

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 28, 1929 at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on January 24th were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on January 25th were then read and a discussion ensued during which certain corrections were made by members of the Board. The Secretary was directed to redraft the minutes accordingly and to resubmit same for formal approval at the next meeting of the Board.

Matter approved on initials on January 25th, namely, application of the Riggs National Bank, Washington, D. C. for additional stock (150 shares) in the Federal Reserve Bank of Richmond.

Formally approved.

Bond of Mr. William L. Gregory, Jr., recently designated as Acting Assistant Federal Reserve Agent at the Federal Reserve Bank of St. Louis, executed under date of January 15, 1929, in the amount of \$50,000.

Approved.

Bond of Mr. Rolla Wells, recently designated as Federal Reserve Agent at the Federal Reserve Bank of St. Louis, executed under date of January 23, 1929, in the amount of \$100,000.

Approved.

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Letter dated January 24th from the Secretary of the Federal Reserve Bank of New York, telegram dated January 25th from the Chairman of the Federal Reserve Bank of Chicago and telegram dated January 24th from the Chairman of the Federal Reserve Bank of Kansas City, 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.

Noted.

Letter dated January 22nd from the Federal Reserve Agent at Boston, requesting approval of the designation of Mr. Clifford E. Morrissey as an Assistant Examiner.

Approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of New York of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the month of December, where the total of such absences since January 1, 1928 exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Memorandum from Counsel dated January 23rd, recommending that there be published in the forthcoming issue of the Federal Reserve Bulletin a brief statement, submitted with his memorandum, with regard to the amendment to Section V of Regulation J, Series of 1928, adopted by the Board effective February 1, 1929, striking from the Regulation a provision authorizing a Federal Reserve Bank to reserve the right in its check collection circular to charge checks to the reserve account or clearing account of a drawee bank at any time when in

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any particular case the Federal Reserve bank deems it necessary to do so.

The Governor questioned the advisability of publishing the amendment at this time, and upon motion, action was deferred.

Report of Executive Committee on letter dated January 24th from the Secretary of the Federal Reserve Bank of New York, transmitting and recommending approval of an application of the Chatham Phenix National Bank and Trust Company, New York, N. Y. for permission to accept drafts and bills of exchange drawn upon it up to 100% of its paid up capital and surplus, in accordance with the provisions of Section 13 of the Federal Reserve Act; the Board's Committee also recommending approval.

Approved.

Letter dated January 23rd from the First Federal Foreign Investment Trust, New York City, advising that at a meeting of the stockholders of the Corporation it was voted to change the name of the Corporation to "First Federal Foreign Banking Corporation".

Upon motion, it was voted formally to approve the new title for the Corporation.

Memorandum from Counsel dated January 21st, with further reference to the cancellation of stock in the Federal Reserve Bank of Chicago issued to the Guaranty State Bank of Knoxville, Iowa; Counsel stating that advice has been received from the Federal Reserve Agent at Chicago that the bank has been legally placed in liquidation and that there is no reason why the application for cancellation of its Federal Reserve bank stock should not be approved.

Upon motion, the cancellation of 39 shares of stock in the Federal Reserve Bank of Chicago standing in the name of the Guaranty State Bank, Knoxville, Iowa, was approved.

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Memorandum from Counsel dated January 26th, with further reference to cancellation of stock in the Federal Reserve Bank of Chicago issued to the Security Trust and Savings Bank of Cedar Falls, Iowa; Counsel stating that advice has now been received through the Federal Reserve Agent at Chicago that the bank was properly placed in liquidation in accordance with the statutes of Iowa, and that there is now no reason why the Federal Reserve bank stock held by it should not be cancelled.

Upon motion, cancellation of the 36 shares of stock in the Federal Reserve Bank of Chicago standing in the name of the Security Trust and Savings Bank, Cedar Falls, Iowa was approved.

Memorandum dated January 24th from Counsel, with further reference to the organization certificate and articles of association of the International American Banking Corporation, proposed to be organized under Section 25 (a) of the Federal Reserve Act, and submitting a letter from the Federal Reserve Agent at New York, reporting the results of an investigation with respect to the qualifications of the organizers of the proposed corporation and stating that it appears that they are men of very little standing or financial strength. In his memorandum, Counsel stated that no reply has yet been received from Mr. Julius Speigel, correspondent for the organizers of the proposed Corporation, to the Board's letter of January 21st requesting reply to a letter addressed to him under date of October 1st, asking for information regarding the character of business which the proposed Corporation plans to transact and also for a statement as to the qualifications of the organizers and their experience in business similar in kind to that in which the Corporation proposes to engage. Counsel also called attention to a request by Honorable Newton D. Baker,

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employed as Counsel in the so-called Apfel (Foreign Financing Corporation) Case, that if the Board should desire to employ him again in a similar case, he be consulted at the time the Board decides that it will not approve the organization papers submitted, in order that he may have the opportunity of presenting to the Board his views as to what form the Board's action should take and in what manner it should be taken.

