

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, April 13, 1928 at 11:00 a.m.

PRESENT: Vice Governor Platt
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Noell, Asst. Secretary
 Mr. McClelland, Asst. Secretary

Telegram dated April 11th from the Chairman of the Federal Reserve Bank of Boston, and telegram dated April 12th from the Chairman of the Federal Reserve Bank of Richmond, both advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated April 12th from the Deputy Governor of the Federal Reserve Bank of New York, advising of the establishment of the following schedule of rates for purchases of bankers acceptances, effective April 13th:

1 to 30 days	-	3 5/8%
31 to 120 days	-	3 3/4%
121 to 180 days	-	4%
Repurchase	-	3 3/4%

Without objection, noted with approval.

Letter dated April 12th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors at a meeting on that date made no change in the bank's existing schedule of rates of discount and purchase, other than to approve the establishment, effective April 13th, of the buying rates quoted in the telegram from the Deputy

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Governor of the bank above referred to.

Without objection, noted with approval.

Telegrams dated April 12th from the Chairmen of the Federal Reserve Banks of Chicago and St. Louis, both advising of the establishment of the following schedule of rates for purchases of bankers acceptances, effective April 13th:

1 to 30 days	-	3 5/8%
31 to 120 days	-	3 3/4%
121 to 180 days	-	4%

Without objection, noted with approval.

Telegram dated April 13th from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment of the following schedule of rates for purchases of bankers acceptances, effective April 13th:

1 to 30 days	-	3 3/4%
31 to 120 days	-	3 7/8%
121 to 180 days	-	4%

Without objection, noted with approval.

Telegram dated April 12th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors of the bank at its meeting on that date made no change in the existing schedule of rates of discount and purchase, including the following schedule of rates for purchases of bankers acceptances:

1 to 30 days	-	3 1/2%
31 to 90 days	-	3 5/8%
91 to 120 days	-	3 3/4%
121 to 180 days	-	4%

Without objection, noted with approval.

Memorandum dated April 11th from the Secretary, advising that George W. Evans, messenger under a temporary appointment, is leaving the Board's

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services at close of business, April 20th.

Noted.

Report of Committee on Salaries and Expenditures on letter dated April 7th from the Secretary of the Federal Reserve Bank of Cleveland, requesting approval of a salary of \$3,000 per annum for Mr. Grover C. Hardesty, to be employed as Chief of the Guard Force of the bank; the Board's Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated April 9th from the Assistant Federal Reserve Agent at St. Louis, advising that the Executive Committee of the Bank has voted, subject to the approval of the Board, to extend for a period of thirty days from April 16th, with full pay, leave of absence on account of illness previously granted Mr. Robert Zeller, an employee of the Money Department; the Board's Committee recommending approval of the salary payment involved.

Approved.

Report of Committee on Salaries and Expenditures on letter dated April 10th from the Governor of the Federal Reserve Bank of Minneapolis, advising that the Executive Committee of the bank has voted, subject to the approval of the Board, to extend for a period of three months, with full pay, leave of absence on account of illness previously granted Mr. Levi C. Danielson, an employee of the bank; 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 April 6th from the Federal Reserve Agent at Kansas City, advising that the Executive Committee of the bank has voted, subject to the approval of the Board, to extend for a period of one month from April 1st, with full pay, leave of absence on account of illness previously granted Miss Marguerite Kihm, an employee of the Discount Department; the Board's Committee recommending approval of the salary payment involved.

Approved.

Report of the Executive Committee on letter dated April 6th from the Federal Reserve Agent at Cleveland, advising that the board of directors of his bank has given consideration to the question of the reserve requirements of the Second National Bank of Allegheny, Pittsburgh, Pa. and is of the unanimous opinion that the requirements of the bank should not be altered from their present status, namely, 3% of time deposits and 7% of demand deposits; the Executive Committee recommending approval of the recommendation of the Cleveland directors.

Upon motion, it was formally voted that no change be made in the present reserve requirements of the Second National Bank of Allegheny.

The Secretary then presented letter dated April 12th from the President of the Liberty State Bank and Trust Company, Mt. Carmel, Pa., accepting the conditions of membership imposed upon it by the Board at the meeting on April 4th; the letter also stating, with reference to Condition #3, that the bank now owns 57 shares of stock in the National City Bank of New York and expects to exercise its right to purchase 12 additional shares to which it is entitled when new stock is issued.

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Upon motion, it was voted to interpose no objection to the purchase of the bank stock referred to.

Letter dated April 10th from the Managing Director of the Baltimore Branch of the Federal Reserve Bank of Richmond, with reference to the proposed construction of a tunnel connecting the new branch bank building with the postoffice building diagonally across the street, which was held in abeyance because of the fact that there has been some agitation for the removal of the postoffice building to a new location; the Managing Director stating that it has now been decided to erect a new postoffice building on the present site and requesting that the Board take up with the proper official of the Treasury Department the matter of securing a permit for the construction of the proposed tunnel.

