

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Wednesday, September 12, 1928, at 11:00 a.m.

PRESENT: Governor Young
Mr. James
Mr. Cunningham
Mr. Noell, Asst. Secretary
Mr. McClelland, Asst. Secretary

Letter dated September 6th from the Secretary of the Federal Reserve Bank of New York, telegram dated September 5th from the Chairman of the Federal Reserve Bank of St. Louis, and telegram dated September 7th from the Chairman of the Federal Reserve Bank of Dallas, all 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.

Letter dated September 4th from the Comptroller of the Currency, recommending approval of increases from \$2,700 to \$3,000 per annum and from \$2,900 to \$3,000 per annum, respectively, in the salaries of National Bank Examiners William M. Whitehurst and W. L. Sibley.

Approved.

Reports of Committee on Salaries and Expenditures on letters dated September 4th from the Governor of the Federal Reserve Bank of Boston, September 5th from the Chairman of the Federal Reserve Bank of St. Louis, and September 5th from the Chairman of the Federal Reserve Bank of San Francisco, transmitting reports of employees for whom the directors of the banks approved leaves of absence with pay, on account of illness, during the month of August, where the total of such absences since January 1, 1928 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

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Approved.

Report of Committee on Salaries and Expenditures on letter dated September 6th from the Chairman of the Federal Reserve Bank of Philadelphia, transmitting reports of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the months of July and August, where the total of such absences since January 1, 1928 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Letter dated September 7th from the Federal Reserve Agent at Chicago, referring to the illness of Mr. Frank M. Huston, Manager of the Division of Research and Statistics, and submitting a recommendation, concurred in by the Executive Committee of the bank, that Mr. H. G. Pett be designated as Acting Manager of the Department, with an increase in salary from \$4,800 to \$5,100 per annum, effective September 1st.

After discussion, upon motion it was voted to approve the designation of Mr. Pett as Acting Manager of the Chicago Bank's Division of Research and Statistics, but to advise the Federal Reserve Agent that consideration of the increase in salary recommended for Mr. Pett will be deferred until the first of the year.

Letter dated September 7th from the Federal Reserve Agent at Chicago recommending approval of an application of the Addison National Bank, Chicago, Illinois, an outlying institution, for a reduction in its reserve requirements from 13% to 10% of demand deposits.

Upon motion, it was voted to recommend approval of the above application to the Board; five affirmative votes being required by law to make approval effective.

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Letter dated September 7th from the Deputy Governor of the Federal Reserve Bank of New York, requesting approval of a change in the inter-district time schedule from Buffalo to San Antonio from four to three days; the letter stating that the change is agreeable to the Federal Reserve Bank of Dallas.

Approved.

Letter dated September 5th from the Cashier of the Federal Reserve Bank of San Francisco, requesting approval of changes in the inter-district time schedule of that bank and its various branches, as set forth therein; the letter stating that all changes have been taken up with the Federal reserve banks involved and have received their approval.

Upon motion, the changes were approved.

Letter dated September 6th from the Governor of the Federal Reserve Bank of Boston, with reference to the suggested amendment to the Board's regulation fixing seven days as the minimum maturity on discounts by Federal reserve banks of member banks' collateral notes, which the Board referred to all Federal reserve banks for consideration at the forthcoming conferences of Governors and Federal Reserve Agents; Governor Harding inquiring whether there would be any objection to discussion of the matter at the meeting of the stockholders of the Federal Reserve Bank of Boston, which will be held on November 9th.

Upon motion, it was voted to advise Governor Harding that there is no objection to his bringing the subject up for discussion at the stockholders meeting.

The Assistant Secretary then stated that the Board at this time of the year fixes a date for the opening of polls in the annual elections of Class A and B Directors of Federal reserve banks and recommended that November

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15th be so fixed. He also recommended that no change be made for the forthcoming elections in the group classifications of member banks, stating that while consideration has been given to the question of reclassification, the work cannot be completed in time for the next elections. He stated it is hoped to submit proposed reclassifications to the Fall conference of Chairmen and to complete the work well in advance of the 1929 elections.

Upon motion, the recommendations of the Assistant Secretary were approved.

The Assistant Secretary then submitted replies from all Federal reserve banks to a telegram sent out by the Governor of the Board, inquiring whether the week of November 12th would be satisfactory to the Governors and Chairmen of the banks for the Fall conferences; the replies indicating that the suggested week will be satisfactory.

Upon motion, it was voted to hold the Conference of Federal Reserve Agents on November 12th, 13th and 14th, the Conference of Governors on November 14th, 15th and 16th, and the joint conference on Saturday, November 17th.

Letter dated September 4th from the Secretary of the Federal Advisory Council, transmitting copy of a memorandum, the original of which was addressed to the Governor of the Board, on the subject of reserves against letters of credit, which subject will be discussed at the forthcoming meeting of the Council.

Upon motion, the Assistant Secretary was directed to distribute copies of the memorandum to all members of the Board for their information.

Memorandum from Counsel, dated September 5th, with reference to the Clayton Act application of Mr. Herman A. Metz, involving the First National

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Bank and Trust Company, Mamaroneck, New York, the First National Bank, Brooklyn, New York, and the Bank of the United States, New York, New York; Counsel stating that Mr. Metz is also serving the International Germanic Trust Company of New York City, and recommending that his application be approved with the understanding that he will resign from the International Germanic Trust Company, which he has indicated he is willing to do.

Counsel's recommendation, being concurred in by the Law Committee, was upon motion approved.

Memorandum from Counsel dated September 6th, submitting an application for approval and reservation of the title "Federal International Investment Trust" for a corporation proposed to be organized under the provisions of Section 25 (a) of the Federal Reserve Act.

Upon motion, it was voted to approve the title in question and to reserve it for a period of thirty days.

Memorandum from Counsel, dated September 5th, submitting draft of reply to letter dated August 28th from the Peoples National Bank of Patchogue, New York, inquiring whether that bank may legally enter into an agreement whereby it would receive subscriptions to stock of the newly organized Suffolk Fire Insurance Corporation, hold all payments received until the full amount has been subscribed, and then pay these amounts over to the Corporation, receiving in return stock certificates for delivery to the individual subscribers; the proposed reply stating that in the opinion of the Board, the proposed function of the bank would be that of a trustee or other fiduciary and should not be entered into without first obtaining authority from the Board to exercise trust powers.

Upon motion, the letter submitted by Counsel was approved.

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Memorandum dated September 11th from the Assistant Chief of the Division of Bank Operations, prepared in accordance with the instructions of the Executive Committee at its meeting on September 5th, relative to the reserve requirements of State banks in Idaho and the effect of membership in the Federal Reserve System upon the earnings of such banks.

Noted.

Memorandum dated September 5th from the Fiscal Agent of the Board, submitting a letter dated August 30th from the Comptroller General of the United States, advising that all travel by members of the Board, as well as its employees, should be approved by the Board or by an official to whom the authority for such approval has been properly delegated.

Upon motion, it was voted to authorize the Acting Administrative Officer of the Board to sign travel orders for members, as well as for officers and employees of the Board.

The Assistant Secretary then submitted replies received from all Federal reserve banks to a telegram sent out by the Governor of the Board under date of August 30th, inquiring whether or not present rediscount rates have been a deterrent to business in their respective districts.

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

The Governor then reported telephonic advice received from the Deputy Governor of the Federal Reserve Bank of New York that the bank has taken over from a foreign correspondent about \$23,000,000 of Government securities, \$3,000,000 of which were resold. He stated that the remaining \$20,000,000 will be disposed of as quickly as possible, but that this week's statement will show an increase in the Federal Reserve Bank's holdings of

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Government securities.

REPORTS OF STANDING COMMITTEES:

Dated, September 5th, Recommending changes in stock at Federal Reserve Banks,
6th, as set forth in the Auxiliary Minute Book of this date.

7th, Recommendations approved.

8th,

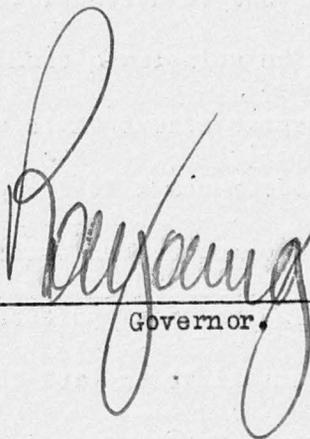
10th,

Dated, September 8th, Recommending action on an application for fiduciary
powers, as set forth in the Auxiliary Minute Book of
this date.

Recommendation approved.

The meeting adjourned at 11:50 a.m.

Approved:



Governor.



Assistant Secretary.