

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, June 13, 1928 at 11:10 a.m.

PRESENT: Governor Young  
Mr. Platt  
Mr. Hamlin  
Mr. Miller  
Mr. James  
Mr. Eddy, Secretary

The reading of the minutes of the meeting of the Federal Reserve Board held on June 12th was dispensed with.

Report of Committee on Salaries and Expenditures on letter dated June 9th from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of the action of the board of directors of that bank in voting to grant to the Governor a leave of absence of sixty days, thirty days in excess of the regular vacation allowance; the Board's Committee recommending approval of the payment of salary to Governor Talley during the extended leave of absence granted him by the Dallas directors.

Approved.

Report of Committee on Examinations on letter dated June 8th from the Federal Reserve Agent at Chicago, recommending approval of an application of the Redford State Savings Bank, Detroit, Michigan, for a reduction in its reserve requirements from 10 per cent to 7 per cent of demand deposits; the Federal Reserve Agent stating that the territory in which Redford is located was recently annexed to the city of Detroit.

Upon recommendation of the Committee on Examinations, the above application was unanimously approved.

Letters dated June 1st and 8th from the Deputy Governor of the Federal Reserve Bank of New York, with reference to the situation in the money market and important changes which took place in New York and throughout the System

6/13/28

-2-

during the preceding weeks.

The above letters having been circulated among all members of the Board, were noted.

Letter dated June 8th from the Deputy Governor of the Federal Reserve Bank of New York, referring to his letter of June 6th regarding withdrawal of earmarked gold by the Bank of France and advising that a request has been received from the Bank of France for the earmarking of an additional \$50,000,000 of gold bars.

The above letter having been circulated among all members of the Board, was noted.

The Governor reported telephone advice from the Federal Reserve Bank of New York, that in addition to the \$93,000,000 of earmarked gold that has been moved out of the country for the Bank of France and the \$50,000,000 being earmarked for the account of that institution, the Bank of France has requested the sale of \$50,000,000 of government securities, of which, \$30,000,000 have been sold by the Federal Reserve Bank of New York for delivery on June 15.

He stated that while the Federal Reserve Bank of New York does not have any definite information, it is of the opinion that the Bank of France will request that the proceeds of this sale be earmarked for its account.

The Governor then referred to a discussion which took place yesterday with respect to the functions of the Board's Supervisor of Examinations, Mr. Gilbert, and the scope of the operations being conducted under his supervision.

The discussion resumed, and at its conclusion, Mr. Hamlin moved that the work of the Supervisor of Examinations and the several employees assisting him be developed along the lines of cooperating with the Federal Reserve Agents in the conduct of the work of member bank examinations and of

6/13/28

-3-

establishing an administrative check over the operations of the examining departments in charge of the Federal Reserve Agents, and of improving the efficiency of said departments where after investigation it may seem to be needed; and that the Board's Committee on Examinations, Messrs. Platt and James, be requested to report to the Board a practical outline of the procedure to be followed in this direction by the Board's Supervisor of Examinations.

Mr. Hamlin's motion, being put by the Chair, was carried.

During the above discussion attention was called to the fact that for an extended period of time, the First National Bank of Frostburg, Maryland, has been borrowing continuously from the Federal Reserve Bank of Richmond on its promissory note secured by government securities.

Upon motion by Mr. Hamlin, it was voted that the Federal Reserve Bank of Richmond be requested to advise the Board what steps, if any, have been taken by it with respect to the continuous borrowing of this member bank.

Mr. Platt referred to recent correspondence between himself and the Federal Reserve Agent at New York regarding the possibility of approval by the Board of an application, if filed, by Mr. Ernest Iselin to succeed his father as a director of the Central Union Trust Company of New York City, and at the same time continue as a director of the Hanover National Bank of New York City. Mr. Platt stated that Mr. McGarrah is of the opinion that approval of such an application would not be incompatible with the public interest.

After discussion, upon motion, it was voted to be the sense of the Board that a formal application, when filed by Mr. Iselin, would be approved.

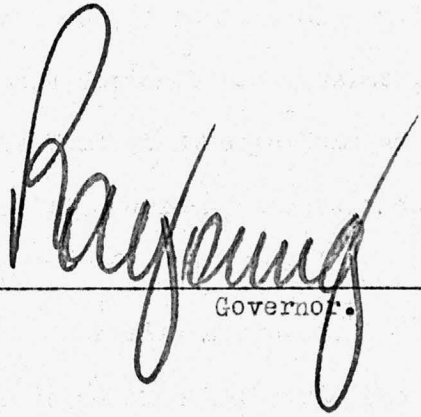
6/13/28

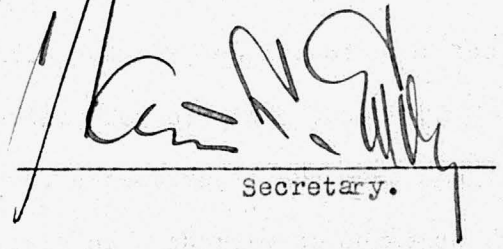
REPORT OF STANDING COMMITTEE:

Dated, June 13th, Recommending a change in stock at a Federal Reserve Bank as set forth in the Auxiliary Minute Book of this date.  
Recommendation approved.

The meeting adjourned at 1:00 p.m.

Approved:

  
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Governor.

  
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Secretary.