORK AND NEWYORK  
CORRESPONDENT ARRANGE FOR NON MEMBER BANKS TO OBTAIN REPLENISHMENT  
OF CURRENCY USED FOR PAYROLLS ETCTERA THIS MATTER IS VERY IMPORTANT  
TO NON MEMBER INSTITUTIONS TO MAINTAIN RELATIONS WITH PUBLIC  
TO SAME EXTENT AS MEMBER BANKS PLEASE TAKE STEPS TO CORRECT THIS  
CONDITION

THE HACKENSACK TRUST COMPANY

*Understand from Hopkins that this matter has  
been attended to  
Jm*

*Mr. Harlan*  
22rhu

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470  
3/8/33

M

RECEIVED AT WASHINGTON, D. C.

Richmond Mar 8 140p

*Regulation 17*

Morrill

Washington

A member bank requests that we submit following proposal that member banks be permitted to charge a depositor with a check given in settlement to another depositor in same bank and to credit payee without paying out coin or currency.

We suggest that this be not allowed for the present as it might disturb existing rights of offset between bank and depositors.

We suggest that individuals, firms and corporations seeking to withdraw money or currency from banks for purpose of pay rolls or other authorized purposes be required to certify in writing the amount of gold or gold certificates, if any, held by persons making withdrawals and to deposit such gold or gold certificates before receiving money or currency.

Member bank desires to receive money or currency from local postmaster and issue draft on us as means of making transfer of postal funds. Suggest bank be authorized to do this provided money or currency received is held by it intact for our account or shipped to us.

Wallace

147p

*M. Harlan*  
44fy

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

470  
3193  
17

Atlanta March 8 255p

*Regulation 17*

Morrill  
Washn

A member bank in Florida has submitted the following questions Quote  
Can a bank charge the account of a depositor with a check drawn  
either before March fourth or after March fourth, which check is  
presented for credit by the holder to his old account standing in  
his name on our books on March fourth. This deposit not to be made  
in special account against which special accounts we are required to  
pay cash. If such transactions are permitted and which do not require  
the payment of money but merely a transfer on our books of the credit  
of one depositors account to the credit of another depositor's account

# TELEGRAM

## FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

and not subject to cash payment it would greatly facilitate all business transactions and checks in this way could largely be used for payroll purpose in lieu of currency unquote Have advise bank that shifting of credits on its own books which involved no payments of money are not in my opinion permitted by letter of proclamation and regulations although in my opinion this would not violate spirit of proclamation believe permission to make book transfers would be helpful and would appreciate your securing regulation in this regard.

Black

415pm



470.

STANDARD FORM No. 14a  
APPROVED BY THE PRESIDENT  
MARCH 10, 1926

TREASURY DEPARTMENT  
WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

The appropriation from which payable must be stated on above line.

GOVERNMENT PRINTING OFFICE 2-14117

(COPY)

March 8, 1933.

✓  
Martin  
Federal Reserve Bank  
St. Louis, Missouri

Retel 7 : STOP "Food or feed" products" as used in Regulation 6 may be construed as including whole grain if such grain is intended for processing or consumption in the immediate future.

*see wire 3/9/33  
to all FR/Bks.*

W. H. WOODIN,

Secretary of the Treasury.

*Handwritten signature and notes*

STANDARD FORM NO. 14a  
APPROVED BY THE PRESIDENT  
MARCH 10, 1926

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

**Minneapolis Federal Reserve Bank,  
Minneapolis, Minnesota.**

**March 8, 1933.**

**Re tel eighth regarding release of funds for purchase of internal  
revenue stamps in connection with cigar manufacturing. Cigar  
manufacturing company should be referred to collector of internal  
revenue.**

**W. H. Woodin,  
Secretary of the Treasury.**

*W. H. Woodin*

470  
HJ

TREASURY DEPARTMENT  
WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

The appropriation from which payable must be stated on above line.

GOVERNMENT PRINTING OFFICE 2-14117

**TELEGRAM**

470

**FEDERAL RESERVE SYSTEM**

3/8/35

(LEASED WIRE SERVICE)

216gb

RECEIVED AT WASHINGTON, D. C.

Dallas Mar 8 35lp

Board

*Regulation 17*

Washn

Merchants throughout the district and particularly in the larger cities have vast number of checks given them since the holiday started in this state, the banks having been closed since march 1. We feel that it would be helpful and not ~~violated~~ violate the spirit of existing regulations if banks would be permitted to accept as deposits checks drawn on themselves, provided that such deposits would under contract with depositors be restricted in like manner as deposits existing at beginning of holiday are and may be restricted. It should be understood of course, that each bank would accept checks drawn only on itself. This regulation would not only have a very reassuring effect on the public generally but would enable ~~the~~ the banks to post and dispose of checks

*18*

# TELEGRAM

## FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

before the end of the holiday period. The Dallas clearing house authorizes us to say that it strongly urges the issuance of this regulation, feeling that the merchants are entitled to know the fate of these checks as quickly as possible and before the expiration of the holiday.

Mckinney

555p

TELEGRAM

FEDERAL RESERVE SYSTEM  
(LEASED WIRE SERVICE)

*Rush*

470.

RECEIVED AT WASHINGTON, D. C.

552 *Jan Fowler*

3/8/33

*M. Hanson*

74gb

Dallas 1059am Mar 8

Board

Washn

On Friday and Saturday of last week while we were still open we received wire transfers through Federal Reserve Banks of Chicago Cleveland and Newyork for account of the Stockyards National Bank, Fort Worth, for use of Armour and Co, aggregating \$10,000,000 of which \$1,600,000 though Pittsburgh branch apparently has not been completed through the gold fund. The remaining \$8,400,000 though was completed and the stockyards National Bank desires us to transfer all or a substantial portion of this money back either to the banks from which it came or other member banks without this district claiming the money is needed for feed and food purposes in accordance with the Secretary's regulation. We are entirely willing to make such transfers as they may desire to the extent of this \$8,400,000 and also transfer the \$1,600,000 if

U. S. GOVERNMENT PRINTING OFFICE: 1922  
*see ans 3/9/33*

# TELEGRAM

## FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

|| you will advise us that we have received credit in gold fund. ||  
We should appreciate your instructing us what to do in the  
premises.

McKinney

1218p

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

470  
3/8/33

RECEIVED AT WASHINGTON, D. C.

lgs

San Francisco Mar 8 902PM -9

Morrill

Washington

Would it be possible to furnish us with the Treasury number of regulations and interpretations of the Secretary when originally transmitted? This would permit us to correctly designate circulars furnished banks

Hale  
814AM

see Trans 1568 3/7/33

COPY

470.  
3/11/33

TELEGRAM

FEDERAL RESERVE SYSTEM

Received at Washington, D. C.

309gy  
Sanfrancisco 65lp Mar 8

William H Woodin

Washington

Replying your telegram March 8 we are sending by Commercial wire list of member banks in twelfth district regarded as solvent as going banks but not on a liquidating basis. Banks indicated by ABA transit numerical key. A indicates name of bank. B indicates total deposits. C indicates capital. D indicates gross capital structure. E indicates questionable assets and depreciations as set up by examiner and F indicates net capital structure. Figures are in even thousands and are taken from last examination reports. In most cases we are not aware of adjustments made or changes in condition since last examination and they are therefore not taken into consideration. While 11-17 and 11-55 are classified as solvent reference must be made to last report of examination in comptrollers office to determine true condition of these banks.

Newton

1015pm



Form 1181

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

**March 8, 1933.**

*3/8/33*

**Anderson - Cleveland**

**Your telegram. No statement regarding request made in trans. 1577 and  
1583 given to press by Board.**

**McClelland.**

**EMM/acw**

**FILE COPY**

2-9454 •••

Board

470.

March 8, 1933

Young - Boston  
Harrison - New York  
Morris - Philadelphia  
Fancher, Cleveland  
Seay - Richmond  
Black - Atlanta

McDougal - Chicago  
Martin - St. Louis  
Weary - Minneapolis  
Hamilton - Kansas City  
McKinney - Dallas  
Calkins - San Francisco

TRANS NO. 1579 No objection to your communicating to banking institutions and state banking authorities any regulations issued by Secretary of Treasury, whether or not given to press here, unless you feel that when they relate solely to internal Federal reserve bank operations such action is not necessary.

Douglas  
Assistant Secretary of Treasury

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

470

3/8/33

4  
62rhu

Cleveland Mar 8 843p

Morrill

Washington

7

Your Trans 1583. Has this material been released to press associations .

Anderson

852p

see ans. 3/8/33

470.

No. 15

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 8, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"The permission granted in Regulation Number 7 that deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and repayment without restriction may be paid on demand, includes any bank in which any such deposits have been redeposited by or on behalf of the receiving bank in accordance with such agreement or legislative authority."

*M. Harlan*

TELEGRAM

470.  
3/7/33

FEDERAL RESERVE SYSTEM  
(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

2c fa

Philadelphia 1045a Mar 7

Board

Washington

Is it contemplated that under regulation authorizing resumption of usual banking functions etc a member bank owing us on a matured fifteen day note may exhaust its balance with us to provide payroll or other necessary cash.

Norris

1050am

*This is matter for exercise of judgement*

*see ans. 3/9/33*

*Mr. Harlan*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470.  
3/7/33

RECEIVED AT WASHINGTON, D. C.

6c fa

Philadelphia 1215p Mar 7

Board

Washington

May a bank secure from the Assay office and deliver to a gold beater his regular normal supply of gold for use in the arts?

Norris

1225pm

*see telegram 3/9/33*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

470.

3/7/33

①

136gmr

Chicago 220p Mar 7

Douglas

Washington

Referring telephone conversation last night are we authorized to pay in currency at this bank, if requested, past due Government Bonds presented for payment.

Eugene M. Stevens

331p

OFFICE OF THE SECRETARY OF THE TREASURY  
COMMISSIONER OF ACCOUNTS AND DEPOSITS

March 7, 1933

TO MR. HARRISON:

Here is a telegram from Stevens of Chicago raising the question about which I spoke to you this evening. I hope that the Committee can take action tonight to authorize the payment of Government obligations when presented for payment.

*SWB*

*Assured by  
Regulation 18*



*Maj. Woods*

TELEGRAM

FEDERAL RESERVE SYSTEM  
(LEASED WIRE SERVICE)

470.  
3/7/33

*cash.  
to replenish vault  
ships them currency*

RECEIVED AT WASHINGTON, D. C.

13gmr

Kansas City 9a Mar 7

McClelland

Washington

Referring to your trans 1557, it is assumed that the Secretary's instructions to the Treasurer with reference to payment of checks on the Treasurer of the United States by shipment of currency etc should be observed by Federal Reserve Banks.

Hamilton

1012am

*Millard of Chicago also wants advice as to whether FR Banks can honor govt. checks paid by member banks + credit proceeds to their reserve accounts*

Office of  
Assistant Treasurer  
of the United States

3/8, 1933

Memorandum for

Mr. McClelland -

I think you can  
answer this now

W. G. C.

Treasurer of U. S. advises  
procedure set up under  
regulation 4

7116 Cleveland

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470.

3/7/33

*Mr. Harlan*

18gb

Sanfrancisco Mar 7-8 715am

RECEIVED AT WASHINGTON, D. C.

Morrill

Washn

Referring Boards wire no 1563 Does Secretary anticipate issuing regulations governing disbursement of coin and currency to non member banks

Hale

1026am

*See ans. 3/10/33*

477

*File Copy*

March 7, 1933

Young, Boston	Fancher, Cleveland	McDonald, Chicago	Hamilton, Kansas City
Harrison, New York	Seay, Richmond	Martin, St. Louis	McKinney, Dallas
Norris, Philadelphia	Black, Atlanta	Geary, Minneapolis	Calkins, San Francisco

TRANS 1568 Referring various telegrams yesterday and today.

Published regulations by Secretary of Treasury numbered as follows:

- (1) Authorizing Federal reserve banks to make change etc.
  - (2) Granting access to Safety deposit boxes, etc.
  - (3) Authorizing return of cash, checks and other items received after last closing hours and not entered.
  - (4) Cashing treasurers checks
  - (5) Accepting payment on obligations.
  - (6) Permitting certain activities in connection with food or feed products.
  - (7) Authorizing special trust accounts, etc.
  - (8) Authorizing completion of settlements on certain checks.
  - (9) Authorizing certain deliveries from safe keeping.
  - (10) Authorizing certain activities by national or state banking institutions.
  - (11) Authorizing deposits to secure advances to foreign branches
  - (12) Re-issuance of certificates against sound assets.
  - (13) Authorizing continuance trust activities.
  - (14) Authorizing continuance fiscal agency operations Federal Reserve Banks.
- The following unpublished regulations, instructions and interpretations have been lettered (a) Instructions to Treasurer of United States (b) Transfers of Federal reserve banks for Treasurer's account etc. (c) Authorizing purchase of gold and gold certificates by Federal Reserve Banks. (d) Interpreting term

*see tele 3/9/33 File Copy*

-2-

feed or feed products. (e) Answering inquiry whether pawn brokers and brokers are banking institutions within meaning proclamation (f) Authorizing Federal reserve banks to receive deposits from collectors public funds. (g) Authorizing certain transactions between Federal reserve banks and member banks. (h) Authorizing Federal reserve banks to handle checks and collection items arising out of permitted operations.

McCLALLAN

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

133gmr

Kansas City 332p Mar 7

Board

Washington

We understand that regulations of the Secretary of Treasury are being referred to by number but we have no information as to numbers of regulations already issued can you identify them for us.

Worthington

437p

As. J. L. 1968  
4/7/68

470  
J. McClelland  
3/7/34

Mr. Morrill:

Mr. Dougherty telephoned and said that he thought the following message should be conveyed to those working on the new regulations. In connection with the regulation which says "Any banking institution may accept payments in cash or any other form acceptable to it on account or in settlement of obligations payable at or to such institution", he says that the RFC holds many hundreds of millions of dollars of collateral consisting of notes that are payable at the banks to which the RFC has loaned money. The RFC, he says, are the owners of that paper in due course. He asked the question, "Was it the intention of anybody to supersede the provisions of the Negotiable Instruments Act?" Also, "Does it make the paper in the hands of the RFC subject to any set off?" He said further that there were many other questions growing out of the regulation.

ydw

March 7 - 12:15 PM

Mr Debelbus proposed 3/8 am  
an interpretation for Mustard to the  
effect that this regulation is not to be  
interpreted as permitting any banking institution  
to accept payment of any obligation of which it is  
not sole owner in any form which is not ~~admitted~~  
by the promittor to the proceeds. Am

*M. Morrill*

470.

Treasury Department

*Regulation "I"*

TELEGRAPH OFFICE

134WU AB 219 NL 5 EX

Received at Washington, D. C.

KANSAS CITY MO MAR 7

CHESTER A MORRILL

FEDERAL RESERVE WASHN DC

UNLESS USE OF FEDERAL RESERVE BANK FACILITIES IS PERMITTED TO EXTENT SUFFICIENT TO PERMIT INTERBANK TRANSFER OF RESERVE FUNDS INCIDENT TO PAYMENT FOR PURCHASES OF SLAUGHTER LIVE STOCK COMPLETE PARALYSIS OF TRADE AT KANSASCITY STOCKYARDS IS IMMIMENT STOP PRESENT TREASURY ORDERS CONSIDERED SUFFICIENT TO PERMIT ACTION BY INDIVIDUAL BANKS BUT CONDITIONS AS TO TRANSFER OF DEPOSITS NECESSITATE FEDERAL RESERVE COOPERATION STOP TRANSFERS CAN BE LIMITED TO SUCH AMOUNTS AS ARE INCIDENT TO AND ACTUALLY EXPENDED IN THE PURCHASE OF LIVESTOCK IN COMMERCE STOP ACTION YESTERDAY OF KASASCITY LIVE STOCK EXCHANGE AT REQUEST OF SECRETARY OF AGRICULTURE HOLDING MARKET OPEN UNDOUBTEDLY HAD SUBSTANTIAL INFLUENCE IN CASING OTHER LIVE STOCK MARKETS TO REMAIN OPEN STOP NO PAYMENTS



## Treasury Department

TELEGRAPH OFFICE

Received at Washington, D. C.

