

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, February 3, 1928 at 11:45 a.m.

PRESENT: Governor Young  
 Mr. Platt  
 Mr. Hamlin  
 Mr. Miller  
 Mr. Cunningham  
 Mr. Eddy, Secretary  
 Mr. McClelland, Asst. Secretary

Telegram dated January 2nd from the Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors of the bank on that day voted to establish a rediscount rate of 4% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board and suggesting that the new rate be made effective as of February 4th.

Mr. Platt moved approval of the rediscount rate of 4% established by the directors of the San Francisco bank, such rate to be effective at the opening of business tomorrow, February 4th.

Carried, Mr. Cunningham "not voting".

Mr. Cunningham stated that he has already explained negative votes on increases in the rates of other banks and that the members are all familiar with his position.

The minutes of the meetings of the Federal Reserve Board held on February 1st and 2nd were read and approved.

Report of Executive Committee on letter dated January 31st from the Comptroller of the Currency, recommending approval of an increase from \$3,000 to \$3,300 per annum in the salary of National Bank Examiner Leon H. Colley; the Board's Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated

2/3/28

-2-

February 1st from the Chairman of the Federal Reserve Bank of Boston, requesting approval of the action of the directors of that bank in voting to extend until their next meeting leaves of absence on account of illness previously granted Mr. Joseph Buckley, Miss Dorothy M. Roberts, Miss Mary C. Quealy and Miss Anna Eichorn, Mr. Buckley and Miss Roberts to receive half pay and Miss Quealy and Miss Eichorn to receive full pay; the Board's Committee recommending approval of the salary payments involved.

Approved.

Letter dated February 2nd from the Secretary of the Federal Reserve Bank of New York, confirming previous advice of the action of the board of directors of the bank on that date in voting to establish a rediscount rate of 4% on all classes of paper of all maturities, and advising that the directors also approved the following revised schedule of purchase rates, effective February 3rd:

Bankers Acceptances:		
1 to 45 days	-	3 1/4%
46 to 90 days	-	3 1/2%
91 to 120 days	-	3 1/2%
121 to 180 days	-	3 3/4%
Repurchase	-	3 1/2%
Government Securities:		
Repurchase	-	4%
Trade Acceptances	-	4%

Without objection, noted with approval.

Report of Executive Committee on memorandum dated February 2nd from the Acting Comptroller of the Currency, recommending approval of an application of the American National Bank of Bradenton, Bradenton, Fla. for permission to reduce its capital from \$150,000 to \$100,000, provided unanimous consent of the shareholders is secured thereto and on condition that \$100 be

2/3/28

-3-

paid for each share of stock cancelled and that the surplus fund of the bank be left intact; the Board's Committee recommending approval, subject to the conditions suggested by the Acting Comptroller.

Approved.

The Secretary then referred to the memorandum from Counsel dated January 31st, relating to the filing of substitute articles of association and organization certificate by the organizers of the proposed United States Foreign Financing Corporation, which was considered by the Board at its meeting yesterday. He called attention to the fact that no action was taken by the Board on a suggestion contained in Counsel's memorandum that the Board cause a supplementary inquiry or investigation to be made on the basis of the substitute documents and new information submitted to it.

Upon motion, Counsel's suggestion was approved.

Letter dated January 31st from the President of the International Acceptance Bank, Inc., advising that after consultation with the State Superintendent of Banks, it has been decided to abandon the proposal to organize a holding company and to continue to have the entire stock of the International Acceptance Trust Company owned by the International Acceptance Bank, Inc., following an increase in the capital stock of the latter institution. The Board's Counsel, Mr. Wyatt, was called into the meeting and advised the Board that there is nothing in the revised proposal having any effect upon the agreement of the International Acceptance Bank, Inc. with the Board. He suggested, however, that the proposed increase in the capital stock of the International Acceptance Bank, Inc. should be certified to the Board when it is made.

Upon motion, the Governor was authorized to reply to the above letter along the lines of Counsel's advice and suggestion.



2/3/28

-4-

The Governor then reported a telephone conversation this morning with the Governor of the Federal Reserve Bank of Boston, during which he was advised that the Executive Committee of the Boston bank will meet on Tuesday, February 7th at 2:00 o'clock for the purpose of establishing a 4% rate at that bank. Governor Young stated that the Boston bank desires to have action by the Board on the new rate immediately following the Executive Committee meeting and requested the members of the Board to be prepared to take action. He also suggested that the Board members stand ready to give prompt consideration to any other rate adjustments which may be received during the week.

The Governor then reported that after conferring with the Director of the Board's Division of Research and Statistics he addressed a letter to the Director of the Institute of International Finance, replying to his letter of January 28th and stating that after consideration of the suggestion contained therein it has been determined that it would be best for the Federal Reserve Board and System if Mr. Goldenweiser should not be invited to become a member of the Executive Council of the Institute.

REPORTS OF STANDING COMMITTEES:

Dated, February 3rd, Recommending a change in stock at a Federal Reserve bank as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

Dated, January 31st, Recommending approval of the application of Mr. Robert R. Hays for permission to serve at the same time as director and officer of the Farmers National Bank, Hickory, Pa. and as director and officer of the First Bank and Trust Company, Washington, Pa.

Recommendation approved.

Dated, February 2nd, Recommending approval of the application of Mr. W. Eugene McGregor for permission to serve at the same time as director of the National Shawmut Bank, Boston, Mass. and as member of the firm of private bankers of Harris, Forbes & Company, Inc. Boston, Mass.

Recommendation approved.

2/3/28

-5-

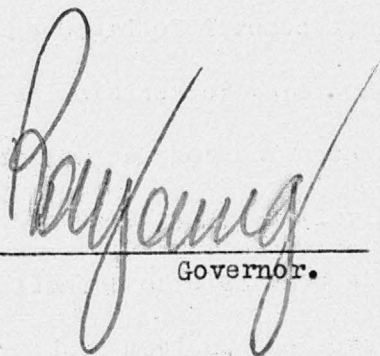
REPORTS OF STANDING COMMITTEES: (Cont'd)

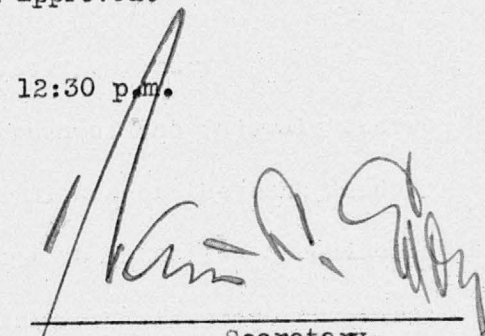
Dated, February 2nd, Recommending approval of the application of Mr. Walter H. Baker for permission to serve at the same time as director of the Union National Bank, Pittsburgh, Pa. and as Vice President and Director of the Citizens National Bank, Washington, Pa.

Recommendation approved.

The meeting adjourned at 12:30 p.m.

Approved:

  
\_\_\_\_\_  
Governor.

  
\_\_\_\_\_  
Secretary.