

A meeting of the Federal Reserve Board was held in the office of the Governor on Friday, February 10, 1928 at 11:30 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on February 8th were read and approved.

Matter approved on initials yesterday, namely, telegram dated February 9th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors 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.

The rate of 4% established by the Kansas City directors having been approved informally yesterday, effective as at the opening of business today, was formally ratified, Mr. Cunningham not voting.

Mr. Cunningham stated that he has previously explained to the Board his position with regard to recent adjustments in Federal Reserve bank rates.

Telegram dated February 8th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the Executive Committee on February 7th approved the following rates for purchases of bankers acceptances, which were established February 3rd:

Endorsed Bills:

1 to 45 days	-	3 1/4%
46 to 120 days	-	3 1/2%

Without objection, noted with approval.

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Letter dated February 9th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that date made no change in the bank's existing schedule of rate of discount and purchase.

Without objection, noted with approval.

Memorandum dated February 8th from the Chief of the Division of Bank Operations, recommending the appointment of Miss Felipa Moss McKey as comptometer operator in the Division for a temporary period of three months, with salary at the rate of \$100 per month.

Approved.

Report of Committee on Salaries and Expenditures on letter dated February 2nd from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the action of the board of directors of that bank in voting to grant a leave of absence of three months from February 1st, with full pay, to Mr. A. U. Svege, a guard at the Los Angeles Branch; the Board's Committee recommending approval of the salary payment involved.

Approved.

Report of Committee on Salaries and Expenditures on letter dated February 2nd from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the action of the board of directors of that bank in voting to extend for a period of two months from February 1st, with half pay, leave of absence on account of illness previously granted Mr. Lee L. Lane, a guard at the head office; the Board's Committee recommending approval of the salary payment involved.

Approved.

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Report of Committee on Salaries and Expenditures on letter dated February 9th from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of the action of the board of directors of that bank in voting to extend for a period of thirty days from February 4th, with full pay, leave of absence on account of illness previously granted Miss Viola Barnes, an employee of that bank; the Board's Committee recommending approval of the salary payment involved.

Approved.

Report of Committee on Salaries and Expenditures on letter dated January 6th from the Chairman of the Federal Reserve Bank of New York, transmitting a report of all employees of the bank grouped according to departments, divisions and grades, the salaries paid each at the end of 1926 and 1927 and changes, if any, in salary or grade during the year of each employee receiving a salary in excess of \$2500 per annum; the Board's Committee reporting that all of the adjustments made were in accordance with the salary plan approved by the Board on January 12, 1926 and recommending that the salary schedule be approved as submitted.

Upon motion, the recommendation of the Committee was adopted.

Telegram dated February 10th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the board of directors at their meeting today voted to make no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated February 9th from the Federal Reserve Agent at New York, advising of plans under way which it is expected will be completed

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about February 20th for the merger of the Terminal Trust Company, New York City, a nonmember bank, into the International Germanic Trust Company, a member bank; the Agent advising that the Board was informed of the pending merger at the time the International Germanic Trust Company was admitted to membership in the System.

Noted.

The Governor then referred to the action of the Board on February 2nd in requesting him to report as to the most suitable method by which to secure information contemplated in the resolution submitted by Mr. Cunningham on that date with respect to loans to brokers and dealers on the security of stock exchange collateral being made by member banks while such banks are rediscounting with the Federal Reserve banks. He suggested that the various Federal Reserve banks might be requested to report to the Board all such cases of which they have knowledge and at the same time be asked to advise the Board of the names of all banks having a capital in excess of \$100,000 which have been borrowing continuously within the last thirty days. He stated that when this list of banks has been compiled the Board might request the member banks in New York City through which most of the so-called brokers' loans are placed to check the list and advise it what banks named therein are lenders in the call market.

An informal discussion then ensued, but no action was taken.

The Governor then presented a letter dated February 7th from the Acting Chairman of the Open Market Investment Committee advising that since

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his letter to the Board of January 27th \$25,000,000 additional of securities have been sold from the Open Market Investment Account, reducing that account to \$275,000,000, which is \$150,000,000 less than at the first of the year, and further that these sales of securities, together with recent advances in the discount rates of some of the Federal Reserve banks, have resulted in slightly firmer money; the Acting Chairman stating that in view of these facts it is believed that it might be wise for the present to continue the open market investment account at about the present level and to watch the effect of the sales already made and the changes in the rediscount rate before taking any further action.

The Governor reported a telephone conversation with Mr. Case during which he was advised that the situation was discussed by the directors of the New York bank at their meeting yesterday, and that the directors were of the opinion that no further sales of securities should be made for the next three or four days.

After discussion, the Governor was authorized to advise Mr. Case that the Board is in agreement with the conclusion expressed in his letter, although there is a feeling on the part of some members of the Board that further sales should be indefinitely suspended.

REPORTS OF STANDING COMMITTEES:

Dated, February 9th, Recommending a change in stock at a Federal Reserve bank as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

Dated, February 7th, 9th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, February 7th, Recommending refusal of an application for admission of a state bank as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, February 7th, Recommending approval of the application of Mr. Raymond Guarini for permission to serve at the same time as director of the Bay Parkway National Bank, Brooklyn, N. Y. and as President of the Madison State Bank, New York, N. Y.

Recommendation approved.

Dated, February 7th, Recommending approval of the application of Mr. Roger B. Shepard for permission to serve at the same time as director of the National Exchange Bank in St. Paul, Minn. and as director of the Merchants National Bank, St. Paul, Minn.

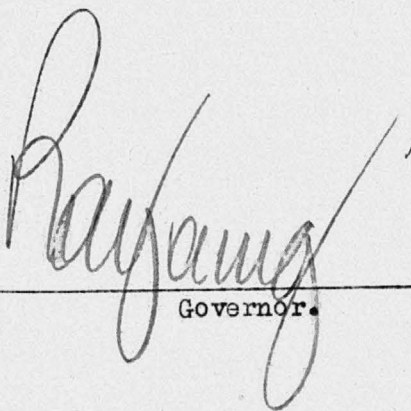
Recommendation approved.

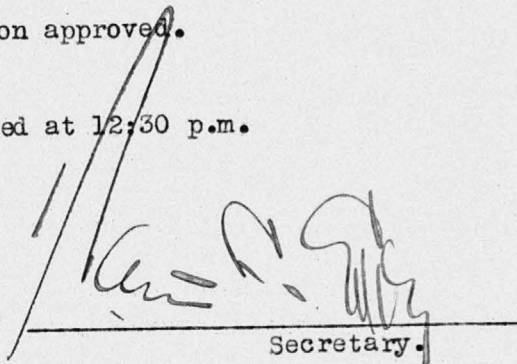
Dated, February 8th, Recommending approval of the application of Mr. E. C. Romfh for permission to serve at the same time as officer and director of the First National Bank, Miami, Fla. as officer and director of the Miami Beach First National Bank, Miami Beach, Fla. and as director of the Coral Gables First National Bank, Coral Gables, Fla.

Recommendation approved.

The meeting adjourned at 12:30 p.m.

Approved:


Governor.


Secretary.