2/134WU AB 219NL 5EX

ON LIVESTOCK SOLD THIS WEEK HAVE BEEN MADE AND TREMENDOUS VOLUME OF  
PACKERS CHECKS AND TICKETS HAS ACCUMULATED IN POSSESSION OF MARKET  
AGENCIES STOP FREIGHT AND YARDAGE MUST BE PAID STOP PLANS OUTLINED  
HEREBY LOCAL BANKS WILL REQUIRE ACTUAL DISBURSEMENT FROM BANKS OF  
RELATIVELY SMALL AMOUNT OF CASH COMPARED TO TOTAL OF ALL TRANSACTIONS  
BY REASON OF FACT THAT MOST OF LIVE STOCK SOLD IS MORTGAGED AND INTER-  
BANK TRANSFERS WOULD SERVE TO TAKE UP LARGE PART OF PROCEEDS PAYABLE  
STOP URGE IMMEDIATE ACTION RELEASING FEDERAL RESERVE TRANSFER FACILITIES  
TO EXTENT NECESSARY TO ACCOMPLISH DESIRED RESULT

JOHN B GAGE FOR KANSASCITY LIVESTOCK  
EXCHANGE

933PM

# Treasury Department

TELEGRAPH OFFICE

133WU AB

Received at Washington, D. C.

OUR SEC OF TRSY SINED CLEARING HOUSE ASSN OF SEATTLE ENRASE  
SUBJECT TO CORRECTION CK 109 6EX 42 43 WDS TWO WDS NON MEMBER  
SEATTLE WN MAR 7

922P

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

473

**March 7, 1933**

**Young,  
Boston**

**Fancher,  
Cleveland**

**McDougal  
Chicago**

**Hamilton  
Kansas City**

**Harrison,  
New York**

**Seay,  
Richmond**

**Martin,  
St. Louis**

**McKinney,  
Dallas**

**Norris,  
Philadelphia**

**Blask,  
Atlanta**

**Geery,  
Minneapolis**

**Galkins,  
San Francisco.**

**TRANS 1567 Secretary of Treasury has not released to press**

**here information contained in Trans 1561, 1562, 1563 and 1564**

**McCLELLAND**

**FILE COPY**

Form 148b

#16  
**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

410

March 7, 1933.

Hamilton - Kansas City

3/7/33

Your telegram. Questions raised therein are under active consideration by Secretary of Treasury who has not yet determined upon exact phrasing of interpretation or further regulations involved. His office expects to issue interpretation re livestock within the hour.

McClelland. (Signed) E. M. McCLELLAND

EMM/rkt

FILE COPY

2-9454 ...

**TELEGRAM**

470

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

17/5

RECEIVED AT WASHINGTON, D. C.

19g mr

Kansas City Mar 7/902am

~~Morrill~~

Washington.

Referring your wire yesterday quoting regulation of Secretary of Treasury relative payments involving shipment transportation or delivery of food or feed products, we assume this also covers livestock but would like further instructions on this point as well as information as to whether Federal Reserve Banks are to furnish member banks with cash to enable them to make authorized payments in currency. Please advise at once as stockyard banks desire to operate this morning

Hamilton

1025am

*Hamilton 3/7/33*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

412

RECEIVED AT WASHINGTON, D. C.

26 gnr

Kansas City 951a Mar 7

Board

Washington

Are federal Reserve Banks authorized to supply currency to banks to make it possible for them to make such payments of cash as various regulations permit.

Hamilton

10 5am

**TELEGRAM**

475

**FEDERAL RESERVE BOARD  
WASHINGTON**

**March 7, 1933.**

**McKay - Chicago**

**Message to: "Return without protest our unpaid  
cash letters" received here from 33-2.**

**McClelland.**

**33-2. - Iowa Des Moines National Bank and Trust Co., Des Moines,  
Iowa.**

**FILE COPY**

2-0454 . . .

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470.  
3/7/33

RECEIVED AT WASHINGTON, D. C.

92gmr

San Francisco Mar 7 1040am

Board

Washington

Please advise if wire advice of Secretary of Treasurys regulations  
have been sent to banks in territory of Alaska and Hawaii.

Hale

150p

            
*see ans 3/7/33*



Form 118b

**TELEGRAM**  
**FEDERAL RESERVE BOARD**  
**WASHINGTON**

March 7, 1933

Hale - San Francisco

3/7/33

Your telegram. Cabinet officers having jurisdiction over respective territories and insular possessions are being requested to transmit regulations to local governments.

McClelland

EMM/fsf



FILE COPY

2-9454 e.p.o.

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

March 7, 1933

Young - Boston  
Harrison - New York  
Norris - Philadelphia  
Fancher - Cleveland

Seay - Richmond  
Black - Atlanta  
McDougal - Chicago  
Martin - St. Louis

Geery - Minneapolis  
Hamilton - Kansas City  
McKinney - Dallas  
Calkins - San Francisco

TRANS 1560 Issuance of regulation re shipments of  
currency by Federal reserve banks to banking institutions in order  
to make such payments of cash as various regulations of Secretary  
of Treasury permit is under active consideration by Secretary of  
Treasury who has not yet determined upon exact phraseology STOP  
You will be advised promptly

McClelland

EMM  


FILE COPY

**Treasury Department**

TELEGRAPH OFFICE

Received at Washington, D. C.

C90W S1 7

DESMOINES IOWA 534P 7

FEDERAL RESERVE BANK

DISTRICT OF COLUMBIA WASHN DC

RETURN WITHOUT PROTEST OUR UNPAID CASH LETTERS

IOWA DESMOINES NATIONAL BANK AND TRUST COMPANY.

657P

411.

No. 14.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 7, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Federal reserve banks are authorized to conduct their normal and usual operations as fiscal agents of the United States in transactions pertaining to the exchange of obligations of the United States, such as making exchange of denominations, exchanging coupon for registered bonds, and vice versa, receiving registered bonds for transfer and effecting C. P. D. transactions."

470.

No. 13

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 7, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any banking institution lawfully engaged in the business of acting as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity may continue to transact such business in the normal and usual manner; provided that in the conduct of said business, except as may be permitted by other regulations of the Secretary of the Treasury, such banking institution shall not pay out or permit the withdrawal of coin or currency nor withdraw any trust or fiduciary funds on deposit with any other department of the bank."

470.

No. 12

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 7, 1933.

Under the authority conferred upon him by the President's proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulations:

"Clearing house associations and other associations organized to provide an adequately secured medium of temporary exchange, are hereby permitted to issue certificates against sound assets of banking institutions, such certificate to be deliverable by each institution to its creditors and depositors on a pro rata basis, provided, however, that no such certificates shall be issued before Friday, March 10, 1933, without the consent of the Secretary of the Treasury addressed to the clearing house or other association proposing to issue such certificates, and further provided that this permission may be revoked in the event that a national plan to meet the existing emergency is proposed by the Secretary of the Treasury if in his opinion the success of such plan would be inconsistent with the operation of the certificate plan."

470.

TREASURY DEPARTMENT

No. 11  
FOR IMMEDIATE RELEASE  
March 7, 1933.

Under the authority conferred upon the Secretary of the Treasury by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury announces that any bank having a branch in a foreign country may deposit collateral in the United States to secure advances to such branch in a foreign country, provided such transaction does not involve any transfer of credit from the United States to a foreign country and any bank having a branch in an insular possession of the United States may deposit United States Government securities or other collateral for a similar purpose when under the President's Proclamation advances of local currency in the insular possession may lawfully be made.

No. 9

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 7, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any banking institution may deliver to the person entitled thereto properly identified documents and securities held by such institution for safekeeping."



4170-

No. 8

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 7, 1933.

Under the authority conferred upon him by the President's proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Where settlement for checks charged by drawee institutions to the drawers' accounts on its books on or before March 4, 1933 is incomplete, settlement may be completed where such settlement does not involve the payment of money or currency."

*part (2)*

470.

March 7, 1933

<b>Curtiss</b> <b>Boston</b>	<b>DeCamp</b> <b>Cleveland</b>	<b>Stevens</b> <b>Chicago</b>	<b>McClure</b> <b>Kansas City</b>
<b>Case</b> <b>New York</b>	<b>Horton</b> <b>Richmond</b>	<b>Wood</b> <b>St. Louis</b>	<b>Malsh</b> <b>Dallas</b>
<b>Austin</b> <b>Philadelphia</b>	<b>Newton</b> <b>Atlanta</b>	<b>Halley</b> <b>Minneapolis</b>	<b>Newton</b> <b>San Francisco</b>

TRANS \_\_\_\_\_ Please prepare as soon as possible tomorrow a list of member arbers in your district which you regard to be solvent as going frostbites on fair appraisals not on liquidating arnica. Segregate banks by states. Specify total drifting and bearable position

*banks*

*deposits*

*assets*

*capital*

*institutions*

*M. Morrill*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
(LEASED WIRE SERVICE)

*4700*  
*31-1*

RECEIVED AT WASHINGTON, D. C.

14rhu

Richmond 220p Mar 6

Morrill

Washington

Referring to trans 1555, The following situations have been covered, namely authorizing all banks to make change and give access to safety deposit boxes. The following should receive quick consideration, namely payment of government checks and payment for revenue stamps.

The latter is particularly important in this district

Seay

221p

*Regulation 4*

Mr. Harlan



470

Treasury Department

TELEGRAPH OFFICE

D97W SI 104

Received at Washington, D. C.

WICHITA KANS 100P 6

EUGENE MEYER, GOV FED RES BOARD

WASHN DC

WICHITA CLEARING HOUSE ASSOCIATION VIGOROUSLY PROTESTS ACTION OF  
 POST OFFICE DEPARTMENT IN PERMITTING NORMAL OPERATION OF POSTAL  
SAVINGS DEPARTMENT INCLUDING ACCEPTANCE AND WITHDRAWAL OF DEPOSITS  
 ON THIS NATIONAL HOLIDAY WHICH LOYAL BANKING INSTITUTIONS ARE  
 OBSERVING TO THE LETTER STOP POSTAL SAVINGS DEPARTMENT HAS CONTRIBUTED  
 MORE TO PRESENT DEPLORABLE TIEUP OF ALL COMMERCIAL ACTIVITY THAN ANY  
 OTHER SINGLE INFLUENCE STOP WE BELIEVE POSTAL SAVINGS INTEREST RATES  
 SHOULD BE EITHER REDUCED TO MARKET OR INTEREST FEATURE DISCONTINUED

SHEET 2 WICHITA

**Treasury Department**

**TELEGRAPH OFFICE**

Received at Washington, D. C.

ENTIRELY STOP WE BELIEVE GOVERNMENT IN PROCLAMING HOLIDAY SHOULD  
OBSERVE THAT HOLIDAY IN ITS OTHER FINANCIAL DEPARTMENTS OFFERING  
ACTIVE COMPETITION TO MEMBER BANKS STOP WE REQUEST IMMEDIATE ACTION  
WICHITA CLEARING HOUSE ASSOCIATION.

Reply does not appear  
necessary, but wire might  
be acknowledged.

my

Mr. <sup>Ames</sup>  
says "file".

TO MR. ROUNDS FROM J. E. CRANE.

470  
3/6/33

Following are transactions involving foreign accounts on our books which I think we should be permitted to put through during the holiday period with the understanding that in no case shall they result in paying out gold or currency or increasing the total amounts of gold which we hold earmarked for foreign account:

1. Transfers between foreign current accounts on our books.
2. Transfers of bills and securities between foreign accounts on our books.
3. Transfers of earmarked gold from one custody account to another.

✓ 6. Receipt of sums due us from foreign correspondents whether in dollars or gold.

4x. Release to us of gold held under earmark for foreign account providing the proceeds in dollars are credited to foreign accounts on our books.

7d. Credit to foreign <sup>current</sup> accounts on our books U. S. currency and gold deposited with us.

5x Transfers from Foreign Current ac to acs of member and non-member clearing acs.

Dictated over telephone from New York, 8:10 p.m. March 6, 1933.

470.

SUGGESTED PERMISSIVE OPERATIONS DURING BANK HOLIDAY

- ✓ 1. Permit access to safe deposit boxes.
- ✓ 2. Permit making of change.
- ✓ 3. Permit receiving deposits of currency and coin to be kept segregated and payable on demand.
- ✓ 4. Permit limited cash payments on a percentage basis to be specified for current payroll purposes and other urgent needs.
5. Permit the use of checks on a specified limited basis which will result in debiting and crediting accounts in the same bank or in banks which may associate themselves for the purpose of exchanging checks payable at the banks in the group without involving currency payments.
- ✓ 6. Permit receipt of payments in cash on unpledged bills receivable or other asset items.
7. Permit functioning as collection agents for items such as bill of lading drafts covering movement of livestock, food-stuffs, perishable produce and other commodities.
8. Permit Federal Reserve Banks to carry on such operations as they may find necessary to facilitate above enumerated functions.

470. attach  
to 3/6/33



**TELEGRAM****FEDERAL RESERVE BOARD  
WASHINGTON**

March 6, 1933.

Young - Boston  
Harrison - New York  
Morris - Philadelphia  
Fancher - Cleveland

Seay - Richmond  
Black - Atlanta  
McDougal - Chicago  
Martin - St. Louis

Geery - Minneapolis  
Hamilton - Kansas City  
McKinney - Dallas  
Calkins - San Francisco

THANKS. 1558 Regulations issued by Secretary of the Treasury today under the President's Proclamation, of which you were advised in Board's telegrams, have been given to the press with the exception those (1) instructing Treasurer of the United States with respect to payments, etc., (2) authorizing Federal reserve banks to make transfers through gold settlement fund for account of Treasurer, etc., and (3) authorizing Federal reserve banks to purchase gold or gold certificates and pay therefor any other form of coin or currency. It is understood that you will <sup>promptly</sup> communicate regulations other than those mentioned above to all banking institutions in your district.

McClelland



FILE COPY

2-9484 ...

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**  
**(LEASED WIRE SERVICE)**

*Regulation "C"*

*4:30*

*3/7*

28bhb

RECEIVED AT WASHINGTON, D. C.

New York NY 418pm Mar 6th

Hon William H Woodin

Washington DC

We are advised that a serious situation exists in Havana, Cuba, where there are branches of American and Canadian banks and where the only currency in circulation is American currency. A holiday has been declared there until Thursday morning and some of the banks having branches there feel that local conditions in Cuba may prevent a ~~prolongation~~ <sup>prolongation</sup> of the holiday. Therefore they are anxious to replenish their stock of American currency in Havana against payment therefor in New York. A specific case is the Canadian Bank of Commerce which desires to pay \$1,000,000 gold to us against the issuance to them in Havana of \$1,000,000 Federal Reserve Notes by the Havana branch of the Federal Reserve Bank of Atlanta. We believe that this is one

# TELEGRAM

## FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

sort of a transaction which should be permitted to Federal Reserve Banks by the secretary of the Treasury under the authority and power granted him by the President's proclamation. It really is a purchase of gold to be paid for by Federal Reserve Notes.

J H Case

Chairman, Federal Reserve Bank

425pm

470

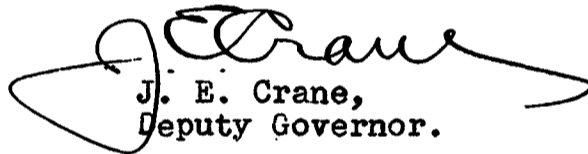
**FEDERAL RESERVE BANK  
OF NEW YORK**

March 6, 1933.

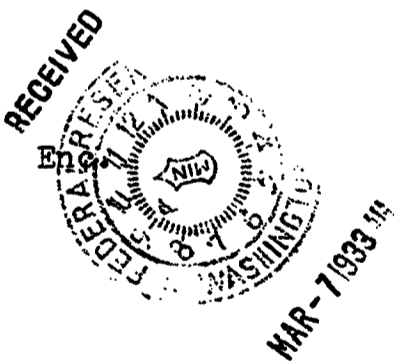
S i r s :

We take pleasure in enclosing copy of a letter dated March 6, from the National City Bank of New York, which we transmitted by telephone today through Mr. Rounds who has doubtless stated that we see no objection to the granting by the Secretary of the Treasury of the request contained in the said letter from the National City Bank.

Faithfully yours,

  
J. E. Crane,  
Deputy Governor.

Federal Reserve Board,  
Washington, D. C.



C O P Y

THE NATIONAL CITY BANK OF NEW YORK

NEW YORK

*Rec. Incaas  
Release # 11  
Mar 7*

March 6, 1933.

In replying please quote initials BCH.

Federal Reserve Bank of New York,  
33 Liberty Street,  
New York City.

Gentlemen:

The proclamation of the President of the United States declaring a holiday does not apply to the Branches of this Bank in foreign countries. Due to the extraordinary situation in the United States we anticipate that our depositors in foreign countries may wish to withdraw their balances from our Branches, and we wish to be prepared to meet any emergencies. The Hongkong & Shanghai Banking Corporation and the Chartered Bank of India, Australia and China, and the Philippine National Bank have kindly offered to make us advances of local currency in the countries where they are located and where we have branches, the said advances to us to be secured by deposit here of United States Government securities, to be delivered to the New York agencies of the Banks named.

We will greatly appreciate it if you will transmit to the Secretary of the Treasury a request granting us authority to deposit up to \$15,000,000. of United States Government securities, which are to be used to secure advances in local currencies in India, Straits Settlements, China, Japan, Manchuria and the Philippine Islands. The obligations which we assume in connection with these requests are, of course, to be repaid in foreign currencies.

Although the Philippine Islands come under the President's proclamation and our Branches are not open there, it is to be remembered when the holidays expire our Philippine Branches will be open twenty-four hours before New York banks on account of the difference in time and it is to prepare for any emergency that may arise in that twenty-four hours that we ask that the authorization apply to transactions with the Philippine National Bank and the Philippine Islands.

Authorization to us to make the deposit of the above securities should also include authority for the Banks mentioned to receive the securities.

Appreciating your cooperation in this matter, we remain

Yours very truly,

(Signed) Boies C. Hart

Vice President.

# Regulation #11

March 6, 1933.

Federal Reserve Bank  
of New York,  
New York, N.Y.

Gentlemen:

The Proclamation of the President of the United States declaring a holiday does not apply to the branches of this bank in foreign countries. Due to the extraordinary situation in the United States we anticipate that our depositors in foreign countries may wish to withdraw their balances from our branches, and we wish to be prepared to meet any emergencies. The Hong Kong and Shanghai Banking Corporation and the Chartered Banks of India, Australia and China, and the Phillipine National Bank have kindly offered to make us advances of local currency in the countries where they are located and where we have branches, the said advances to us to be secured by deposit here of United States Government securities, to be delivered to the New York agencies of the banks named.

We will greatly appreciate it if you will transmit to the Secretary of the Treasury a request granting us authority to deposit up to \$15,000,000 of United States Government securities, which are to be used to secure advances in local currencies in India, Straits Settlements, China, Japan, Manchuria and the Phillipine Islands. The obligations which we assume in connection with these requests are, of course, to be repaid in foreign currencies.

Although the Phillipine Islands come under the President's Proclamation and our branches are not open there, it is to be remembered when the holidays expire our Phillipine branches will be open twenty-four hours before New York banks on account of the difference in time and it is to prepare for any emergency that may arise in that twenty-four hours that we ask that the authorization apply to transactions with the Phillipine National Bank and the Phillipine Islands.

Authorization to us to make the deposit of the above securities should also include authority for the banks mentioned to receive the securities.

-2-

Federal Reserve Bank of New York.

Appreciating your cooperation in this matter, we remain

Yours very truly,

BOIES C. HART,  
Vice President,  
National City Bank,  
New York City.

*M. Morrill*

**TELEGRAM**

**FEDERAL RESERVE SYSTEM**

(LEASED WIRE SERVICE)

470.

3/6/33

27bhb

RECEIVED AT WASHINGTON, D. C.

New York NY 412p Mar 6

Morrill

Washington

3/6/33

Replying further to your telegram we suggest Federal Reserve Banks should be authorized to perform such operations as may be reasonably necessary to facilitate the operations of other banking institutions as permitted by regulation. We believe that authorization in this general form would be preferable to enumeration of specific powers, as it is difficult to anticipate and define all Federal Reserve Bank operations that would be necessary. We assume, however, that regulations would contain specific prohibition against Federal Reserve Banks making (A) any payments or transfers of gold or bullion, and (B) any payments of coin or currency except to banks and in limited amounts and to meet urgent requirements.



# TELEGRAM

## FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

Sheet #2

RECEIVED AT WASHINGTON, D. C.

In order to avoid complications in connection with checks forwarded by mail and charged to the makers accounts on or before March 3, 1933, we believe that collecting banks, including Federal Reserve Banks, should be authorized to charge to remitting banks accounts remittance drafts drawn on and received by the collecting banks for such checks.

Case

Burgess and Logan

419pm

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 6, 1933.

470.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulations:

"Deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and for repayment without restriction may be paid on demand. Any banking institution which was lawfully engaged in the business of receiving deposits prior to March 6, 1933, may create special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States. Federal reserve banks may open special accounts on their books for their member banks and temporarily for non-member banks and may receive in such special accounts the proceeds of new deposits received by such banking institutions. In making deposits with the Federal reserve bank pursuant to this regulation the depositing bank shall in the case of each deposit indicate to the Federal reserve bank by symbol or otherwise that the funds so deposited represent new deposits made under this regulation. Upon receipt of such deposits such Federal reserve bank shall credit the same in the special account of the depositing bank herein provided for and shall hold the same solely for repayment to such bank. Federal reserve banks shall permit the withdrawal of any part

No. 7

- 2 -

or all of such new deposits by the depositing bank without restriction provided that the depositing bank shall in such order or request for withdrawal indicate to the Federal reserve bank by symbol or otherwise that such withdrawal is to be made from such special account, provided however that no banking institution shall pay out or permit the withdrawal of any gold or gold certificates."

470.

No. 6

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 6, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any banking institution may handle and collect drafts or other documents in connection with the shipment, transportation or delivery of food or feed products, may pay out or permit the withdrawal of such amounts of currency as shall be necessary in the judgment of such banking institution in connection with such shipment, transportation or delivery of food or feed products, and may perform such other banking functions as may be essential to the shipment, transportation or delivery of food or feed products, provided, however, that no banking institution shall pay out or permit the withdrawal of any gold or gold certificates."

3/6/33

TELEGRAM  
FEDERAL RESERVE BOARD

LEASED WIRE SERVICE  
WASHINGTON

2-9454 ...

March 6, 1933

Federal Reserve Bank of:

Boston	Richmond	Minneapolis
New York	Atlanta	Kansas City
Philadelphia	Chicago	Dallas
Cleveland	St. Louis	San Francisco

TRANS 1553 The following proclamation by the President of the United States should immediately be brought to the attention of the Governor and the Chairman of the bank:

QUOTE:

1933 MAR 5 PM 11 58

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS there have been heavy and unwarranted withdrawals of gold and currency from our banking institutions for the purpose of hoarding; and

WHEREAS continuous and increasingly extensive speculative activity abroad in foreign exchange has resulted in severe drains on the Nation's stocks of gold; and

WHEREAS these conditions have created a national emergency; and

WHEREAS it is in the best interests of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange and permitting the application of appropriate measures to protect the interests of our people; and

WHEREAS it is provided in Section 5(b) of the Act of October 6, 1917 (40 Stat.L.411) as amended, "That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting, or earmarkings of gold or silver coin or bullion or currency \*\*\*"; and

WHEREAS it is provided in Section 16 of the said Act "that whoever shall willfully violate any of the provisions of this Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than ten years, or both; \*\*\*";

470.

No. 5

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 6, 1933.

Under the authority conferred upon him by the President's proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any banking institution may accept payments in cash or any other form acceptable to it on account or in settlement of obligations payable at or to such institution."

470

No. 4

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 6, 1933.

Under the authority conferred upon him by the President's proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"All banking institutions may continue, in accordance with usual practice, to cash checks drawn on the Treasurer of the United States, provided that no gold or gold certificates shall be paid out. "

470.

No. 3

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
Monday, March 6, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"All banking institutions may upon request return intact and without restriction all cash, checks, and other items delivered for deposit or collection which were received after the last closing of business hours and have not been entered on the books of such banking institution."



470.

No. 2

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
March 6, 1933.

Under the authority conferred upon him by the President's proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

"All banking institutions may allow their customers free access to the safety deposit boxes and safes rented to such customers."

1-32  
Ester

470.

No. 1

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE  
Monday, March 6, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, declaring a bank holiday, the Secretary of the Treasury has authorized all Federal reserve banks and all other banking institutions to make change by the exchange of currency and/or coin of various denominations for an exactly equal amount of currency and/or coin of other denominations, but no gold or gold certificates shall be paid out in making change.

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD  
WASHINGTON

4705  
X-7355

March 6, 1933.

Carded

Dear Sir:

In confirmation of the Board's telegram of this date, there is inclosed herewith, for your information, a copy of the proclamation which was issued by the President of the United States early this morning:

This letter also confirms the later telegram, addressed jointly to the Chairman and Governor of the Bank, requesting immediate wire advice of your suggestions as to provisions that should be included in the regulations to be issued by the Secretary of the Treasury in accordance with clauses lettered (a) (b) and (c) in the President's proclamation, which suggestions should relate to the operations of both the Federal reserve banks and other banking institutions as defined in the proclamation. This telegram also suggested that arrangements be made to send promptly to all other Federal reserve banks and the Board several sets of each plan of procedure and forms that may be devised by clearing houses in principal cities in your district in connection with the use of clearing house script or certificates.

Very truly yours,

E. M. McClelland,  
Assistant Secretary.

Inclosure.

TO GOVERNORS AND CHAIRMEN OF ALL F. R. BANKS.

5 20  
Circular letter to all Governors and Chairmen

470.

**FEDERAL RESERVE BOARD**

2-7355

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

March 6, 1933

Dear Sir:

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Very truly yours,

E. M. McClelland,  
Assistant Secretary

*Inclosure*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS there have been heavy and unwarranted withdrawals of gold and currency from our banking institutions for the purpose of hoarding; and

WHEREAS continuous and increasingly extensive speculative activity abroad in foreign exchange has resulted in severe drains on the Nation's stocks of gold; and

WHEREAS these conditions have created a national emergency; and

WHEREAS it is in the best interests of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange and permitting the application of appropriate measures to protect the interests of our people; and

WHEREAS it is provided in Section 5(b) of the Act of October 6, 1917 (40 Stat.L.411) as amended, "That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting, or earmarkings of gold or silver coin or bullion or currency \*\*\*"; and

WHEREAS it is provided in Section 16 of the said Act "that whoever shall willfully violate any of the provisions of this Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than ten years, or both; \*\*\*";

- 2 -

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such national emergency and by virtue of the authority vested in me by said Act and in order to prevent the export, hoarding, or earmarking of gold or silver coin or bullion or currency, do hereby proclaim, order, direct and declare that from Monday, the sixth day of March, to Thursday, the ninth day of March, Nineteen Hundred and Thirty Three, both dates inclusive, there shall be maintained and observed by all banking institutions and all branches thereof located in the United States of America, including the territories and insular possessions, a bank holiday, and that during said period all banking transactions shall be suspended. X During such holiday, excepting as hereinafter provided, no such banking institution or branch shall pay out, export, earmark, or permit the withdrawal or transfer in any manner or by any device whatsoever, of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution or branch pay out deposits, make loans or discounts, deal in foreign exchange, transfer credits from the United States to any place abroad, or transact any other banking business whatsoever.

During such holiday, the Secretary of the Treasury, with the approval of the President and under such regulations as he may prescribe, is authorized and empowered (a) to permit any or all of such banking institutions to perform any or all of the usual banking functions, (b) to direct, require or permit the issuance of clearing house certificates or other evidences of claims against assets of banking institutions, and (c) to authorize and direct the creation in such banking institutions of special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States.

- 3 -

As used in this order the term "banking institutions" shall include all Federal Reserve banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons, engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done in the City of Washington this 6th day of March - 1 A.M.  
in the year of our Lord One Thousand Nine  
Hundred and Thirty-three, and of the Inde-  
(SEAL) pendence of the United States the One  
Hundred and Fifty-seventh.

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL  
Secretary of State

**TELEGRAM**  
**FEDERAL RESERVE BOARD**  
LEASED WIRE SERVICE  
WASHINGTON

2-9454

-2-

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such national emergency and by virtue of the authority vested in me by said Act and in order to prevent the export, hoarding, or earmarking of gold or silver coin or bullion or currency, do hereby proclaim, order, direct and declare that from Monday, the sixth day of March, to Thursday, the ninth day of March, Nineteen Hundred and Thirty Three, both dates inclusive, there shall be maintained and observed by all banking institutions and all branches thereof located in the United States of America, including the territories and insular possessions, a bank holiday, and that during said period all banking transactions shall be suspended. During such holiday, excepting as hereinafter provided, no such banking institution or branch shall pay out, export, earmark, or permit the withdrawal or transfer in any manner or by any device whatsoever, of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution or branch pay out deposits, make loans or discounts, deal in foreign exchange, transfer credits from the United States to any place abroad, or transact any other banking business whatsoever.

During such holiday, the Secretary of the Treasury, with the approval of the President and under such regulations as he may prescribe, is authorized and empowered (a) to permit any or all of such banking institutions to perform any or all of the usual banking functions, (b) to direct, require or permit the issuance of clearing house certificates or other evidences of claims against assets of banking institutions, and (c) to authorize and direct the creation in such banking institutions of special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States.



**TELEGRAM**  
**FEDERAL RESERVE BOARD**  
LEASED WIRE SERVICE  
WASHINGTON

2-9484 a.20

- 3 -

As used in this order the term "banking institutions" shall include all Federal Reserve banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons, engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done in the City of Washington this 6th day of March - 1 A.M.  
in the year of our Lord One Thousand Nine  
(SEAL) Hundred and Thirty-three, and of the Independence of the United States the One Hundred and Fifty-seventh.

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL  
Secretary of State

UNQUOTE

Morrill

*Imred*

6461

470

*F. D. R.*

March 5, 1933.

SKELETON OUTLINE

(Details and explanations omitted)

1. Issuance of executive order by President declaring bank holiday for three days, during which all payments by banking institutions, Federal reserve banks and Postal Savings System are suspended, but providing for resumption of payments at end of holiday subject to limitations and restrictions to be prescribed by regulation.

