

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, December 8, 1928 at 11:20 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on December 7th were read and approved.

Telegrams dated December 7th from the Secretary of the Federal Reserve Bank of Cleveland and the Chairman of the Federal Reserve Bank of Dallas, both advising that their Boards of Directors at meetings on that date made no change in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated December 8th from the Board's Chief Examiner recommending that in addition to paying the traveling expenses and the maintenance and subsistence of the 64 men borrowed from other Federal Reserve Banks to assist in the last examination of the Federal Reserve Bank of New York, the Board authorize the payment of a sum not to exceed \$25 to each for additional services rendered. The Governor stated that this is in accordance with the procedure which has been followed by the Board in the past and that he is advised by the Board's Counsel that the payment in question may be made.

Upon motion, the recommendation of the Chief Examiner was approved.

The Governor then suggested that the Board adopt a form of resolution authorizing the payment of fees to those assisting in examinations of Federal Reserve Banks, and upon motion, the following resolution was adopted:

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BE IT RESOLVED BY THE FEDERAL RESERVE BOARD that the Chief Federal Reserve Examiner be authorized to employ temporarily members of the staffs of Federal reserve banks to assist in the examination of other Federal reserve banks and that the Board shall pay the traveling expenses, maintenance and subsistence of each such man while so employed, and shall pay to each such man a fee not to exceed \$25 for his services in connection with each examination.

The Governor then submitted draft of a letter which he proposed to address to the Assistant Federal Reserve Agent at Minneapolis with respect to interlocking directorates of Mr. Otto Bremer; the letter pointing out the ruling made by the Board some time ago that members of the Advisory Board of a national bank, under certain circumstances, do not come within the provisions of the Clayton Act.

Upon motion, transmittal of the letter submitted by the Governor was approved.

The Comptroller of the Currency then reported that in accordance with the request at the meeting of the Board yesterday he communicated over the telephone with the attorneys for the Continental National Bank and Trust Company of Chicago, Illinois, relative to the application of that bank pending before the Board for a reduction in its capital from \$35,000,000 to \$1,000,000 in connection with a proposed consolidation with the Illinois Merchants Trust Company of Chicago, Illinois. He stated that he was informed that the national bank has pledged with State authorities \$500,000 of government securities as protection against mal-administration of trusts which are to be handled by the bank. He stated that the attorneys for the bank are of the opinion that the proposed reduced capital of \$1,000,000 is sufficient for the purposes of the institution and expressed the hope that the reduction to that figure would be approved by

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the Board. He stated he was advised, however, that if the Board decides that a larger capital is desirable its wishes will be complied with.

The Governor stated that he discussed the matter of the proposed reduction this morning with Mr. James who expressed the opinion that a capital of \$2,000,000 should be required.

After detailed discussion, upon motion, it was voted to approve a reduction in the capital stock of the Continental National Bank and Trust Company from \$35,000,000 to \$1,500,000, effective when the Illinois Merchants Trust Company of Chicago, through consolidation or otherwise, has assumed all of the liabilities of the national bank to its depositors and other creditors, and to advise the national bank that it may feel at liberty to take up the matter of a further reduction with the Board at any time it may desire.

The Governor then submitted a memorandum from Counsel dated November 12th submitting draft of a reply to letter dated November 1st from the Deputy Governor of the Federal Reserve Bank of Richmond raising certain questions with reference to the assessment of progressive penalties for deficiencies in reserves of member banks, under the provisions of the Board's Regulation D, Series of 1928.

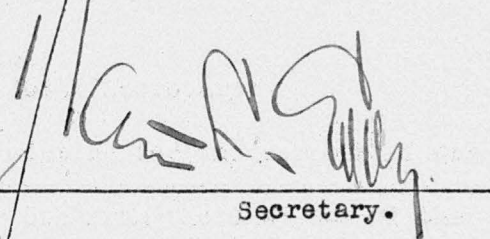
At the suggestion of the Governor, upon motion, the reply was amended and approved.

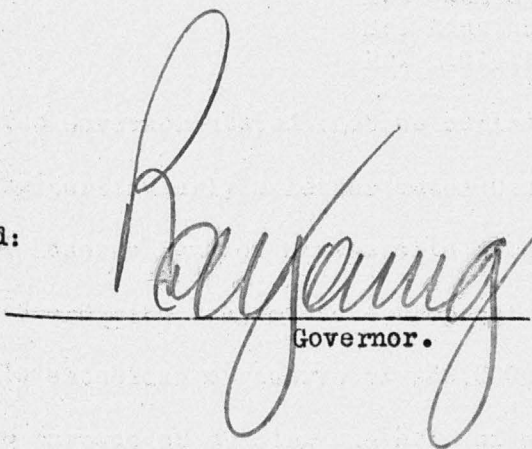
The Governor then reported that at the time of the Governor's Conference the Governor and the Chairman of the Federal Reserve Bank of San Francisco submitted plans and estimates for the building which it is proposed to erect to house the Los Angeles Branch and requested that because of the additional expense involved in referring specific contracts for review and approval of the Board's Consulting Architect, the procedure be eliminated in connection with the construction of the Los Angeles Branch; general schedules to be approved by the Board and specific contracts to be handled by the Board of Directors of the bank within the estimates approved.

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After discussion, the Governor was authorized to advise the Federal Reserve Bank of San Francisco that the Board is inclined to proceed along the lines suggested in connection with the proposed Los Angeles building.

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


Secretary.


Governor.

Approved: