

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, February 27, 1929 at 11:15 o'clock.

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

The Governor reported a telephone conversation with Governor Harding of the Federal Reserve Bank of Boston, who advised that due to the fact that a bare quorum of the board of directors of the bank will be present at their meeting today, he will not submit to them the recommendation referred to in his letter to the Board of February 25th, for the establishment of a 6% rate on member bank collateral notes secured by government obligations.

The minutes of the meetings of the Federal Reserve Board held on February 12th and 13th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on February 14th were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on February 15th were read and approved.

The minutes of the meeting of the Executive Committee held on February 19th were read and, upon motion, the actions recorded therein were ratified.

The minutes of the meetings of the Federal Reserve Board held on February 20th, 21st, 22nd, 25th and 26th were then read and approved.

The Governor then presented letter dated February 25th from the Governor of the Federal Reserve Bank of Chicago, transmitting copy of a personal letter to be addressed to the heads of all borrowing member banks in Chicago, Detroit, Milwaukee and other important cities throughout the district, requesting their

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cooperation, in accordance with the recommendation of the Federal Advisory Council, in meeting the present credit situation; Governor McDougal stating that letters will also be addressed to certain non-borrowing banks, which will be identical except that they will contain a statement that the matter is being submitted to member banks in the financial centers throughout the district, even though they may not be using Federal Reserve credit.

Ordered circulated.

Letter dated February 26th from the Governor of the Federal Reserve Bank of New York, transmitting copy of a cablegram received from Professor Kemmerer, who is head of a Commission which is now studying the Chinese monetary system, inquiring whether the Federal Reserve bank could invest \$5,000,000 or \$10,000,000 in bankers' acceptances for the Central Bank of China; together with copy of a reply advising that the Federal Reserve bank will be glad to do so if the transaction is to be an isolated one, in which case a commission of one-eighth percent per annum would be charged, but that if the investment is to be a continuing one and part of a permanent relationship such as the Federal Reserve bank has with other foreign central banks, further information should be furnished concerning the present status of the Central Bank of China.

Noted.

The Governor then presented memorandum setting forth advice received from the Vice President of the National Bank of Commerce, New York City, that the directors of that institution are increasing their capital stock from \$25,000,000 to \$30,000,000, the additional \$5,000,000 to be offered to shareholders at par; also that the directors of the National Bank of Commerce and the Guaranty Trust Company of New York have agreed to a consolidation,

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Mr. James S. Alexander to be Chairman of the consolidated bank, Mr. Charles H. Sabin to be Vice Chairman and Mr. William C. Potter to be President. The Governor advised that it has not yet been determined whether the consolidation is to be under a National or State charter.

Noted.

Application of the First National Bank of Des Plaines, Ill. for permission to exercise general fiduciary powers; together with a divided report thereon by the Law Committee - Mr. Hamlin recommending approval and Mr. Platt stating that he is not willing to approve because of the small size of the applicant bank.

After discussion, upon motion, the application was approved, Mr. Platt voting "no".

Letter dated February 26th from the Comptroller of the Currency, advising that Mrs. Ruthette P. Gray, clerk-counter in the Federal Reserve Issue and Redemption Division, has been promoted to the position of statistical clerk with an increase in salary from \$1500 to \$1800 per annum, effective February 27th.

Noted, with approval.

The Assistant Secretary then advised of the death on February 20th of Mr. W. J. Walsh, telegraph operator in the Board's office, and requested authority to fill the vacancy at a salary of not to exceed \$2,100 per annum.

Approved.

The Assistant Secretary then referred to an inquiry received from Senator Caraway as to the conditions imposed by the Board on the Peoples Trust Company, Little Rock, Ark. when its application for membership in the System was approved on February 19th. He stated that the conditions have not yet been accepted by

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the applicant bank and include one that the bank should agree to reduce the amount of its slow assets and past due paper and make every effort to keep same at a minimum.

After discussion, it was voted to advise Senator Caraway that the Board regards the imposition of conditions of membership as a confidential transaction between it and the applicant bank and would not feel free to acquaint him with the conditions imposed except with the permission of the bank; suggesting, therefore, that his inquiry be directed to the Peoples Trust Company.

Mr. Eddy, the Board's Secretary, then entered the room and stated that he has just been advised by the Federal Reserve Bank of New York that the Manufacturers Trust Company of New York City has received certain bills drawn upon it by a banker in Brazil, with the request that they be accepted, for the purpose of furnishing dollar exchange. He stated that although the bank is anxious, if possible, to accept the bills, the authority necessary under Section 13 of the Federal Reserve Act has never been secured from the Board. He further stated that the Federal Reserve Bank of New York is prepared to recommend approval of an application for the necessary authority, which will be filed by the member bank this afternoon.

Upon motion, the Governor was authorized to approve the application upon receipt of advice of approval by the Federal Reserve Bank of New York.

REPORTS OF STANDING COMMITTEES:

- Dated, February 27th, Recommending a change in stock in a Federal Reserve Bank as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, February 26th, Recommending action on applications for fiduciary powers
27th, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, February 26th, 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.

The meeting adjourned at 1:00 p.m.

C. M. McCreland
Assistant Secretary.

Approved:

R. Young
Governor.