

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, January 3, 1929 at 12:00 o'clock noon.

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

Matter approved on initials on December 31st, namely, application of the Omaha National Bank, Omaha, Nebr. for additional stock (150 shares) in the Federal Reserve Bank of Kansas City.

Formally approved.

Matter approved on initials on January 2nd, namely, application of the Vandeventer National Bank, St. Louis, Mo. for original stock (160 shares) in the Federal Reserve Bank of St. Louis, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Telegrams dated January 2nd from the Chairmen of the Federal Reserve Banks of Philadelphia and St. Louis, advising that their boards of directors at meetings on that date made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated January 2nd from the Chief of the Division of Bank Operations, recommending the appointment of Mr. William J. Mays as clerk in the Division at an annual salary of \$1600, beginning on or about January 20th; the memorandum stating that provision for the appointment was made in the budget of the Division for the year.

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Approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Chicago and Kansas City of employees for whom the directors of those banks approved leaves of absence with pay, on account of illness, during the period November 23rd to December 27th and the month of November, respectively, 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.

Memorandum dated December 31st from the Deputy Comptroller of the Currency, advising that on Friday, January 4, 1929, the Comptroller will call upon all National banks, and all banks in the District of Columbia, for reports of condition as of the close of business Monday, December 31, 1928.

Upon motion, the Secretary was authorized to issue a call as of the same date for reports of condition of State member banks.

Memorandum dated January 2nd from Assistant Counsel with reference to the application of Mr. Lawrence Banks for permission to serve at the same time as director of the American Southern Trust Company, Little Rock, Ark., and as Vice President and director of the First National Bank, Coming, Ark.; Counsel calling attention to the recommendation of the Federal Reserve Agent at St. Louis that the application be refused and suggesting that if the Board believes approval of the application would be incompatible with the public interest, before its refusal is made final, the applicant be given an opportunity to appear before the Board, or, if he prefers, before the Federal Reserve Agent at St. Louis, if he desires to submit additional information.

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Upon recommendation of the Law Committee, the above application was refused with the understanding that Mr. Banks will be granted a hearing as suggested by Counsel.

Memorandum from Counsel dated December 21st, with reference to a question raised by the office of the Comptroller of the Currency as to whether certain National banks in Pennsylvania which are authorized to exercise fiduciary powers may properly invest trust funds in participation certificates issued against real estate mortgages owned by the bank and transferred to the Trust Department; Counsel suggesting that before the Board undertakes to rule upon this question it address a letter to all Federal Reserve Agents asking for such information as they can obtain as to whether State institutions are permitted to do business of this kind.

After discussion, upon motion, it was voted that after submission to and approval by the Comptroller of the Currency, the proposed letter submitted by Counsel be addressed to the Federal Reserve Agents at Boston, New York, Philadelphia, Cleveland, St. Louis and San Francisco.

In accordance with the instructions of the Board at its meeting on December 29th, the Secretary submitted a memorandum setting forth the major cases in the past where the Board has approved extended leaves of absence for senior officers of the Federal Reserve banks. Further consideration was then given to letter dated December 28th from the Federal Reserve Agent at Philadelphia, requesting that he be granted a four months' leave of absence with pay.

Mr. James moved that the request of the Federal Reserve Agent for four months' leave of absence, with pay, be granted.

Mr. Miller moved as a substitute for Mr. James' motion that the Federal Reserve Agent at Philadelphia be granted four months' leave of absence, two months with pay and two months without pay.

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Mr. Platt moved, as an amendment to Mr. Miller's motion, that the Federal Reserve Agent at Philadelphia be granted four months' leave of absence, three months with pay and one month without pay.

Mr. Platt's motion to amend Mr. Miller's substitute motion being put by the Chair was lost, Messrs. Platt and James voting "aye".

Mr. Miller's substitute motion was then put by the Chair and carried.

Mr. James, Chairman of the Committee on District #6, then submitted and moved adoption of the following resolution:

"WHEREAS, the Federal Reserve Bank of Atlanta desires that the functions which its Havana Agency is authorized to perform be extended so as to include authority to exchange, currently, its Federal reserve notes or other forms of United States paper currency for United States coin with the Cuban Treasury and with banks and branch banks located in Havana, Cuba, the purpose of the added function being to avoid the possibility of incurring the heavy expense involved in handling large accumulations of coin, as was the case in the special exchange transaction with the Cuban Treasury which occurred in May, 1928.

NOW, THEREFORE, BE IT RESOLVED, That the functions of the Havana Agency of the Federal Reserve Bank of Atlanta, as defined in the resolution adopted by the Federal Reserve Board on January 27, 1927, be extended so as to permit said agency to make direct exchanges of new or fit currency for American coin tendered by the Treasurer of the Republic of Cuba, or by any banking institution doing business in Havana, charging for such exchanges a commission at the rate of one dollar per thousand."

After discussion, Mr. James' motion was put by the Chair and carried.

Mr. James then discussed with the Board a proposal of the Federal Reserve Bank of Atlanta that the Havana Agency be permitted to act as a clearing-house for clearing-house banks in Havana. He submitted draft of a letter to the Governor of the Atlanta bank, suggesting that he or the Chairman of the Bank, or both, might come to Washington for a conference with the Board early next week, inasmuch as the members of the Board have certain doubts regarding the proposal which would make it impossible to secure approval thereto at this time.

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Upon motion, Mr. James was authorized to transmit the proposed letter to the Governor of the Atlanta bank.

The Governor then reported that the Governor of the Federal Reserve Bank of San Francisco will be in Washington on Monday and that arrangements have been made to have the Committee on Banking and Currency of the House of Representatives take up on Wednesday the joint Congressional resolution to authorize the San Francisco bank to proceed with the erection of a building to house the Los Angeles Branch.

Letter dated January 2nd from the Governor of the Federal Reserve Bank of New York, advising that, effective January 1, 1929, arrangements have been made with the Bank of England whereby the Federal Reserve Bank will charge a commission of one-eighth of one percent for the guarantee of bills purchased for account of that institution, the same as it does for guaranteeing bills purchased for other foreign central banks; the letter stating that while the arrangement is a reciprocal one; it is understood the Bank of England will not charge the Federal Reserve Bank a commission for their guarantee of bills bought in London for account of the Federal Reserve banks, as it is not their practice to so charge other banks of issue.

Noted, with approval.

At this point, Mr. Cunningham left the room.

The Governor then referred to the instructions of the Board at its meeting on December 20th and presented draft of a letter to the Deputy Governor of the Federal Reserve Bank of New York, referring to previous correspondence regarding the application of member banks in Albany for the termination of the designation of Albany as a Reserve city; the letter referring to the statement contained in a recent letter from the member banks that there is no difference between the

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banks in that city and hundreds of other cities throughout the United States that are not classified as Reserve cities, and inquiring whether it would be possible for the Albany member banks to furnish the Board with a list of comparable cities in the State of New York.

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

Upon motion, it was also voted that any further investigations in connection with the Albany application be referred to the Committee on District #2.

Letter dated December 31st from the Assistant Federal Reserve Agent at New York, advising that a copy of the address delivered recently before the American Statistical Association in Chicago by Mr. Carl Snyder, Statistician at the bank, will be furnished to the Board in the course of a few days; the letter also stating that the newspaper report which came to the attention of the Board gives a wholly inadequate impression concerning the address.

Noted.

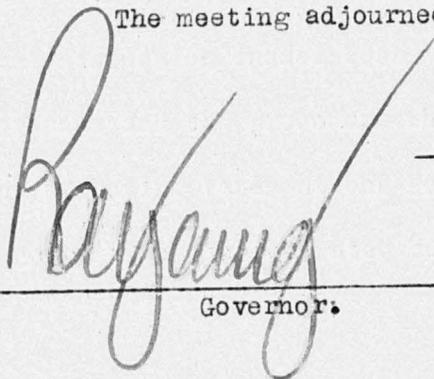
The reading of the minutes of the meeting of the Federal Reserve Board held on December 31st was dispensed with.

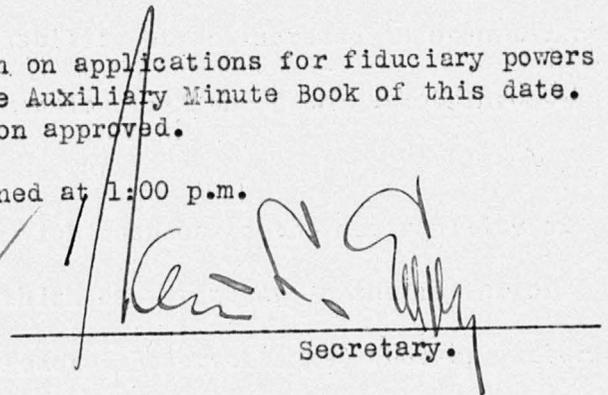
REPORTS OF STANDING COMMITTEES:

Dated, December 31st, Recommending action on applications for fiduciary powers 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.