2. Enactment by Congress of joint resolution ratifying executive order and authorizing the President to extend the effective period thereof, to amend the executive order and to issue similar executive orders from time to time.

3. Resumption of limited payments by commercial banks, Federal reserve banks and Postal Savings System subject to limitations and restrictions prescribed pursuant to executive order.

4. Permit Federal reserve banks and commercial banks holding new deposits received as trust funds to invest same in Government obligations and make the necessary payments to the Government. (Consider permitting all depositors to utilize as much of deposits as may be necessary to meet obligations due to the Government of the United States, including income taxes.)

5. Enactment by Congress of joint resolution authorizing issuance of emergency currency by clearing house associations and similar organizations against 75 per cent of sound bank assets under supervision of Federal Reserve Agents--such emergency currency to be guaranteed by the Government

-2-

of the United States.

6. Enactment by Congress of National Bank Conservation Act authorizing Comptroller of the Currency to appoint conservators for all banks, State and national; to permit withdrawals of deposits on restricted basis and receipt of new deposits to be segregated as trust funds and repayable in full; to liquidate insolvent banks, to permit solvent banks to reopen, and to permit recapitalization or reorganization of banks whose solvency is questionable.

7. Permit banks to continue making limited payments under restrictions prescribed pursuant to executive order until conservators can be appointed; then permit them to allow withdrawal of deposits on restricted basis and receive and segregate new deposits repayable in full, until it can be determined whether they should be permitted to reopen or should be required to liquidate, recapitalize or reorganize. (In some cases the conservators could be reliable bank officers and in some cases bank examiners. A single bank examiner could be appointed conservator of all banks in a given community and could select his own deputies to supervise and control limited operations of each bank in his hands.)

8. With banks in the hands of conservators, proceed to work out the situation gradually along the following lines:

(a) Banks of unquestioned solvency to be permitted to reopen on unrestricted basis when public hysteria has subsided sufficiently and to be aided by issuance of emergency currency and by loans from the Federal reserve banks and Reconstruction Finance Corporation, with the understanding that they will pay out emer-

-3-

gency currency as far as possible and return other forms of currency and gold to Federal reserve banks.

(b) Appoint receivers as soon as possible to liquidate all hopelessly insolvent banks.

(c) As to banks whose solvency is questionable, proceed with assistance of depositors' committees to determine whether they can be recapitalized or reorganized on an unquestionably solvent basis. If so, permit them to reopen. If not, appoint receivers to liquidate them. (Recapitalization could be assisted by provisions for issuance of preferred stock exempted from double liability and assessments.)

# FEDERAL RESERVE BANK OF CHICAGO

230 SOUTH LA SALLE STREET

470.

OFFICE OF THE  
CHAIRMAN OF THE BOARD AND  
FEDERAL RESERVE AGENT


March 4, 1933.

Federal Reserve Board,  
Washington, D. C.

Gentlemen:

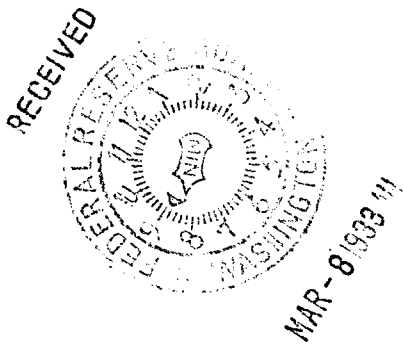
Referring to my telephone message of last night to Mr. Morrill, I am enclosing herewith copy of resolution of the Executive Committee of our Board of Directors which was passed last night, and which I dictated to Mr. Morrill over the telephone.

Very truly yours,



Chairman

EMS FC



470.

WHEREAS, the Executive Committee of the Board of Directors of the Federal Reserve Bank of Chicago believes that the continuation of the withdrawal of currency and gold from the banks of the country has created a national emergency which requires immediate action, and

WHEREAS, it appears that adequate measures cannot be enacted to remedy this situation unless governmental authorities act tonight,

NOW, THEREFORE, BE IT RESOLVED that because of this emergency, it is the sense of this Committee that the Federal Reserve Board should urge upon the President of the United States that he immediately declare a bank holiday for Saturday, March 4, and Monday, March 6, in order to give the banks and the governmental authorities sufficient time and an opportunity to provide the necessary measures for the protection of the public interest, and so that adequate banking and credit facilities may be provided as promptly as possible for the entire nation.

attach to 3/4/33  
FRB to BA

*Mr. Meyer*  
*Mr. Board*

470

FEDERAL RESERVE BANK  
OF NEW YORK

March 4, 1933.

Sir:

Enclosed is copy of a resolution adopted by the board of directors of the Federal Reserve Bank of New York at a special meeting held March 3, 1933, the text of which was telephoned to your office last night.

Yours faithfully,



Allan Sproul,  
Secretary.

Honorable Eugene Meyer,  
Governor, Federal Reserve Board,  
Washington, D. C.

Enc.

MAR 1 1933  
OFFICE OF THE SECRETARY  
FEDERAL RESERVE BANK OF NEW YORK

470.

RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS OF THE  
FEDERAL RESERVE BANK OF NEW YORK AT A SPECIAL MEETING HELD MARCH 3, 1933

WHEREAS in the opinion of the board of directors of the Federal Reserve Bank of New York the continued and increasing withdrawal of currency and gold from the banks of the country has now created a national emergency; and

WHEREAS it is understood that adequate remedial measures cannot be enacted before tomorrow morning; now therefore be it

RESOLVED that in this emergency the Federal Reserve Board is hereby requested to urge the President of the United States to declare a bank holiday Saturday, March 4 and Monday, March 6, in order to afford opportunity to Governmental authorities and the banks themselves, to take such measures as may be necessary to protect the interests of the people and promptly to provide adequate banking and credit facilities for all parts of the country.

attach 3/4/33 FRBZ  
to FD



470.

THE WHITE HOUSE  
WASHINGTON

March 4, 1933

Hon. Eugene Meyer  
Federal Reserve Board  
Washington, D. C.

My dear Governor Meyer:

I received at half past one this morning your letter dated March 3rd. I must assume that this letter was written on the basis of information received by you prior to 11.30 o'clock last night for the reason that before your letter was sent you had certain information as follows:

a. At 11 o'clock last night the President-elect had informed me he did not wish such a proclamation issued.

b. The Attorney General had renewed the same opinion which he had already given to the Board that the authorities on which you were relying were inadequate unless supported by the incoming Administration.

c. That groups of representative bankers in both Chicago and New York, embracing members of the Board of Directors of the Federal Reserve Banks in those cities, were then in conference with the governors of the states of Illinois and New York, and that the governors of these two states were prepared to act if these representative groups so recommended. It appears that the governors did take action under their authorities, declaring a temporary holiday in these two critical states, and thus accomplishing the major purposes which the Board apparently had in mind.

In view of the above I am at a loss to understand why such a communication should have been sent to me in the last few hours of this Administration, which I believe the Board must now admit was neither justified nor necessary.

Yours faithfully,

*Hedrick H. Brown*

*(See Secretary's memorandum covering Mar. 4-6, 1933 in minutes.)*

470.

March 3, 1933.

The President,

The White House.

Dear Mr. President:

The Federal Reserve Board has been in session again this evening reviewing the latest reports of developments. The situation as reported from Chicago has reached the point of extreme tension, with prospects that by the end of banking hours tomorrow the gold reserves of the Federal Reserve Bank of Chicago will be dangerously depleted. Representative bankers are assembled there tonight and have requested that a national holiday be proclaimed as the only method they know of dealing with the immediate exigency with which they are confronted.

3/6/33

There is enclosed a copy of a resolution adopted by the Board of Directors of the Federal Reserve Bank of New York, now in session. This resolution speaks for itself as to the New York situation.

Similar conditions are developing rapidly in other Federal reserve districts.

The Federal Reserve Board has considered two methods of dealing with this emergency, one by executive order and the other

Acc. 11110 3/4/33

-2-

by joint resolution of Congress. The Senate having adjourned for the day, the issuance of an executive order seems to be the only alternative to meet the immediate situation. A form of executive order is enclosed for your consideration.

The Federal Reserve Board feels that it cannot too strongly urge that the situation has reached a point where immediate action is necessary to prevent a banking collapse.

Respectfully,

(Signed) Eugene Meyer.

Governor.

P. S. Since this letter was dictated, there has been communicated to us, by telephone, a resolution adopted by the Executive Committee of the Federal Reserve Bank of Chicago, now in session. A copy of this resolution also is enclosed.

3/6/33

Encls.

*Copy*

*AM*

470.

11:20 A.M.

3/3/33

Mr. Case advises following:

Federal Reserve Bank of Chicago - \$150,000,000

They have elected to rediscount.

Federal Reserve Bank of Boston - \$20,000,000

They were going to rediscount -- now considering  
buying bankers acceptances.

Federal Reserve Bank of St. Louis - \$15,000,000

Not determined -- may buy bills.

Cleveland - \$50,000,000 -- directors are considering the matter.

Richmond - \$10,000,000 -- directors are considering the matter.

Mr. Case expects to hear from the others during the next hour and  
will advise promptly.

*Mr. McClelland's notes*

*3/3/33*

470.

3/F

*Mr. M. C. ... notes  
3/3/35*

2:45 P.M.

Mr. Case's office phoned following:

Chicago will rediscount	\$150,000,000	
St. Louis "	15,000,000	
Cleveland "	25,000,000	
" buy	25,000,000	Government s
Richmond	10,000,000	bills
Boston	<i>Rediscount</i> 20,000,000	(not determined)
	<u>245,000,000</u>	

*Mr. Morrell -*  
 You may wish  
 to make - this report to  
 the Board - as to how  
 the Board's instructions  
 were carried out.  
 G. M.

470.

March 2, 1933.

The President,  
The White House,  
Washington, D. C.

Dear Mr. President:

The Board has received and carefully considered your letter of February 28, 1933.

In response to your first inquiry, the Board has requested me to advise you that it is not at this time prepared to recommend any form of Federal guarantee of banking deposits. You are, of course, thoroughly familiar with the history of such experiments in some of the States and the inherent dangers in a proposal of this kind.

With respect to your second inquiry, it is understood that, in referring to the establishment of clearing house systems, you have in mind the possibility of the issuance of clearing house certificates or scrip in different communities throughout the country. This, of course, would require the voluntary and wholehearted cooperation of the bankers in particular areas, and, under conditions like these, the matter is one that presents a number of complications from the standpoint of practical operation. The possibility of issuing such certificates has been discussed with some of the leaders in several important communities where critical situations have developed, including Detroit, Cleveland, and Baltimore, and information regarding mechanics and procedure has been furnished to them. Similar information also has been transmitted

FILE COPY

- 2 -

to the chairmen and governors of all Federal reserve banks. In addition, we are advised that the Finance Department of the United States Chamber of Commerce recently sent to the presidents of clearing houses, the governors of the Federal reserve banks, and to some individual bankers, considerable material relating to clearing house certificates and other substitutes for cash, with the statement, however, that the Chamber is not urging the adoption of particular devices to meet current situations which necessarily change from day to day.

We know that the question of issuing clearing house certificates has been or is being considered in the communities named and others, including the District of Columbia, but, for a number of reasons, many of which relate directly to their local situations, they have not felt, up to this time, that it would be feasible or desirable for them to resort to such a device. In Cleveland, it is our understanding that a committee has been appointed by the Clearing House Association for the purpose of canvassing all aspects of the matter in the light of the situation there.

Answering your third inquiry, the Board has requested me to point out that the question is not whether the situation should be allowed to drift along under the sporadic state and community solutions now in progress, but whether any other step can properly be taken now which would produce better results and

FILE COPY

- 3 -

and which at the same time would not create greater difficulty or alarm. All sorts of proposals and possibilities for dealing with the general situation with which we are confronted have been and are being canvassed and discussed, but so far no additional measures or authority have developed in concrete form which, at the moment, the Board feels it would be justified in urging.

I may add that these matters are dealt with here only in summary form, because it is understood that you are familiar with the results of the discussions that have taken place recently, including the conference that was held Tuesday evening.

Respectfully yours,



Governor



FILE COPY



THE WHITE HOUSE  
WASHINGTON

470.

March 2, 1933.

To the Governor and Directors of  
The Federal Reserve Board,  
Washington, D. C.

Gentlemen:

I understand that the Board is meeting this evening to consider recommending to me the use of the emergency powers under Section 5 of the Enemy Trading Act as amended, for the purpose of limiting the use of coin and currency to necessary purposes. I shall be glad to have the advice of the Board. If it is the view of the Board that these powers should be exerted I would be glad to have your recommendation accompanied by a form of proclamation, as it would seem to me it should be issued by me before banking hours tomorrow morning.

I also take this occasion to acknowledge the receipt of your letter of February 28th. I am familiar with the inherent dangers in any form of federal guarantee of banking deposits, but I am wondering whether or not the situation has reached the time when the Board should give further consideration to this possibility. I am enclosing herewith a rough outline of a method upon which I should like to have the Board advise me.

Yours faithfully,

*See minutes*

*Wm*

*Herbert Hoover*

"The plan for government guarantee of bank deposits"

1. All ~~national~~ <sup>member</sup> banks shall be eligible. All ~~state~~ <sup>member</sup> banks shall be eligible upon appraisal by the Federal Reserve Banks or by the Comptroller or such agencies as he may designate that the net assets of such bank exceeds 50% of the deposits. Joining of the plan to be voluntary with the banks.
2. For purposes of the plan, deposits in the joining banks are to be divided into two categories, that is "active deposits" and "inactive deposits."
3. The government to guarantee 100% of the "active deposits".
4. The "active deposits" to be
  - a. new deposits made in the bank
  - b. 50% of the existing deposits of all depositors except secured or guaranteed depositors.
5. The "active deposits" to be a first charge of all assets of the bank including stockholders liabilities. "Inactive deposits" to be subordinated entirely to the "active deposits" and not be available to depositors so long as the guarantee is outstanding.
6. The percentage of credit to the individual "active depositor" may be increased beyond 50% if on examination of the assets of the bank such assets prove to be more than 50%, but no such increase to exceed more than 75% of the value of existing assets.
7. The banks to pay into a common fund one-half of one percent of the average of their "active deposits" for the reimbursement of losses to the government.

8. No dividends to be paid by the banks joining in the plan and no payments to be made on "inactive accounts" during the period of the guarantee. New loans made by the banks to be of such character as may be determined by general regulations to be issued by the Comptroller. Such regulations to exclude speculative use.

9. Banks may come out from under the guarantee at any time with the consent of 75% of the deposits on "active account" but in any event the guarantee ends in 5 years.

10. Loans from the Reconstruction Finance Corporation in cases of inability of the banks to meet currency demands in the ordinary way!

11/1/33

Thursday

492  
3/2/33

March 2, 1933

Board met in the afternoon. Decided to answer President Hoover's letter sent in yesterday. The Board sat until 2 a.m. and prepared an answer favoring immediate declaration of a national holiday. Much of the evening was spent in an effort to bring President-elect Roosevelt and President Hoover together on this proposition.

The Attorney General sat in Mr. Hills office. Mr. Woodin was in New York with Governor Harrison and the New York bankers.

A new letter from President Hoover came asking for the Board's recommendation as to a national holiday.

Mr. Wyatt said the Attorney General said that while there was doubt, there was color of law for the belief that the President could proclaim a national holiday under the Trading with the Enemy Act, as amended; that if Governor Roosevelt would act with President Hoover, he would advise him to issue the proclamation, but not otherwise.

The Board's efforts to bring Governor Roosevelt and President Hoover together failed. The Board would talk with Mr. Woodin in New York, and he would talk with Governor Roosevelt in Washington, who would reply to Mr. Woodin, and Secretary Hills would then take it up with President Hoover.

Governor Roosevelt said he believed the Trading with the Enemy Act was still in force; that he would interpose no objection if President Hoover would act, but that was as far as he would go. Dr. Miller went up to see Governor Roosevelt between 12:00 and 1:00, and the above statement was the result.

The New York directors and bankers accepted on principle Mr. Howland's suggestion of a 50% deposit restriction.

The Attorney General made a draft of a proclamation declaring a national holiday for Saturday, and Mr. Wyatt prepared a draft of joint resolution validating the President's act and giving him power to control withdrawals of currency for hoarding.

March 3, 1933, Friday

The Board, in the afternoon, put into form a draft of reply to President Hoover's letter, and advised the national holiday as the only means of avoiding banking disaster.

C.E.H. was summoned from the concert, and came back to the Board's

from Hardin Wiley  
(at Library of Congress)

office. A long discussion ensued as to the necessity for President Hoover's issuing a proclamation for a national holiday. The Board felt that it should and must do this.

Mr. Woodin was with us.

The four appointive members agreed on this letter to President Hoover, Mr. James, who was ill, agreeing over the telephone.

The letter was sent to Secretary Hills who was then with President Hoover, with the request that he read it and deliver it to the President, at the same time expressing his opinion to the President if he did not agree with it.

Secretary Hills telephoned that he did not approve giving this to President Hoover, and said he would come right over and discuss it. The Board had to accede to this, as Mr. Hills was necessary for a quorum, and he himself had raised the question whether the appointive members alone could send such a letter.

Before sending the letter, the Board added a resolution received from the Director of the Federal Reserve Bank of New York and of Chicago stating that a national holiday was vital.

When Mr. Hills arrived, he criticized the reference in our letter to President Hoover's correspondence with the Board. He said it looked as if we were trying to put President Hoover in a hole and to justify our letter as a reply to his. He said the reason for not having replied sooner was that a reply was unnecessary, as he told the Board Thursday night that the Attorney General told President Hoover, and later in a letter told him, that he doubted whether the President had power to act, and therefore the Board had not replied to President Hoover's letter. C.S.H. said that Mr. Wyatt reported to the Board that the Attorney General told him there was a color of law for acting, and that if Governor Roosevelt would join, he would advise President Hoover to proclaim the national holiday.

Mr. Hills moved that this reference to the previous correspondence with President Hoover be omitted from the letter. C.S.H. said he would accept Mr. Hills' amendment, as he did not want even to appear as trying to put President Hoover in a hole, but simply wanted to get the Board out of a hole by expressing its opinion to the President, whether or not, for any reason, he might care to follow it. Mr. Hills at first said he would file with the Board a statement of the above facts mentioned by him, but that they might be stated as a postscript to the Board's letter.

C.S.H.'s motion as amended was then passed unanimously, and the letter was sent to President Hoover, who, the next day, acknowledged

that he received it at 1:30 a.m.

Later this same evening, President Hoover called up Governor Meyer who told him of the unanimous feeling of the Board that he should declare a legal holiday for Saturday to avoid banking disaster. President Hoover is evidently very angry, but Governor Meyer begged him as a personal friend as well as an official of the Board to issue the proclamation. Governor Meyer was courteous but very positive.

Wailing in its effort to secure a promise from the President to issue the proclamation, the Board then took up the question of a legal holiday to be proclaimed by the Governors of Illinois and New York, and finally they both had agreed to declare this holiday when we adjourned at 3:45 a.m.

I forgot to add that on this day, March 3rd, the Board suspended the deposit reserve requirements for the Federal Reserve Bank of New York for 30 days.

#### March 4. Saturday!

The Board met at 9:00 a.m. and decided that it could take action even in a holiday, to force Chicago to discount 1.5 millions for New York, as the New York ratio was down to 22%, and the Board agreed to do this before the state bank holidays expired.

REC'D RECORDS SECTION  
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Carded

Section 61 of Chapter 369 of the Laws of 1914, entitled "An Act in relation to banking corporations and individuals, partnerships, unincorporated associations and corporations under the supervision of the Banking Department, constituting Chapter 2 of the Consolidated Laws, as amended by Chapter 399 of the laws of 1932, is hereby amended to read as follows:

61: Superintendents may permit resumption of business.

(1) The superintendent may, in his discretion and upon such conditions as may be approved by him, surrender possession for the purpose of permitting such corporation or banker to resume business; but the superintendent shall not authorize any reduction of capital stock or capital as one of the terms of such resumption.

(2) In the case of a bank or trust company, the superintendent may, in his discretion, if he deems it in the interest of the depositors and others interested in its affairs, surrender possession and permit it to be reopened and to resume its relationships and the conduct of its business upon such terms and conditions as may be agreed upon between him and its board of directors, subject to the following:

(a) Without the superintendent's written permission previously obtained, such bank or trust company may not pay to any depositor at the time it so reopens more than such depositor's proportion of 80 per centum of the value, as determined by the superintendent, of such of its assets as he may determine to be sound and may list for the purpose of permitting it to make such payments,

(b) The proportion of the accounts representing deposits subject to withdrawal upon such reopening and accounts representing deposits

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made after such reopening shall be entitled to payment in full, together with interest thereon, if any, prior to any payment of or on account of the remaining proportion of deposits at the time of such reopening, except that payments of or on account of such remaining proportion of deposits, with interest thereon as hereinafter provided, may be made at any time, with the approval of the superintendent, as follows: Whenever the superintendent shall determine that the excess of sound assets of such bank or trust company over the deposits then subject to withdrawal, including both deposits subject to withdrawal at the time of such reopening and deposits made subsequently thereto, shall be greater than the excess of sound assets as determined by him and listed as aforesaid over deposits subject to withdrawal at the time of such reopening, the amount of the increase may be paid pro-rata to the owners of the accounts representing such remaining proportion of deposits, first on account of principal thereof and after the payment of such principal in full then on account of the interest thereon;

(c) Such bank or trust company shall immediately issue to its depositors non-negotiable transferable certificates, in form satisfactory to the superintendent, representing the proportion of their accounts not subject to withdrawal at the time of such reopening, and such certificates shall bear interest at the rate of not more than three per centum per annum;

(d) No dividends shall be paid on the stock of such bank or trust company while any of such certificates are outstanding unless, with the previous written consent of the superintendent to the payment thereof as aforesaid, it shall set aside and maintain a sum sufficient for the payment of all such outstanding certificates, shall publish



-3-

once a week for two calendar weeks in a newspaper in the county in which it has its principal place of business a notice to the effect that it will pay all such certificates upon due presentation for payment, and shall pay all such certificates which may be so presented;

(e) Within sixty days after a bank or trust company has resumed business as provided in this subdivision of this section, there shall be called in accordance with its by-laws or as the superintendent may direct a meeting of its stockholders and holders of such certificates, who shall elect directors who shall succeed the former directors. The board of directors so elected shall elect officers who shall succeed the former officers. Former directors and officers shall be eligible at such election. Each registered holder of such certificates shall be entitled to vote as though the unpaid principal amount of such certificates represented stock of the same par value;

(f) When any bank or trust company resumes business as provided in this sub-division of this section, the authorized capital stock thereof shall be deemed from time to time to exceed its outstanding stock by an amount equal to the book value of the then outstanding certificates issued to depositors as provided in such sub-division, as such value is shown by the last preceding official examination of the superintendent, and such additional authorized capital stock shall be available for issuance to the holders of such certificates as follows: The holders of such certificates shall have the option, at any time, upon the surrender thereof, duly endorsed, to such bank or trust company, to receive therefor stock of such bank or trust company at the book value thereof

~~4~~

as shown by the last preceding official examination of the superintendent, but for fractions of shares such bank or trust company may issue non-voting, non-dividend bearing scrip certificates exchangeable, when combined with other similar scrip certificates, for stock certificates or other similar scrip certificates, on such terms and conditions as the superintendent may approve. The superintendent shall make and file in his office a certificate, in such form as he may determine, of every such change of authorized capital stock of such bank or trust company and he shall file a certified copy or duplicate original thereof, in the office of the clerk of the county wherein the bank or trust company is located.

(g) If and when such certificates are paid in full, principal and interest, or are exchanged for stock, or if and when the superintendent may determine that the condition of such bank or trust company is such that it may safely continue its business in the ordinary course, he may, in his discretion and upon such conditions as may be approved by him, permit it to continue business as though he had never taken possession thereof;

(h) Nothing in this sub-division of this section shall be deemed to interfere with the power of the superintendent to retake possession of the business and property of such bank or trust company and liquidate the same as elsewhere provided for in this chapter, but the rights of depositors as to priority in payment herein as above provided for in this sub-division of this section shall not be affected thereby.

2. This Act shall take effect immediately.

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RA

JOINT RESOLUTION

3/1/33

Approving the executive order issued by the President on  
March \_\_, 1933, declaring a bank holiday, and authorizing  
him to issue similar executive orders.

L-22

Carded

RESOLVED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the executive  
order issued by the President of the United States on March \_\_, 1933,  
declaring a bank holiday from March \_\_, 1933, to March \_\_, 1933, inclusive,  
pursuant to the authority conferred upon him by Section 5(b) of the  
Act of October 6, 1917, as amended, is hereby approved and confirmed;  
and, whenever he may deem it necessary in the public interest in  
order to protect or preserve the banking or currency system of the  
United States, or to prevent speculative dealings in foreign exchange  
or the exportation, hoarding, melting or earmarking of gold or silver  
coin or bullion or currency, the President of the United States is  
hereby authorized and empowered to extend the effective period  
of such executive order, to amend such executive order, and/or  
to issue similar executive orders from time to time.

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L. J. Hatters

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FEDERAL RESERVE BANK OF NEW YORK.

References to Gold and Hoarding Situation.

Monthly Review, Jan. 1, 1932:

The early December demands on the banks were met partly out of the proceeds of gold imports, but the subsequent requirements were met largely by increased use of reserve bank credit. The monetary gold stock of the United States increased about 40 million dollars during December, and on December 30th was only 135 millions less than at the end of 1930, notwithstanding the extraordinary outflow of gold during the early autumn.

There were some further shipments to Europe in December ..... and a moderate increase in the amount of gold earmarked for foreign account, but these transactions were more than offset by continued gold imports, chiefly from the Far East. (Page 1)

The monetary gold of the United States continued to increase during the first three weeks of December, and showed only a moderate net reduction in the final week, with the result that a total increase of about 40 million dollars was reported for the month.

The increase in the gold holdings of this country that occurred in the first nine months of the year, has been resumed, following the large outflow of late September and October, so that the net loss of gold for the year 1931 has been reduced to about 135 millions.

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Business and Financial Summary, Jan. 12, 1932:

During the week ended January 6th, the New York money market gained through a substantial inflow of funds from other centers, and moderate payments from foreign balances held at the reserve bank, transactions which were only partly offset by a net withdrawal of Treasury funds from this market.

In view of this considerable net gain of funds in commercial and agency transactions, and of the very large surplus of reserves with which the New York city banks began the week, it was possible for the banks to retire 239 millions of borrowings, and for other forms of Federal reserve credit to contract substantially and still leave the reserve balances of the New York city banks slightly above requirements.

Business and Financial Summary, Jan. 26, 1932:

During the week ended January 20th, further gains to the market occurred through an inflow of funds from other centers, currency deposits at the Reserve Bank, and other miscellaneous commercial and agency transactions. Partly offsetting these gains were losses through gold transactions and an increase in foreign balances held here, net Treasury transactions, and a decline in the Reserve System's bill holdings.

In the succeeding four days ended the 25th, the losses through net gold transactions, an increase in foreign balances held here, net Treasury transactions, a decline in Federal reserve bill holdings and other miscellaneous charges to the market, were materially larger than the continued gain to the market through the inter-district movement of commercial funds.

Monthly Review, February 1, 1932:

Money market conditions during the past month have become somewhat easier, and the general level of money rates has declined moderately.

The January decline of money rates may be attributed partly to the continued reduction in member bank credit, and partly to the retirement of currency from circulation, which, however, was less rapid than usual for the time of year.

The large increase in Federal reserve credit in the autumn was in response to another emergency of the kind which the Reserve System was designed to meet, the third major occasion of the sort within three years.

Within three months, the demand for additional currency amounted to 700 millions, and there was a reduction in the same period of 700 millions in the monetary gold stock of the United States through earmarkings and exports. These demands were met by a rapid expansion of Federal reserve credit amounting to about 1 billion 300 millions. Subsequently, a further net increase in the amount of currency outstanding has been somewhat exceeded by a renewed inflow of gold, so that the principal influence on the demand for Federal reserve credit has been the accelerated decline in member bank reserves resulting from the extraordinarily rapid decline in loans and investments.

Despite the large increase in the amount of currency outstanding during the past year, the amount of currency in active use is probably no larger than a year ago, if as large. In a number of communities where banking facilities have been reduced by failures, currency must now be used where checks would normally be employed in personal and business transactions. A considerably larger amount probably represents inactive holdings by individuals.

During the past year, these reserve balances have declined by more than 20%, reflecting a corresponding shrinkage in bank deposits, partly as a result of the withdrawal of funds by domestic and foreign depositors, but more largely as the result of contraction in bank loans and investments. A large part of the reduction in the reserve balances and in deposits has occurred within the past four months.

During the first half of January, gold exports and imports and changes in ear-marked gold held for foreign central banks largely balanced, and the monetary gold stock of the United States showed virtually no net change from the end of December.

In the second half of the month there were fairly substantial exports, principally of gold, which had been previously ear-marked, but at the same time there were additional amounts of gold placed under ear-mark for foreign central banks. The net result was a decline of about 45 millions in the country's gold stock during this period.

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Business and Financial Summary, February 2, 1933:

During the week ended January 27, further gains to the market through an inflow of funds from other parts of the country and deposits of currency here largely offset losses through additional gold movements, Treasury operations, and a further decline in Federal reserve bill holdings.

In the succeeding four days which included the month-end currency withdrawals, continued net gold exports, and a further contraction in the Reserve System's bill portfolio were only partly offset by a reduction in foreign balances held here, and a small inflow of funds from other centers, so that actual reserves had declined to a level moderately in deficit by the close of business last night. Average balances for the three completed days of the period, however, remained in a favorable position.

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Business and Financial Summary, February 9, 1933:

During the week ended February 3rd, the inter-district movement of funds was away from New York for the first time since the week ended December 30th. In addition, currency was withdrawn from the reserve bank at the month end. The net result of gold exports and changes in ear-marked holdings was a reduction in the monetary gold stock, but this was offset

in the aggregate by a decline in foreign balances held at the Reserve Bank. Notwithstanding a marked decline in reserve requirements, the New York city banks subsequently found it necessary to increase their indebtedness at the Reserve Bank by about 19 millions, in order to maintain their reserve position.

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Business and Financial Summary, February 16, 1932:

During the week ended February 10th, the reserve balances of the New York city banks declined by about the same amount as did their reserve requirements, so that at the end of the week the reserve position continued to show a small excess. Funds moved to New York from other centers during this period, but Treasury transactions resulted in a net withdrawal of funds.

The reduction in the gold stock through operations in New York had little effect on the market as the amount was approximately offset by a decline in foreign balances at the Reserve Banks. Total reserve bank credit outstanding in this market was reduced moderately by repayment of member bank borrowings in excess of sales of bills to the Reserve Bank.

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Business and Financial Summary, February 23, 1932:

During the week ended February 17th, a rather large net loss of gold, a sizable withdrawal of funds from the market by the Treasury, and a decline in Federal reserve bill holdings were not entirely offset by a large inflow of funds from other parts of the country, a minor increase in New York city bank borrowings, and a further decline in reserve requirements. Consequently a moderate deficit in reserves developed by the close of the week.

Gold and Treasury transactions continued to take funds from the market during the succeeding three business days ending February 20th, and week-end and holiday currency withdrawals also resulted in a loss. Partial offsets occurred thru a further inflow of funds from other centers and other miscellaneous credits in addition to which the city banks borrowed 15 millions. At the opening of business today, (Tuesday) reserves of the New York city banks were somewhat above requirements, which had shown a further decrease during this period.

Business and Financial Summary, March 1, 1933:

The decrease in bank reserves was the result of losses through Treasury operations, gold movements, and a reduction in outstanding Federal reserve credit, which were only partly offset by an inflow of funds to this market from other centers and payments to the market from foreign bank deposits held at the Reserve Bank.

In the four days ended February 29, there was a large inflow of funds here from other districts and further gains through foreign account disbursements which considerably exceeded the week-end and month-end withdrawals of currency. As these gains were accompanied by a reduction in Federal reserve bill holdings and in bank borrowings, and by a rise in the reserve requirements of the city banks, the actual reserves of the New York banks, though larger than on the preceding Wednesday, were still somewhat in deficit this morning. Average reserves, however, showed a moderate excess.

Monthly Review, March 1, 1933:

In several important respects banking conditions showed substantial improvement during February. Bank closings were reduced to about one-third of the number in each of the two previous months, and the unseasonal currency withdrawals from banks in those months were followed by a moderate return flow of currency to the banks after the first week of February, indicating a cessation of the hoarding of currency.

The position of the dollar in relation to other currencies in the foreign exchange market was improved to a point where there was no longer a profit in exporting gold from the United States, and exports due to that cause ceased.

A month ago a number of the European currencies were at prices in the foreign exchange market which made it profitable to ship gold from New York to Europe, and substantial movements of gold were taking place for this cause in addition to gold exports undertaken as a matter of policy by European central banks representing withdrawals from the market of their balances. This condition of the exchanges apparently reflected some concern in European countries as to the possibility of inflation in the United States. The early discussions of the Glass-Steagall measure appeared to accentuate this concern somewhat, but as the provisions of this bill and the general situation here became better understood this concern passed, and, as a consequence of this and other influences tending to weaken the exchanges of a number of countries, the premiums on European currencies were steadily reduced until by the end of the month the prices of all were below the point at which gold shipments from the United States were profitable, and gold movements from that cause ceased, though European



central banks continued to withdraw some of their balances here in the form of gold.

Discusses the Glass-Steagall Act February 27, 1933.

Quotes the President:

"By freeing the vast amounts of gold in our Federal Reserve System (in excess of the gold reserve required by law), it so increases the already large available resources of the Federal reserve banks to enable them beyond question to meet any conceivable demands that might be made on them at home or from abroad....."

Discusses Section 3 of the Glass-Steagall Act permitting substitution of bonds for gold behind Federal reserve notes.

States that the free gold now is about 420 millions, but that under the terms of the amendment it could, if necessary, be increased to about 1 billion 200 millions.

In practice this would enable the System to meet any large gold export or heavy currency demand more easily, for in the face of such a demand Government securities could be purchased and thus the necessity for a large increase in member bank discounts could be avoided. This is a matter of importance since the necessity for borrowing largely at the Reserve banks always exerts upon the member banks pressure for liquidation and always results in tight money conditions.

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470.

THE WHITE HOUSE  
WASHINGTON

February 28, 1933

To the Governor and Members  
of the Federal Reserve Board.

Gentlemen:

Since my letter of a few days ago the banking situation has obviously become one of even greater gravity. I naturally wish to be properly advised as to such measures as can be taken to prevent the hardships to millions of people which are now going on. Although the Board is not the technical advisor of the President, yet it appears to me that in the large sense it should be prepared to advise me as to measures necessary for the protection of the banking and currency system in times of emergency. I would, therefore, be glad to know whether the Board considers it desirable:

2/22/33

- (a) To establish some form of Federal guarantee of banking deposits; or
- (b) To establish clearing house systems in the affected areas; or
- (c) To allow the situation to drift along under the sporadic state and community solutions now in progress.

Yours faithfully,

*See minutes*  
EXECUTIVE COMMITTEE

*THW*

*See also 3/2/33*

470.

February 25, 1933.

The President

The White House.

Dear Mr. President:

The Board has requested me to acknowledge the receipt of your letter of February 22, 1933 addressed to the Governor and Members of the Federal Reserve Board.

The Board has been keeping in close touch with the important changes that are taking place in the situation and the matters to which you refer have received, and are receiving, its constant attention. No definite information is available as to the amount of capital that has been exported, but, so far as the Board is advised, it appears to be a relatively small item so far. As you say, however, withdrawals of currency have reached large proportions, and gold withdrawals have increased to some extent.

While some of the recent developments are disturbing, and many proposals as to ways and means of dealing with them are being made, the Board feels it is essential in times like these that every suggestion be carefully weighed and considered from the point of

view of whether, if adopted, it would accomplish the results sought, or whether it would be likely to bring even greater disturbance and make worse the situation that it is designed to correct.

Recently the Board, after giving the matter careful thought with these considerations in mind, approved the joint resolution ~~by~~ ~~which~~ the powers of the Comptroller of the Currency introduced by Senator Couzens, which has passed the Senate and which has been favorably reported by the Committee on Banking and Currency of the House. It felt that such a measure would be helpful in facilitating the working out of existing situations in various communities without creating undue disturbance. The Board also, from time to time, has expressed its views regarding other legislative proposals which would affect the exercise of its functions or the operations of the Federal reserve system, and is continually studying the various problems that are presented as the picture changes, with the view of developing concrete suggestions for appropriate action if and when the need should arise.

At the moment the Board does not desire to make any specific proposals for additional measures or authority, but it will continue to give all aspects of the situation its most careful consideration.

Respectfully yours,

(Signed) Eugene Meyer  
Governor.

*CSA*  
*[Handwritten signature]*

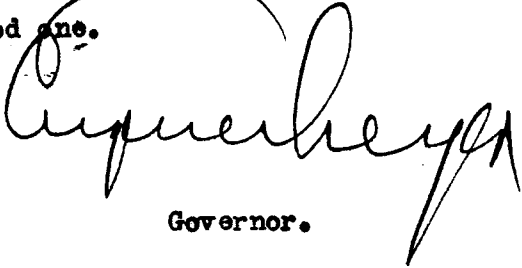
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11-25/1933  
*[Handwritten initials]*

**FEDERAL RESERVE BOARD**  
**OFFICE OF THE GOVERNOR**

To \_\_\_\_\_

February 25, 1933.

I showed to Secretary Mills  
the letter of the Board, dated  
today, to the President, in response  
to his letter of February 22, 1933.  
Mr. Mills said he approved the  
letter and thought it was a very  
good one.



Governor.

\_\_\_\_\_, 19\_\_\_\_

30875 U. S. GOVERNMENT PRINTING OFFICE: 1931

470.

THE WHITE HOUSE  
WASHINGTON

February 22, 1933

*See minutes*

FEB 22 1933  
*SA*

Gentlemen:

I wish to leave no stone unturned for constructive action during the present crisis. Without being technical in regard to the provisions of the law, it is obvious that the Federal Reserve Board has a great responsibility in the control and management of the currency. It is obvious that hoarding of currency, and to some minor extent of gold, has now risen to unprecedented dimensions, and this, together with the evidence that our own people are showing of a disposition to export their capital, has become a threat to public interest.

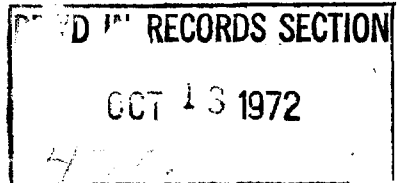
I should like to be advised by the Board as to whether the Board considers that the situation is one that has reached a public danger and whether the Board considers the Federal Reserve System can protect the public interest, or whether the Board considers any measures should be undertaken at this juncture and especially what, if any, further authority should be obtained.

Yours faithfully,

*Herbert Hoover*

The Governor and Members  
of the Federal Reserve Board,  
Washington, D. C.

*See sec 2/25/33*



February 16, 1933

The Governor reviewed briefly, on the basis of information received over the telephone from the Federal Reserve Banks of Chicago and Cleveland, the effects in the Fourth and Seventh Federal Reserve Districts of the bank holiday declared by the Governor of the State of Michigan for all banks located in that State, and the consideration which is being given to enabling the banks, particularly in Detroit, to meet the situation at the conclusion of the period of the holiday. He also referred to discussions between the members of the Board and others during the last three days with regard to the desirability of securing the enactment by Congress of legislation to meet any national emergency which may develop and stated that it is believed that it would not be possible to secure the passage of any important legislation at the present session of Congress other than perhaps a joint resolution conferring certain emergency powers. He then presented a draft of a proposed joint resolution prepared as a result of the discussions referred to, which was further discussed and certain changes suggested therein.

At the conclusion of the discussion, the resolution was unanimously approved in the following form, with the understanding that it would be presented personally by Mr. Mills and Governor Meyer to the President of the United States and, with his approval, to Senator Glass and possibly Senator Vandenberg and to Speaker Garner:

*pc ltr 6/11/32*

FOR FILES B. A. Huey
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"With the approval of the Secretary of the Treasury, the Comptroller of the Currency shall have and may exercise to such extent as he deems advisable with respect to national banking associations any powers which the State officials having supervision of State banks, savings banks and/or trust companies in the State in which such national banking associations are located may have with respect to such State institutions under State laws now in force or hereafter enacted.

"Expenses incurred by the Comptroller of the Currency in the exercise of such powers may be assessed by him against the banks concerned and, when so assessed, shall be paid by such banks.

"Nothing herein shall be construed to impair any power otherwise possessed by the Comptroller of the Currency, the Secretary of the Treasury or the Federal Reserve Board.

"All powers conferred herein shall terminate on March 3, 1934."



February 23, 1933

The Governor then presented a letter received this morning from the President of the United States requesting that he be advised by the Board as to whether it considers that the existing situation is one that has reached a public danger and whether it considers the Federal Reserve System can protect the public interest, or whether the Board considers any measures should be undertaken at this juncture and especially what, if any, further authority should be obtained.

There was discussion regarding the reply which the Board should make to the President's letter, but final action was deferred for a meeting tomorrow or Saturday, at which the Chairman of the Board can be present.

February 23, 1933

At this point, the Governor received a call from the Chairman of the Committee on Banking and Currency of the House of Representatives to appear before the Committee this afternoon at 2:30 p. m. in connection with Senate Joint Resolution 256, which was passed by the Senate yesterday in the form approved by the Board on February 16, except that a proviso has been added to the effect that the Comptroller of the Currency shall not permit the establishment of branches by national banks except as authorized by existing law. It was the consensus of the members present that it would be desirable for Governor Meyer to attend the hearing in the interest of the prompt approval of the resolution by the House of Representatives.

February 25, 1933

Reference was then made to the letter received from the President of the United States under date of February 22, 1933, and presented at the meeting of the Executive Committee of the Board on February 23, and the following reply thereto was presented and unanimously approved:

"The Board has requested me to acknowledge the receipt of your letter of February 22, 1933 addressed to the Governor and Members of the Federal Reserve Board.

"The Board has been keeping in close touch with the important changes that are taking place in the situation and the matters to which you refer have received, and are receiving, its constant attention. No definite information is available as to the amount of capital that has been exported, but, so far as the Board is advised, it appears to be a relatively small item so far. As you say, however, withdrawals of currency have reached large proportions, and gold withdrawals have increased to some extent.

"While some of the recent developments are disturbing, and many proposals as to ways and means of dealing with them are being made, the Board feels it is essential in times like these that every suggestion be carefully weighed and considered from the point of view of whether, if adopted, it would accomplish the results sought, or whether it would be likely to bring even greater disturbance and make worse the situation that it is designed to correct.

"Recently the Board, after giving the matter careful thought with these considerations in mind, approved the joint resolution regarding the powers of the Comptroller of the Currency introduced by Senator Couzens, which has passed the Senate and which has been favorably reported by the Committee on Banking and Currency of the House. It felt that such a measure would be helpful in facilitating the working out of existing situations in various communities without creating undue disturbance. The Board also, from time to time, has expressed its views regarding other legislative proposals which would affect the exercise of its functions or the operations of the Federal reserve system, and is continually studying the various problems that are presented as the picture changes, with the view of developing concrete suggestions for appropriate action if and when the need should arise.

"At the moment the Board does not desire to make any specific proposals for additional measures or authority, but it will continue to give all aspects of the situation its most careful consideration."

February 27, 1933

Mr. Mills referred to the tenseness of the present banking situation and the very heavy pressure which is being brought on the banks in certain sections of the country; to the fact that because of advances which have been authorized recently by the Reconstruction Finance Corporation the Treasury Department this week will be forced to withdraw from its depository banks practically all of its balances, which will result in increasing the pressure on those banks and particularly on the banks in New York City where the pressure is already heavy due to the movement of funds to the interior and abroad; and to the possibility that, as a result of this added pressure, the banks may be inclined to dispose of considerable amounts of Government securities which under existing conditions may cause such a weakness in the Government security market as to create an impression, generally, that there is not a satisfactory market for such securities. He called attention to the fact that the banks in the United States hold approximately \$10,000,000,000 of Government securities, and that it is expected that it will be necessary to arrange for the sale of Government short term obligations amounting to more than \$1,000,000,000 on March 15, 1933, in order to provide for retiring maturing obligations and needed additional funds. He stated that the furnishing of funds by the Treasury to the Reconstruction Finance Corporation is in response to the unsettled banking situation and expressed the opinion that the Federal Reserve System should give consideration to the advisability of purchasing during the current week Government securities in such amounts, up to \$100,000,000, as might be necessary to steady the market. He added that this suggestion is influenced entirely by the present critical conditions and not by pending

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Treasury offerings and that as Chairman of the Federal Reserve Board he desired to record the opinion that as a matter of sound banking policy in the face of the present crisis the Federal Reserve System should purchase Government securities as a means of putting additional funds into the market this week. He felt that as the present situation is in many ways a psychological one it is important to avoid any further strain on banks, particularly at this time, which, in his opinion, may prove to be the turning point to recovery, if public confidence is not further weakened.

Governor Meyer stated that he feels that the recent thinness in the market for Government securities is incident to the necessary readjustment in a market which has been too high under the conditions that have prevailed; that in view of the recent increase in money rates abroad, over which control cannot be exercised in this country, and the increase in money rates in the New York market and in the bill rates at the Federal Reserve Bank of New York, continued purchases of Government securities at the present time would be inconsistent from a monetary standpoint; and that the New York market should protect itself against the higher rates abroad by increased rates and not through open market purchases of governments by the Federal Reserve Banks. He expressed the opinion that any disturbance in the Government securities market would come in long term securities which recently have shown less resistance than the shorter maturities; that the Treasury Department should canvass the possibility of investing available postal savings funds in the purchase of such long term securities and that the only action which the Federal Reserve System should be expected to consider under existing conditions would be the possible exchange of some of its holdings of

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securities of short maturities, which continue to be in relatively good demand, for Treasury obligations with maturities of from nine to eighteen months. He also expressed the view that any reasonable amount of open market purchases at this time would prove to be ineffective and appear to be a vain attempt to prevent a readjustment of rates which is inevitable.

The thought was also expressed that the suggested purchases might be interpreted, particularly in Europe, as a direct attempt of the Federal Reserve System to support the Treasury financing program and if so would have a very detrimental effect both upon the credit of the Government and upon the standing of the Federal Reserve System.

A general discussion followed, during which it was indicated that the other members of the Board were not disposed to favor at this time the action suggested by Mr. Mills. Mr. Mills stated that he did not wish to press the matter, but that he felt strongly that the suggested action is desirable.

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The Assistant Secretary presented a telegram just received from Deputy Governor Kenzel of the Federal Reserve Bank of New York, stating that the bill market opened up this morning bidding 1 1/4% for ninety-day bills and offering them at 1 1/8% unindorsed and 1% indorsed; that there were only moderate offerings of new paper to the market; that dealer's portfolios were not large; and that the Federal Reserve Bank of New York purchased, largely from member banks, \$58,000,000 of bills for System account at 1%.

Governor Meyer reviewed the discussion at the morning session and

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stated that he had talked over the telephone with Governor Harrison of the Federal Reserve Bank of New York regarding the question of purchasing additional securities and that, following an expression of opinion by Governor Harrison that a readjustment of rates in the New York market is inevitable, he had stated to Governor Harrison that he feels that the adjustment should be allowed to be completed as soon as possible, following which further consideration can be given to the question of additional purchases of Government securities to meet any temporary situation that might arise or to carry out whatever open market program is indicated to be desirable. He also stated that Governor Harrison suggested that the executive committee of the Open Market Policy Conference be given some additional authority to meet an emergency situation.

Governor Meyer also reviewed the information regarding the Government security market given by Governor Harrison over the telephone which indicated that there is a good demand for short maturities with less demand for maturities of from 9 to 18 months.

Mr. Mills stated that, notwithstanding the fact that the Government securities market closed up from the lows of the day, he is of the opinion, in view of the fact that the Treasury is faced with the necessity of calling upon depository banks to repay \$160,000,000 of Government deposits this week, \$76,000,000 of which is for the Reconstruction Finance Corporation, the Federal Reserve System could render real service by purchasing Government securities up to \$100,000,000, as it would be unfortunate to create any additional tension in the situation at the present time. He stated that he could probably avoid to some extent the calling for the

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repayment of deposits by creating overdrafts at the Federal reserve banks, but that, in his opinion, there are more objections to that action than to the purchase by the Federal Reserve System of additional Government securities.

A general discussion followed, at the conclusion of which it was agreed by the members present, with the exception of Mr. Mills, that the Board should take no action at the present time with regard to the purchase of additional securities, but that Governor Harrison should be advised by Governor Meyer that the Board stands ready to act promptly in an emergency and will not object to the exchange of some of the System's holdings of securities of short maturities for securities with maturities up to eighteen months, if such action is deemed desirable.



February 28, 1933

Mr. Miller stated that he feels that the Board should suggest to the Federal reserve banks in districts where bank moratoria and restrictions on payments of deposits are in effect, that they give careful consideration to the use of clearing house scrip by banks in the affected areas as a means of making the deposits available for use in the respective communities. The Secretary stated that a letter to all Federal reserve agents is being prepared and will be presented to the Board, transmitting copies of memoranda with regard to the use of clearing house scrip, prepared by Mr. Clarence E. Bacon, manager of the New York clearing house, and by a committee composed of Mr. H. F. Strater, Cashier of the Federal Reserve Bank of Cleveland, Mr. J. S. Walden, Controller of the Federal Reserve Bank of Richmond and Mr. John S. Sinclair, of counsel for the Federal Reserve Bank of Philadelphia, who were called to Washington by the Board a few days ago.

March 1, 1933

Governor Meyer then presented the following letter, dated February 28, 1933, addressed to the Board by the President of the United States:

"To the Governor and Members  
of the Federal Reserve Board.

"Gentlemen:

"Since my letter of a few days ago the banking situation has obviously become one of even greater gravity. I naturally wish to be properly advised as to such measures as can be taken to prevent the hardships to millions of people which are now going on. Although the Board is not the technical advisor of the President, yet it appears to me that in the large sense it should be prepared to advise me as to measures necessary for the protection of the banking and currency system in times of emergency. I would, therefore, be glad to know whether the Board considers it desirable:

"(a) To establish some form of Federal guarantee of banking deposits; or

"(b) To establish clearing house systems in the affected areas; or

"(c) To allow the situation to drift along under the sporadic state and community solutions now in progress.

Yours faithfully,

HERBERT HOOVER"

Action upon the letter was deferred so that the Board members might give it further thought.

Governor Meyer reported that during the course of the last evening there was assembled in his office a group of representatives of the Treasury Department, Reconstruction Finance Corporation, office of the Comptroller of the Currency, and the Federal Reserve Board, together with Governor Black of the Federal Reserve Bank of Atlanta, Mr. Rounds of the Federal Reserve Bank of New York, and Mr. Henry M. Robinson, who has been a consistent advocate of the use of clearing

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house certificates. The meeting, the Governor stated, had been arranged by Secretary Mills, who presented a memorandum prepared by the President regarding the use of clearing house certificates or scrip for the purpose of making available the deposits in banks where restrictions had been placed on withdrawals. There was a prolonged discussion of the merits of various proposals for coping with the developments in the banking situation, particular attention being given to the matter of clearing house certificates or scrip, but there was no general agreement upon any particular plan. It seemed to be the consensus, however, and Mr. Robinson appeared to share the view, that it would not be advisable to undertake any national program to promote the widespread use of clearing house certificates or scrip because of the many complications and difficulties that such action undoubtedly would involve.

Governor Meyer said that he went home about 12:15 a.m., as the discussion seemed to have been concluded, but that some of those who had participated in the conference remained, and that he learned this morning that Mr. Awalt subsequently brought into the room a group of Washington bankers who had come from a meeting of the local clearing house association; that among other things, the possibility of the use of clearing house certificates was discussed with them, and that Mr. Awalt handed to them copies of material which had been published by the United States Chamber of Commerce relating to the use of clearing house certificates. Governor Meyer stated, however, that he had been informed that the Washington bankers apparently did not feel ready at this time to adopt the use of clearing house certificates.

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Mr. Miller stated that in his opinion it is important that the Federal Reserve Board should reach a determination as soon as possible upon a definite policy in dealing with the present situation, and that he wanted to renew the suggestion made by him on various occasions recently to the other members of the Board, that the Board propose the adoption, in communities where restrictions on the withdrawal of deposits are in force, of plans providing for the use of clearing house certificates and scrip as a means of releasing such deposits. He stated that while he realized that there were unsatisfactory features of such plans, he was convinced that they should be used as far as possible in the present situation, and that he was prepared to propose their adoption.

Governor Meyer and Mr. Mills stated that the use of clearing house certificates and scrip has been urged strongly in the principal communities where banking difficulties are being experienced at the present time, and Mr. Mills stated that the adoption of such measures has been successfully opposed in those communities by banks which are in an unsatisfactory position for the reason that they feel that the plan will reveal their weak position, and by the strong banks which do not think that their condition warrants resort to the use of certificates or scrip.

Mr. Miller stated that, because of that resistance to the plans by local bankers, it is not possible to rely on local initiative for their adoption, and that, in his opinion, the Secretary of the Treasury or the Federal Reserve Board, although it is not their official duty to do so, should, because of their responsibility in the present banking situation,

devise methods for breaking down that resistance, and should take affirmative action in proposing the adoption of such plans.

Mr. Mills then reviewed some of the difficulties involved in the resort on a national scale to the clearing house certificates and scrip plan, particularly with regard to the payment of taxes to the Government and the redemption by the Government and municipalities of their securities, which led those present at the meeting last night to the conclusion that it would not be possible to reach an agreement upon the advisability of urging their adoption as a matter of general policy throughout the country.

March 2, 1933

Governor Meyer stated that Governor Harrison of the Federal Reserve Bank of New York advised him last night that the board of directors of the bank, at its meeting this afternoon, undoubtedly will consider the advisability of voting to increase the discount rate of the bank to 3 1/2%.

After discussion, during which Mr. Hamlin stated that he would not be able to be at the office this afternoon and that, therefore, a quorum of the Board would not be available should action be taken by the New York bank, the Governor was authorized, in the event such a rate is voted by the board of directors of the bank this afternoon, to advise the bank that the Board approves for the Federal Reserve Bank of New York a rediscount rate of 3 1/2% on all classes of paper of all maturities, effective March 3, 1933; Mr. Miller voting "no".

The following reply to the letter dated February 28 from the President of the United States which was presented at the meeting of the Board yesterday was then approved, having been submitted previously to the individual members of the Board for their consideration:

"The Board has received and carefully considered your letter of February 28, 1933.

"In response to your first inquiry, the Board has requested me to advise you that it is not at this time prepared to recommend any form of Federal guarantee of banking deposits. You are, of course, thoroughly familiar with the history of such experiments in some of the States and the inherent dangers in a proposal of this kind.

"With respect to your second inquiry, it is understood that, in referring to the establishment of clearing house systems, you have in mind the possibility of the issuance of clearing house certificates or scrip in different communities throughout the country. This, of course, would require the voluntary and wholehearted cooperation of the bankers in particular areas, and, under conditions like these, the matter is one that presents a number of complications from the standpoint of practical operation. The possibility of issuing such certificates has been discussed with some of the leaders in several important communities where critical situations have developed, including Detroit, Cleveland, and Baltimore, and information regarding mechanics and procedure has been furnished to them. Similar information also has been transmitted

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"to the chairmen and governors of all Federal reserve banks. In addition, we are advised that the Finance Department of the United States Chamber of Commerce recently sent to the presidents of clearing houses, the governors of the Federal reserve banks, and to some individual bankers, considerable material relating to clearing house certificates and other substitutes for cash, with the statement, however, that the Chamber is not urging the adoption of particular devices to meet current situations which necessarily change from day to day.

"We know that the question of issuing clearing house certificates has been or is being considered in the communities named and others, including the District of Columbia, but, for a number of reasons, many of which relate directly to their local situations, they have not felt, up to this time, that it would be feasible or desirable for them to resort to such a device. In Cleveland, it is our understanding that a committee has been appointed by the Clearing House Association for the purpose of canvassing all aspects of the matter in the light of the situation there.

"Answering your third inquiry, the Board has requested me to point out that the question is not whether the situation should be allowed to drift along under the sporadic state and community solutions now in progress, but whether any other step can properly be taken now which would produce better results and which at the same time would not create greater difficulty or alarm. All sorts of proposals and possibilities for dealing with the general situation with which we are confronted have been and are being canvassed and discussed, but so far no additional measures or authority have developed in concrete form which, at the moment, the Board feels it would be justified in urging.

"I may add that these matters are dealt with here only in summary form, because it is understood that you are familiar with the results of the discussions that have taken place recently, including the conference that was held Tuesday evening."

Governor Meyer then reported briefly, for the information of the other members of the Board, the matters which were considered at a meeting held last night in New York City at which he, Mr. Mills, the Secretary of the Treasury, Mr. Woodin, the Secretary of the Treasury designate, Mr. George W. Davison, Chairman of the Central Hanover Bank and Trust Company,

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New York City, and Governor Harrison and Deputy Governors Burgess and Logan of the Federal Reserve Bank of New York, were present, and at which extended consideration was given to possible methods of meeting the present acute banking situation.



March 2, 1933

Governor Meyer presented to the Board the following letter dated March 2, from the President of the United States, which had been delivered to his office during the dinner hour:

"To the Governor and Directors of  
The Federal Reserve Board,  
Washington, D. C.

Gentlemen:

"I understand that the Board is meeting this evening to consider recommending to me the use of the emergency powers under Section 5 of the Enemy Trading Act as amended, for the purpose of limiting the use of coin and currency to necessary purposes. I shall be glad to have the advice of the Board. If it is the view of the Board that these powers should be exerted I would be glad to have your recommendation accompanied by a form of proclamation, as it would seem to me it should be issued by me before banking hours tomorrow morning.

"I also take this occasion to acknowledge the receipt of your letter of February 28th. I am familiar with the inherent dangers in any form of federal guarantee of banking deposits, but I am wondering whether or not the situation has reached the time when the Board should give further consideration to this possibility. I am enclosing herewith a rough outline of a method upon which I should like to have the Board advise me.

Yours faithfully,  
(Signed) Herbert Hoover."

Action upon the President's letter was deferred so that the members of the Board might give it further consideration, although various aspects of the plan referred to therein, which is attached to the letter in the files of the Board, were discussed.

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Governor Meyer reported that, shortly before the dinner hour, Secretary Mills had communicated with Attorney General Mitchell with regard to the authority of the President to declare a bank holiday under the provisions of the Trading with the Enemy Act of October 6, 1917, and had arranged for Mr. Harlan, Legal Assistant to the Undersecretary, and Mr. Wyatt, to discuss the matter with him. He stated, also, that Mr. Wyatt had reported to him that, after considerable discussion of the legal and other aspects of the question, the Attorney General had authorized Messrs. Harlan and Wyatt to tell the Secretary of the Treasury that there is sufficient color of authority under section 5 of the Trading with the Enemy Act to justify the President in taking action under it if he felt that the emergency justified it; and that the Attorney General was then in Mr. Mills' office working on a draft of a proclamation or executive order, with the assistance of Mr. Wyatt, Mr. Morrill, and Mr. Harlan.

During the course of the meeting, all phases of the banking situation were canvassed, and Mr. Mills advised the Board that the Attorney General had stated that while he thought the President could act under the provisions of section 5 of the Trading with the Enemy Act if he deemed the emergency great enough, the matter was not free from doubt and he did not feel that he should advise the President to do so without the consent and approval of the incoming administration.

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It was the unanimous view of the Board that the situation demanded that a banking holiday be declared for Friday, Saturday, and Monday, and that such action should be taken with the understanding that Congress would be called in session on Monday for the purpose of passing not later than Tuesday some form of legislation that would be agreed upon not later than Monday morning. Mr. Mills, who had been in touch by telephone earlier with the President and Mr. Woodin, Secretary of the Treasury designate, so advised Mr. Woodin over the telephone at 11:10 p.m. in the presence of all those named, and of Mr. Ballantine, Mr. Awalt, and Mr. Douglas, who had entered the meeting a short time prior thereto. Subsequently word was received that no action would be taken in the matter tonight, and thereupon the meeting adjourned.

March 3, 1933  
(afternoon)

There followed a considerable discussion of the recent developments in the banking situation, especially with reference to the increasing number of States that have adopted various forms of bank holidays by proclamation or legislative action, the resulting difficult position in which sound banks were finding themselves by reason of demands for currency for various purposes including transfers to communities where banks were closed, and the various proposals that had been made for dealing with the situation, such as through the use of clearing house scrip or certificates which was strongly advocated by Mr. Miller, new State or Federal legislation, etc. During the course of the discussion arrangements were made for Governor Meyer to call upon the President at 4:00 P.M. for the purpose of discussing with him the developments which had arisen during the day and the possibilities of action of a national character. Among other matters, proposals which had been made to guarantee bank deposits were referred to, and Mr. Miller stated that he would vote "no" to any such plan. The discussion resulted in a consensus that it is desirable to have a nationwide bank holiday covering such number of days as might be decided upon for the purpose of affording an opportunity to develop a plan for preventing withdrawals of funds from the banks for hoarding and speculative purposes, including restrictions upon speculative dealings in foreign

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exchange. The fact that counsel and other members of the Board's staff had been working upon the drafting of various forms of action designed to accomplish this purpose was referred to and there was discussion of the outline and scope of such plans.