After discussion, the Secretary was directed to address a letter to the Treasury Department requesting issuance of the necessary permit for the tunnel construction.

Letter dated April 9th from the Governor of the Federal Reserve Bank of Dallas, advising that the board of directors at their last meeting voted to authorize the Dallas bank to act as agent for the Federal Intermediate Credit Bank of Berkeley, Cal. under the conditions outlined in Deputy Governor Gilbert's telegram to the Board of March 29th and with the understanding that some reasonable charge will be made for the services involved, the amount thereof to be determined by the Executive Committee of the bank; the Governor further reporting the opinion of his directors that the question of the charge to be made should be placed upon the program for discussion at the forthcoming Conference of the Governors and suggesting that if the topic is submitted it also include the desirability of a uniform charge by Federal Reserve banks for handling securities for Federal Land Banks, Intermediate Credit

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Banks, Joint Stock Land Banks, etc. as it is understood the Federal Reserve Bank of St. Louis is making a charge for such safekeeping service, which is performed gratuitously by the other Federal Reserve banks.

After discussion, it was voted to approve the action of the directors of the Dallas bank in authorizing the institution to act as agent for the Federal Intermediate Credit Bank of Berkeley, with the understanding that some reasonable charge will be made for the services involved.

It was also voted to advise the Governor of the Dallas bank that there will be no objection to his suggesting discussion at the forthcoming conference of Governors of the question of a proper charge for the services involved in the above agency arrangement, including, if he desires, the question of Federal Reserve banks charging for safekeeping services rendered the Federal Land banks, Intermediate Credit banks, Joint Stock Land banks, etc.

Letter dated April 10th from the Federal Reserve Agent at Chicago, transmitting copy of a memorandum from the bank's Counsel with reference to the activities of the Iroquois Trust Company, Chicago, Ill. and suggesting that the Board may wish to report the institution's methods of advertising and selling securities to the Attorney General of the United States as a possible violation of the Act approved May 24, 1926.

Referred to the Law Committee.

The Secretary then read to the Board the following letter dated April 12th from the Chairman of the Federal Reserve Bank of Richmond:

"I have just advised you by telegraph that our Board of Directors, in meeting today, voted no change in existing schedule of rates. Accompanying this action, and as a result of our deliberations upon the questions of credit supply and rate, the following motion was made and unanimously carried:

'To aid in protecting the credit supply and in preventing further inflation, which has occurred for the second time within ten years, the Directors of this bank believe it to be necessary that the investment securities of the System be sold in the Open Market, and they

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"direct that the investment securities now carried by this bank be sold in an orderly manner at the discretion of the officers.

If inflation is not decisively checked, the Directors of this bank believe that it will be necessary to raise the discount rate."

After discussion, during which it was brought out that the security holdings of the Richmond bank outside of the open market investment account amount to only \$1,153,000, the above letter was noted, no action being considered necessary.

Mr. Platt then submitted letter addressed to him by the Governor under date of April 12th, advising that under the authority granted by the Board on April 4th he has engaged Mr. Newton D. Baker as special counsel to represent the Board in the case brought against it on behalf of the organizers of the proposed United States Foreign Financing Corporation, with a fee in advance of \$2,500 for the trial of the case in the Supreme Court of the District of Columbia and an aggregate of \$5,000 for such further service as may be required to be rendered by him in any and all appeals or error proceedings in said case.

Upon motion, it was voted to approve the action of the Governor in fixing a fee of \$2,500 for Mr. Baker for services in handling the above mentioned case in the Supreme Court of the District of Columbia, with provision for an additional fee of \$5,000 in the event the case is tried in a higher court or courts, it being understood that the above fee is in addition to all necessary expense incurred by Mr. Baker in connection with the case.

REPORTS OF STANDING COMMITTEES:

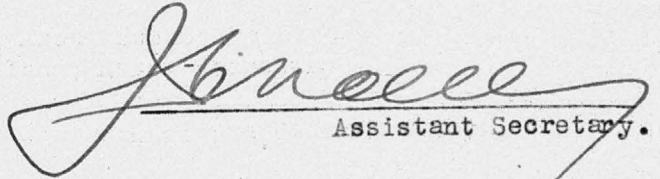
- Dated, April 10th, Recommending changes in stock at Federal Reserve banks
11th, as set forth in the Auxiliary Minute Book of this date.
13th, Recommendations approved.
- Dated, April 10th, Recommending action on application for admission of a state
bank, subject to the conditions stated in the individual
report attached to the application, as set forth in the

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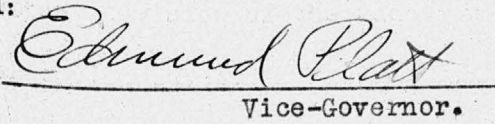
REPORTS OF STANDING COMMITTEES: (Cont'd)

Auxiliary Minute Book of this date.
Recommendation approved.

The meeting adjourned at 12:00 o'clock noon.


Assistant Secretary.

Approved:


Vice-Governor.