

A meeting of the Federal Reserve Board was held in the Office of the Federal Reserve Board on Monday February 11, 1929, at 12:00 o'clock noon.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on February 8th was dispensed with.

The Governor presented letters dated February 8th from the Chairman of the Federal Reserve Bank of Atlanta; February 8th from the Chairman of the Federal Reserve Bank of Chicago and February 6th from the Governor of the Federal Reserve Bank of St. Louis, replying to Board's letter of February 2nd to the boards of directors of all Federal reserve banks on the subject of the improper use of the credit facilities of the Federal reserve banks by member banks.

After discussion, during which the Governor called attention to particular statements contained in the above letters, they were ordered circulated among the members of the Board.

During the discussion Mr. Platt expressed the opinion that the Federal Reserve System, in attempting to control the volume of credit being used for speculative purposes, should operate through discount rates, and stated further that in his opinion, if the Board is not willing to approve at once the five per cent rate fixed by the board of directors of the Federal Reserve Bank of Dallas, it should ask the directors whether they have given any consideration to a five and one half per cent rate. He moved that the Secretary of the Board be instructed to telegraph the Federal Reserve Bank of Dallas and inquire whether the directors of the bank gave any consideration to an increase in rate to 5 1/2%.

Mr. Platt's motion, being put by the Chair, was lost, Mr. Platt voting "aye".

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The Governor then submitted, with his approval, a report of the Committee on District No. 4 with respect to a proposal of the directors of the Federal Reserve Bank of Cleveland to purchase property now owned by the Board of Education in the City of Pittsburgh (150 feet front on Grant Street and 132 feet on Strawberry Way) at a price of \$1,188,000; the Committee pointing out that, even if the bank realized approximately \$1,125,200, as it expects, from the sale of its present branch quarters and a portion of the new site, its total investment in land and proposed new building at Pittsburgh would still amount to approximately \$2,328,800 as compared with approximately \$1,800,000 which will be spent at Los Angeles, and \$1,766,599 and \$1,817,327 spent at Detroit and Baltimore, respectively. The Committee suggested that the matter be again referred to the directors of the Cleveland Bank with the recommendation that they reconsider the proposal and try, in some way, to work out a plan which will more nearly approximate the expenditures in other comparable cities.

After discussion, upon motion, the report of the Committee was adopted.

Report of Committee on Salaries and Expenditures on letter dated February 9th from the Chairman of the Federal Reserve Bank of Chicago, requesting approval of the action of the Executive Committee of that bank in voting to extend for a period of six weeks, or until April 1, with half pay, leave of absence on account of illness granted Mr. Frank M. Huston, Manager of the Division of Research and Statistics; the Board's Committee also recommending approval.

Approved.

Memorandum from Counsel dated February 8th with respect to applications

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for cancellation of stock in the Federal Reserve Bank of Chicago standing in the name of the First State Bank and The Carroll County State Bank, Mt. Carroll, Illinois, which have consolidated under the provisions of a statute of Illinois, which under a ruling of the Supreme Court of that State, terminates the corporate existence of the consolidated banks; Counsel stating that in his opinion the two institutions may properly be considered to have liquidated in substantial compliance with the provisions of the Federal Reserve Act, and, accordingly, the applications for the cancellation of Federal reserve bank stock may properly be approved by the Board.

Upon motion, it was voted to approve cancellation of 75 shares of stock in the Federal Reserve Bank of Chicago standing in the name of the First State Bank of Mt. Carroll, Illinois, and 90 shares standing in the name of the Carroll County State Bank of Mt. Carroll, Illinois.

Memorandum from Counsel dated February 4th with respect to application for the cancellation of stock in the Federal Reserve Bank of Minneapolis standing in the name of the State Savings Bank of Laurium, Michigan, the assets of which have been purchased by the Merchants and Miners Bank of Calumet, Michigan; Counsel stating that advice has been received from the Commissioner of Banking of the State of Michigan that the State Savings Bank has surrendered its charter and can no longer engage in the banking business, and that in his opinion there is no legal reason why the cancellation of its Federal reserve bank stock may not be approved.

Upon motion, it was voted to approve cancellation of 135 shares of stock in the Federal Reserve Bank of Minneapolis standing in the name of the State Savings Bank of Laurium, Michigan.

Letter dated February 9th from the Federal Reserve Agent at Chicago, with reference to membership in that bank by the State Bank of Ellsworth, Iowa, which has inquired whether, upon filing notice of intention to with-

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draw from the Federal reserve system, it could be permitted to transfer its reserve balance to a correspondent bank, which at the same time would take over its rediscounts at the Federal reserve bank; the Agent stating that he has advised the member bank that under the law its reserve balance must be maintained until the expiration of the six months' notice of intention to withdraw from the system, the only way in which withdrawal can be expedited being for the Federal Reserve Agent to recommend to the Federal Reserve Board that appropriate action be taken to cancel such membership.

Upon motion, the Secretary was instructed to request the Federal Reserve Agent at Chicago to make a firm recommendation on the matter, advising that the Board will consider same promptly.

REPORTS OF STANDING COMMITTEES:

- Dated, February 11th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, February 8th, Recommending approval of the application of Mr. Clarence M. Cornwell for permission to serve at the same time as officer of the Valley National Bank, Des Moines, Iowa, and as officer and director of the First National Bank, Valley Junction, Iowa.  
Approved.
- Dated, February 9th, Recommending approval of the application of Mr. H. S. Darby for permission to serve at the same time as officer and director of the United National Bank, Troy, New York, and as officer and director of the Troy Trust Co., Troy, New York.  
Approved.
- Dated, February 9th, Recommending approval of the application of Mr. Henry S. Ludlow for permission to serve at the same time as director of the United National Bank, Troy, New York, and as director of the Troy Trust Company, Troy, N. Y.  
Approved.

The meeting adjourned at 1:00 p. m.

Approved:

*Raymond*  
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Governor.

*Ken R. [Signature]*  
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Secretary.