

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, December 10, 1928 at 12:15 p.m.

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

The Governor stated that he called the meeting for the purpose of considering particularly a letter dated December 5th from the Chairman of the Federal Reserve Bank of Minneapolis, requesting wire advice today of the views of the Board with respect to a proposal that the Federal Reserve Bank of Minneapolis establish a reserve of \$35,000 out of its earnings for the current year for the purpose of meeting one half of what it estimates will be its expense during the coming year for the printing of Federal Reserve notes of the new size. The Secretary reported that the bank's estimate of expense is excessive and a discussion ensued during which it was the consensus of opinion that there is no necessity for any Federal Reserve bank setting up a reserve in connection with the printing of the new size currency.

Upon motion, it was voted to advise the Chairman of the Minneapolis bank that the Board does not approve the setting up of the reserve in question.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Cleveland and St. Louis, of employees for whom the directors of those banks approved leaves of absence with pay, on account of illness, during the month of November, 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.

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Letter dated December 7th from the Chairman of the Federal Reserve Bank of Cleveland, advising of the reappointment of Messrs. E. S. Lee and A. E. Braun as directors of the Cincinnati and Pittsburgh Branches, respectively, for terms of three years beginning January 1, 1929 and the reappointment of Messrs. C. F. McCombs and J. C. Nevin as Managing Director of the respective branches for the year 1929.

Noted.

Letter dated December 7th from the Chairman of the Federal Reserve Bank of Kansas City, advising of the reappointment of Messrs. A. H. Marble, H. W. Farr and Ned Holman as directors of the Omaha, Denver and Oklahoma City Branches, respectively, for terms of three years beginning January 1, 1929, and the reappointment of Messrs. L. H. Earhart, J. E. Olson and C. E. Daniel as Managing Directors of the respective Branches for the year 1929.

Noted.

The Governor then presented a memorandum addressed to him by Counsel under date of December 8th, advising that he has communicated with Counsel for all Federal Reserve banks regarding the amendment to Section V of Regulation J, approved by the Board on December 4th, and has been advised that there is no pending litigation in any District which would be adversely affected by the adoption of such an amendment at this time.

Upon motion, in accordance with the recommendation contained in Counsel's memorandum, the following formal resolution was adopted:

"BE IT RESOLVED BY THE FEDERAL RESERVE BOARD THAT, effective February 1, 1929, the paragraph numbered (4) in Section V of Regulation J be, and hereby is, amended to read as follows:

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"(4) Checks received by a Federal reserve bank on its member or nonmember clearing banks will ordinarily be forwarded or presented direct to such banks, and such banks will be required to remit or pay therefor at par in cash or bank draft acceptable to the collecting Federal reserve bank, or at the option of such Federal reserve bank to authorize such Federal reserve bank to charge their reserve accounts or clearing accounts."

Memorandum from Counsel dated December 3rd with respect to an inquiry made in letter dated November 26th from the Chairman of the Federal Reserve Bank of Boston as to whether the Union Trust Company of Providence, R. I., a member bank, may acquire the controlling interest in the stock of a national bank located in Woonsocket; Counsel expressing the opinion that the ruling rendered by the Attorney General of the United States in February of this year on a similar question involving the State Planters Bank and Trust Company of Richmond, Va., is applicable to the proposed investment by the Union Trust Company in the stock of a national bank located in Woonsocket and the transaction would not violate any provision of the Federal Reserve Act or of the Board's Regulations. Counsel, in his memorandum, called attention to the fact that the question does not appear to have been raised by the member bank and that the Board may not care to commit itself in advance.

After discussion, the Governor was authorized to furnish a copy of Counsel's opinion to the Federal Reserve Agent at Boston, with the request that it not be made public or furnished to any member bank except upon specific inquiry.

The Governor then submitted draft of a proposed reply to letter dated December 8th from Mr. Arthur M. Heard, President of the Amoskeag National Bank, Manchester, N. H. with reference to a resolution adopted by the stockholders' Advisory Committee of the Federal Reserve Bank of Boston, looking

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toward the elimination of the reserve of 3% now required against Postal Savings deposits; the proposed reply stating that the Board is opposed to the recommendation that the Federal Reserve Act be amended so as to eliminate the requirement of a reserve against such deposits.

Upon motion, the Governor was authorized to reply to the letter from Mr. Heard along the lines of his proposal.

In accordance with the action of the Board at its meeting on December 3rd the Governor then submitted draft of a proposed letter to the Chairmen of all Federal Reserve banks advising that members of the Board are receiving customary requests from newspapers and other publications for articles to be included in year end editions and are refraining from furnishing such articles because of existing conditions and interpretations which may be put upon them, regardless of how carefully they may be prepared; the letter stating that the Board is acquainting the directors of the banks with this fact for their information and such consideration as they may care to give it in connection with similar requests which may be received at the banks.

Upon motion, the proposed letter was approved.

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

REPORTS OF STANDING COMMITTEES:

Dated, December 6th, Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

Dated, December 5th, Recommending approval of the application of Mr. Thomas M. Williams for permission to serve at the same time as officer of the First National Bank, Long Beach, Cal., and as officer of the Merchants National Trust and Savings Bank of Los Angeles, Cal.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, December 5th, Recommending approval of the application of Mr. C. A. Philbrick for permission to serve at the same time as director and officer of the First Security Bank of Seattle, Wash., and as director and officer of the First National Bank of Seattle, Wash.

Approved.

Dated, December 5th, Recommending approval of the application of Mr. O. E. Weller for permission to serve at the same time as director of the Maryland-Virginia Joint Stock Land Bank, Baltimore, Md. and as director of the Equitable Trust Company, Baltimore, Md.

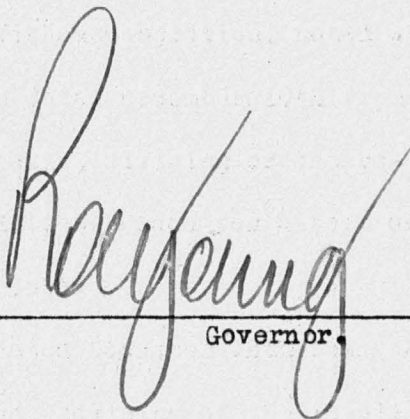
Approved.

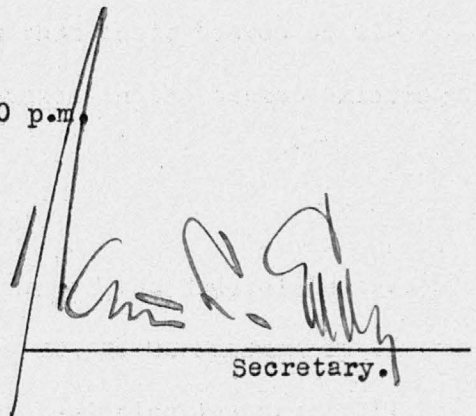
Dated, December 5th, Recommending approval of the application of Mr. R. M. Philleo for permission to serve at the same time as director of the First National Bank, Long Beach, Cal. and as officer of the Merchants National Trust & Savings Bank, Los Angeles, Cal.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Secretary.