

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-6915

June 19, 1931.

SUBJECT: Action on Governors' Conference Topics.

Dear Sir:

There is attached hereto for your information, copy of a letter to the Secretary of the Governors' Conference, advising of the action taken by the Board on certain of the topics discussed at the Conference held in Washington on April 27-29, 1931.

Very truly yours,

J. C. Noell,  
Assistant Secretary.

Enclosure.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS EXCEPT SAN FRANCISCO.

C O P Y

X-6915-a

June 19, 1931.

Dear Mr. Strater:

This will acknowledge receipt of your letter of May 26th, enclosing copies of the Secretary's minutes of the Governors' Conference held in Washington on April 27th, 28th and 29th. The Federal Reserve Board has given consideration to the various topics discussed by the Conference and action has been taken as follows:

Topic II-D - Change in weekly Federal reserve bank statement.

The Board has approved the suggestion that the special one-day certificates of indebtedness issued by the Treasury Department to Federal reserve banks to cover Treasury overdrafts on tax payment dates, be shown separately in the body of the weekly Federal reserve bank statement against the caption, "Special Treasury Certificates."

Topic II-E-1 - Payment of a sum equal to one or more months' salary to the widow, dependents, or estate of deceased officers or employees.

In connection with the first recommendation of the conference on this topic, the Federal Reserve Board has ruled that in the event of the death of an officer or employee of a Federal reserve bank, the salary of such officer or employee should be paid only up to the next succeeding pay day.

The Board has not yet acted, however, on the matters of an increase in group insurance for officers and employees at Federal reserve banks, and the establishment of annuity or pension plans by the individual banks.

Topic II-E-2 - Payment of salary in full or in part to officers or employees incapacitated on account of sickness or otherwise.

The Board has noted with approval the action of the Conference in voting that where the absence of officers or employees on account of sickness or other incapacitation exceeds the regular vacation period by thirty days, payment of salary during further leave of absence should be subject to approval by the Board of Directors and reported monthly to the Federal Reserve Board in accordance with the Board's letter of June 14th, 1928, (X-6069).

Supplementary Topic B. - Suggested policy in acting on applications of state banks and trust companies for membership.

The Board has adopted the proposed policy, in connection with its consideration of applications of state banks and trust companies for membership in the Federal Reserve System, that at the time of admission

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to membership the applicant bank shall be free from all known losses and depreciation so that on the date its membership becomes effective its statement will reflect as nearly as possible the value of its assets. In this connection, a letter is going forward today to all Federal Reserve Agents, requesting that they bring this action of the Board to the attention of their committees of directors which pass on applications, in order that they may be governed accordingly in making their recommendations to the Federal Reserve Board.

Topic I-D - Desirability of flexibility of interest rates paid on deposits and of bank dividends.

The Board has noted with approval the action and expressions of opinion of the Conference in regard to this topic.

Topic I-F - Possible desirability of amending the Federal Reserve Act so as to permit a Federal reserve bank in emergencies to make advances to member banks on the security of assets other than presently eligible paper.

Action on the resolution adopted by the Conference on this topic has been deferred by the Board for the time being.

Topic II-F - Advertising Federal reserve membership.

The Board has noted with approval the opinion of the Governors that Federal reserve banks could not with propriety give approval or support to any agency or organization soliciting subscriptions from banks and others for the purpose of explaining or advertising the benefits derived from membership in the Federal Reserve System.

No action is required by the Board on the other topics discussed at the Conference or on the various reports submitted by its committees.

A copy of this letter is being forwarded to the Governor of each Federal reserve bank for his information.

Very truly yours,

J. C. Noell,  
Assistant Secretary.

Mr. H. F. Strater, Secretary,  
Governors' Conference,  
Federal Reserve Bank,  
Cleveland, Ohio.