The Governor left the meeting for the purpose of discussing the situation with the President and upon his return reported to the Board that he felt from the discussion that the President would be disposed to issue a suitable proclamation declaring a bank holiday if the President-elect were to indicate his approval of such course of action, and that there would be further discussion of the matter with Mr. Woodin and Mr. Roosevelt for the purpose of ascertaining their attitude.

March 3, 1933  
(Evening)

It was the unanimous view of the members of the Committee, concurred in by Mr. James, after discussions over the telephone, that the situation demanded a nationwide bank holiday, and, as the Senate had adjourned for the day, the issuance of a Presidential Proclamation or Executive Order seemed to be the only course open. This view was also shared by Secretary Mills, who was in his office and with whom the Committee was in touch. Governor Meyer talked over the telephone with the President, emphasized the seriousness of the situation to him, and stated that the Board felt that action was necessary tonight. Following this conversation it was decided that a letter should be addressed to the President urging the issuance tonight of a Proclamation or Executive Order declaring a nationwide bank holiday.

Mr. Miller left the meeting about ten o'clock and went to the Mayflower Hotel for the purpose of discussing the matter with the President-elect, but did not have an opportunity to talk with him because the President-elect was engaged upon his inaugural address. However, he left copies of the above documents\* for the President-elect. Subsequently, Mr. Miller advised the Committee that he had talked on the telephone with the President-elect and explained the situation to him the evening before.

\*(Draft of Executive Order declaring bank holiday, draft of Joint Resolution approving Executive Order, draft of Joint Resolution declaring bank holiday)

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After the proposed letter to the President was drafted, Governor Meyer communicated with Mr. James, who indicated his complete agreement with the other members of the Committee that a letter should be sent to the President recommending that a nationwide bank holiday be declared. Governor Meyer put in a call for Secretary Mills, who was then with the President. The President answered the call and Governor Meyer again discussed the situation with him and emphasized the necessity for action. Mr. Miller, who was also on the wire with the Governor, participated in the discussion. At the conclusion of the conversation with the President, Secretary Mills talked with Governor Meyer, who told him that a letter to the President had been prepared urging the declaration by him tonight of a nationwide bank holiday, and stated that it was planned to send the letter to the Secretary at the White House for approval and delivery to the President. Secretary Mills indicated that he did not see how the Board could act unless all five members were present and requested that the sending of the letter be withheld until he could return to the Treasury from the White House, stating that he would be over immediately. The Committee then communicated with Mr. James by telephone (shortly after eleven o'clock) and requested that he join the meeting.

March 4, 1933  
12:05 a. m.

The proposed letter to the President urging that a nationwide bank holiday be declared, referred to in Governor Meyers' telephone conversation with Secretary Mills while the latter was at the White House, and to which a postscript referring to the resolution adopted by the Executive Committee of the board of directors of the Federal Reserve Bank of Chicago, had been added, was considered, the letter reading as follows:

"Referring to your letter of March 2, 1933, and subsequent conversations, the Federal Reserve Board has been in session again this evening reviewing the latest reports of developments. The situation as reported from Chicago has reached the point of extreme tension, with prospects that by the end of banking hours tomorrow the gold reserves of the Federal Reserve Bank of Chicago will be dangerously depleted. Representative bankers are assembled there tonight and have requested that a national holiday be proclaimed as the only method they know of dealing with the immediate exigency with which they are confronted.

"There is enclosed a copy of a resolution adopted by the board of directors of the Federal Reserve Bank of New York, now in session. This resolution speaks for itself as to the New York situation.

"Similar conditions are developing rapidly in other Federal reserve districts.

"The Federal Reserve Board has considered two methods of dealing with this emergency, one by executive order and the other by joint resolution of Congress. The Senate having adjourned for the day, the issuance of an executive order seems to be the only alternative to meet the immediate situation. A form of executive order is enclosed for your consideration.



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"The Federal Reserve Board feels that it cannot too strongly urge that the situation has reached a point where immediate action is necessary to prevent a banking collapse.

"P.S. Since this letter was dictated, there has been communicated to us, by telephone, a resolution adopted by the Executive Committee of the Federal Reserve Bank of Chicago, now in session. A copy of this resolution also is enclosed."

Mr. Hamlin moved that the proposed letter be sent to the White House. After some discussion, Mr. Mills said that he would like to have the following statement noted in the minutes:

"The Attorney-General holds that the authority under the Trading with the Enemy Act is of the thinnest possible kind and at most there is the barest color of authority and that he does not believe the President can do it without the agreement of the President-elect, to be followed by a validating Act by the Congress. I think it should be further noted that it was my understanding when I left the President ten minutes ago that Governor Roosevelt felt that in view of the information he had from New York that he did not see the occasion for him to request a national holiday, or, indeed, to assume joint responsibility for it. I think therefore that in view of the opinion given by the Attorney-General that I do not see how the President can act on the recommendation of the Board tonight unless the whole question is to be reopened. I don't differ with the other members of the Board on the practical situation as it exists now at midnight. There is no formal opinion from the Attorney-General."

Mr. Miller called attention to the contents of the letter of March 2 received from the President, in which the President stated that "If it is the view of the Board that these powers (referring to the emergency powers under Section 5 of the Trading with the Enemy

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Act as amended) should be exerted I would be glad to have your recommendation accompanied by a form of proclamation, as it would seem to me it should be issued by me before banking hours tomorrow morning", and said that, while the President was familiar with the developments that had taken place, the Board had not answered the letter in writing and he felt that it should do so. Mr. Mills stated that "last night (Thursday) I informed you that the Attorney General advised the President not to issue such a proclamation and on the basis of that report of mine you decided it was unnecessary to answer the letter. We didn't answer the letter last night or this morning. The Attorney General didn't think it advisable to issue that proclamation under all the circumstances." Mr. Wyatt then said that "earlier in the evening (Thursday) the Attorney General asked me to convey to the Secretary of the Treasury the message that he had considered the Trading with the Enemy Act last evening about 8:30 and that he considered it was sufficient to justify the President in acting if he considered the emergency great enough." Mr. Mills replied that "later that evening the Attorney General advised me that in his opinion he was not justified in acting under the Trading with the Enemy Act and I so reported to the Board last night." Governor Meyer stated that "the question of legal authority is one thing and the question whether you will act with or without agreement with the President-elect is another thing."

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Mr. Miller referred to the contents of the proposed letter to the President, and Mr. Mills stated that he had not objected to the letter but that he wanted to call attention to what had happened Thursday. Mr. Hamlin pointed out that the members of the Board had been advised that on Thursday evening in Secretary Mills' office the Attorney General had dictated a form of proclamation for the President to sign, and that it was after information was received that the President-elect would not assume joint responsibility that the Attorney General expressed the opinion that the President would not be justified in acting under the Trading with the Enemy Act.

Mr. Mills moved to strike out the words "referring to your letter of March 2 and subsequent conversations" in the proposed letter because he felt that the letter was not in response to the President's letter of March 2. Mr. Hamlin stated that he did not object to the amendment and moved that the letter as amended be sent to the President immediately.

Thereupon, without objection, the change was agreed to and the proposed letter, as amended, was unanimously approved.

Reference was then made to the proposed draft of a ratifying resolution to be adopted by the Congress which was not expressly referred to in the letter. Mr. Mills thought it would be of no use to send the ratifying resolution, and the Board decided not to transmit it.

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Thereupon Governor Meyer signed the letter, and at 12:30 a.m. sent it by his secretary (Mr. Fahy) to the White House.

The letter in its final form read as follows:

"The Federal Reserve Board has been in session again this evening reviewing the latest reports of developments. The situation as reported from Chicago has reached the point of extreme tension, with prospects that by the end of banking hours tomorrow the gold reserves of the Federal Reserve Bank of Chicago will be dangerously depleted. Representative bankers are assembled there tonight and have requested that a national holiday be proclaimed as the only method they know of dealing with the immediate exigency with which they are confronted.

"There is enclosed a copy of a resolution adopted by the Board of Directors of the Federal Reserve Bank of New York, now in session. This resolution speaks for itself as to the New York situation.

"Similar conditions are developing rapidly in other Federal reserve districts.

"The Federal Reserve Board has considered two methods of dealing with this emergency, one by executive order and the other by joint resolution of Congress. The Senate having adjourned for the day, the issuance of an executive order seems to be the only alternative to meet the immediate situation. A form of executive order is enclosed for your consideration.

"The Federal Reserve Board feels that it cannot too strongly urge that the situation has reached a point where immediate action is necessary to prevent a banking collapse.

"P.S. Since this letter was dictated, there has been communicated to us, by telephone, a resolution adopted by the Executive Committee of the Federal Reserve Bank of Chicago, now in session. A copy of this resolution also is enclosed."

The proposed form of executive order enclosed for the consideration of the President was as follows:

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"WHEREAS the nation's banking institutions are being subjected to heavy withdrawals of currency for hoarding; and

"WHEREAS there is increasing speculative activity in foreign exchanges; and

"WHEREAS these conditions have created a national emergency in which it is in the best interest of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange, and permitting the application of appropriate measures for dealing with the emergency in order to protect the interests of all the people; and

"WHEREAS it is provided in Section 5(b) of the Act of October 6, 1917, as amended, that 'The President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting, or earmarking of gold or silver coin or bullion or currency \* \* \*'; and

"WHEREAS it is provided in Section 16 of the said Act that 'Whoever shall wilfully violate any of the provisions of this Act or of any license, rule, or regulation issued thereunder, and whoever shall wilfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act shall, upon conviction be fined not more than \$10,000, or, if a natural person, imprisoned for not more than ten years, or both \* \* \*';

"NOW, THEREFORE, pursuant to the authority granted by said Act, I hereby order, direct and declare that:

"1. From Saturday, the fourth day of March, to Tuesday, the Seventh day of March, Nineteen Hundred and Thirty Three, both dates inclusive, there shall be maintained and observed throughout the United States of America a bank holiday for all of the purposes hereinafter set forth;

"2. During said holiday, no banking institution as hereinafter defined shall pay out, export, earmark, or

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"permit the withdrawal or transfer in any manner or by any device whatsoever of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution pay out deposits, make loans or discounts, deal in foreign exchange, or transact any other banking business whatsoever.

"3. Upon the expiration of said holiday and until otherwise ordered by the President of the United States, such banking institutions may pay out, export, earmark or permit the withdrawal or transfer of gold or silver coin or bullion or currency, or deal in foreign exchange to such extent as may be permitted by license or otherwise under regulations issued by the Secretary of the Treasury with the approval of the President.

"4. The Secretary of the Treasury, with the approval of the President, is authorized and empowered to prescribe such regulations as he may find necessary to carry out the purposes of this order.

"5. The term 'banking institution' as herein used shall include all Federal reserve banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

The White House  
March , 1933."

Mr. Mills stated that the Senate would not meet until 10:30 a.m. March 4; that the Senate majority leader, Senator Robinson, would not be there, and that it would be practically useless to attempt to get legislation Saturday morning.

Governor Meyer's secretary (Mr. Fahy) returned to the office shortly after one a.m. and reported that, when he arrived at

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the White House, he was informed that the President had retired at 12:06 a.m., and that the attendants there hesitated to disturb him. Finally, however, they telephoned to Mr. Richey, one of the President's secretaries, who authorized them to deliver the letter to the President at once.

Mr. Mills tried to reach Governor Pinchot of Pennsylvania by telephone at his Washington residence with the view of discussing with him the question of a bank holiday in Pennsylvania, but was unsuccessful. In the meantime, Counsel for the Federal Reserve Bank of Philadelphia had been in touch with the Attorney General of Pennsylvania, who, in turn, had taken the matter up with other State officials and they, too, were endeavoring to reach Governor Pinchot. Governor Meyer talked over the telephone with Governor White of Ohio at the Mayflower Hotel, and with Governor Herring of Iowa at the Willard Hotel regarding the banking situation and the possibility of declaring bank holidays in their respective States if the Governors of New York and Illinois decided to act.

At 2:22 a.m. Mr. Mills reported that he had received information which indicated that, in all probability, the Governors of Illinois and New York would declare bank holidays in their respective States.

At 2:45 a.m. Mr. Stevens of Chicago advised over the long distance telephone that a proclamation was being drafted which it

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was expected that the Governor of Illinois would sign, providing for a full legal holiday on Saturday with the possibility as to Monday, Tuesday and Wednesday, that the amount of withdrawals would be restricted to not exceeding 10%.

At 3:00 a.m. Mr. Hamlin moved that the Chicago bank be instructed to close if the Governor declared a holiday.

Mr. Miller suggested that the Federal Reserve Bank be advised that the Board assumes that the bank will close unless it has assurance that there is no need for closing by the clearing house banks of Chicago.

Mr. James thought it would be better for each bank to work out its own decision.

Mr. Miller then suggested that each bank be advised that, if in its judgment it is advisable to close, the Board will interpose no objection.

At 3:10 a.m. Governor Harrison advised over the long distance telephone that a legal holiday lasting through Monday will be declared by the Governor of New York, and that, in the circumstances, the Federal Reserve Bank of New York will close today.

At 3:20 a.m. Chairman Stevens advised that a legal holiday will be declared, by proclamation of the Governor of Illinois, at least for Saturday with the possibility of a restriction as to withdrawals of deposits on Monday and Tuesday, and that in the circumstances, the Federal Reserve Bank of Chicago will close today.



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Thereupon the Board adjourned, with the understanding that members of its staff would communicate the developments in the situation to the Governors of all the Federal reserve banks (other than Chicago and New York), and would point out to them the advisability of considering what action they should take in order to protect their situation in view of the declarations of bank holidays in New York and Illinois and the consequent closing of the Federal Reserve Banks of New York and Chicago.

March 4, 5, and 6, 1933

On March 4 and also on March 5 and 6 the members of the Federal Reserve Board were in their offices and participated in frequent conferences, including an informal conference arranged by Secretary Woodin for March 5 at which Treasury officials and others were present, regarding the developments in the banking situation and various methods of coping with it, but held no formal Board meetings. During the morning of March 4 the Governor received the following letter from President Hoover which he brought to the attention of the other Board members informally:

"Hon. Eugene Meyer  
Federal Reserve Board  
Washington, D. C.

My dear Governor Meyer:

I received at half past one this morning your letter dated March 3rd. I must assume that this letter was written on the basis of information received by you prior to 11.30 o'clock last night for the reason that before your letter was sent you had certain information as follows:

- a. At 11 o'clock last night the President-elect had informed me he did not wish such a proclamation issued.
- b. The Attorney General had renewed the same opinion which he had already given to the Board that the authorities on which you were relying were inadequate unless supported by the incoming Administration.
- c. That groups of representative bankers in both Chicago and New York, embracing members of the Board of Directors of the Federal Reserve banks in those cities, were then in conference with the governors of the states of Illinois and New York, and that the governors of these two states were prepared to act if these representative groups so recommended. It appears that the governors did

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take action under their authorities, declaring a temporary holiday in these two critical states, and thus accomplishing the major purposes which the Board apparently had in mind.

In view of the above I am at a loss to understand why such a communication should have been sent to me in the last few hours of this Administration, which I believe the Board must now admit was neither justified nor necessary.

Yours faithfully,

HERBERT HOOVER\*

In the evening of March 5, the President, after conferring with Secretary Woodin, the Attorney General, and others, decided to issue a proclamation declaring a nation-wide bank holiday from March 6 to March 9, inclusive.