A discussion ensued at the conclusion of which Mr. James moved that it is the consensus of opinion of the Federal Reserve Board that the organization papers of the proposed International American Banking Corporation ought not to be approved by the Federal Reserve Board, but that the matter be referred to Mr. Baker for advice as to the steps which should be taken by the Board before finally acting on the organization papers.

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

Memorandum from Counsel dated January 23rd submitting draft of letter to the Attorney General of the United States, transmitting copies of letter addressed to the Board by the Federal Reserve Agent at Chicago, calling attention to an item contained in a recent report of examination of the Dansard State Bank, Monroe, Michigan, with respect to a shortage in the cash of Mr. Robert Dansard, teller, and son of the President of the bank, which has been paid by the insurance company. In his memorandum, Counsel called attention to a statement of the Federal Reserve Agent that he is doubtful whether the matter should be reported to the Department of Justice because the Examiner does not state that the criminal provisions of the law have been violated. Counsel called attention to the practice of the Board of transmitting information to the Department of Justice where there is doubt on the question whether the criminal law has been violated.

After discussion, upon motion, it was voted to defer transmittal of the proposed letter to the Attorney General,

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and to advise the Federal Reserve Agent at Chicago that he should inform the Board should any development arise giving suspicion of dishonesty to the loss.

Mr. Miller then referred to the Board's Conference on Friday with the Federal Reserve Agent at New York, and moved that the following telegram be transmitted to Mr. McGarrah:

"The Federal Reserve Board has given further consideration to your intimation made at meeting of Board last Friday that a public statement might be issued by the directors of your bank this afternoon. The Board requests the Federal Reserve Bank of New York in making any statement to be careful to make it in a form which does not assume that it is speaking for the Federal Reserve System or expressing the attitude of the Federal Reserve Board or other Federal Reserve banks, or which could be so construed by the public. It further suggests that any statement that bank might make should, in deference to the other Federal Reserve banks, confine itself to matters concerning its own attitude and operations in relation to its member banks."

Mr. Platt moved, as an amendment, that the last sentence of the proposed telegram be omitted.

Mr. Miller accepted the amendment proposed by Mr. Platt.

A discussion ensued during which the telegram was further amended and approved in the following form:

"The Federal Reserve Board has given further consideration to your intimation made at meeting of Board last Friday that a public statement might be issued by the directors of your bank this afternoon. Confirming doubts and objections informally presented to you on Friday, Board requests the Federal Reserve Bank of New York in case a statement is made to be careful to make it in such form that it could not be construed as representing the attitude of the System or the Federal Reserve Board."

Mr. Miller then read to the Board a new draft of the letter which it is proposed to address to the boards of directors of all Federal Reserve banks on the subject of the proper use of the credit facilities of the

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Federal Reserve System.

The proposed letter was discussed at some length, and Mr. Miller stated that he would attempt a further revision of the new draft read by him, which he will submit to the Board at its meeting tomorrow.

REPORTS OF STANDING COMMITTEES:

Dated, January 24th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

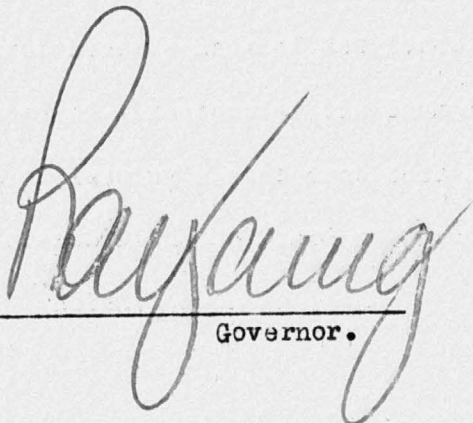
Dated, January 23rd, Recommending action on an application for admission of a state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

Dated, January 24th, Recommending approval of the application of Mr. Henry I. Harriman for permission to serve at the same time as director of the New England Trust Company, Boston, Mass., and as director of The Atlantic National Bank, Boston, Mass.
Approved.

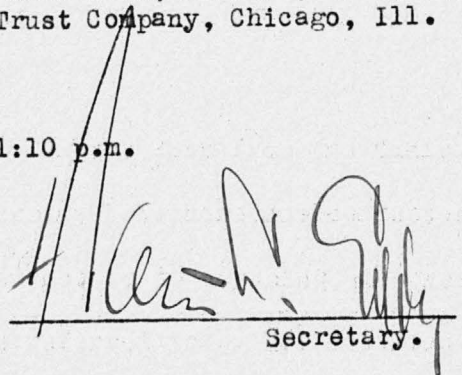
Dated, January 24th, Recommending approval of the application of Mr. William M. Taliaferro for permission to serve at the same time as director of the First National Bank, Tampa, Florida and as director of the First National Bank, Bradenton, Fla.
Approved.

Dated, January 26th, Recommending approval of the application of Mr. W. H. Alford for permission to serve at the same time as director of the First National Bank, Kenosha, Wis., as director of the Brown National Bank, Kenosha, Wis., and as director of the Union Trust Company, Chicago, Ill.
Approved.

The meeting adjourned at 1:10 p.m.



Governor.



Secretary.

Approved: