

A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, March 15, 1929 at 12:15 p.m.

PRESENT: Governor Young
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Pole
Mr. Noell, Asst. Secretary
Mr. McClelland, Asst. Secretary

The Governor stated that he called the meeting in order that the Committees on District #7 and #12 might submit the letters to the Federal Reserve Banks of Chicago and San Francisco, prepared in accordance with the action of the Board yesterday, making inquiries with regard to the credit situation in their Districts, and the apparent lack of cooperation being received from certain member banks who have been frequent and continuous borrowers at the Federal Reserve banks while maintaining large amounts of speculative security loans.

Mr. Miller, the Chairman of the Committee on District #12, submitted draft of a letter to the Federal Reserve Bank of San Francisco, prepared by him, and also draft of a letter to the Federal Reserve Bank of Chicago, prepared by Mr. Cunningham, who is not in his office today.

The Governor reported a telephone conversation with Deputy Governor Case of the Federal Reserve Bank of New York, who advised that the Treasury's overdraft tonight will probably amount to over \$300,000,000 which should retire practically all rediscounts of New York City member banks, even though they are taking over \$100,000,000 of the overdraft. Deputy Governor Case also stated that it may be possible to sell further participations in the overdraft during the day.

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Letter dated March 14th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors at its meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated March 14th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors at a meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted with approval, Mr. Platt voting "no".

Mr. Platt stated that hereafter he would enter objection to the continuance of $4\frac{1}{2}\%$ rates by the banks at which they are in effect.

Letter dated March 14th from the Federal Reserve Agent at Cleveland, recommending that the Board extend until April 15th, the time in which the Peoples Savings and Trust Company of Pittsburgh, Pa. can accept the conditions of membership in the Federal Reserve System imposed by the Board when the application of the bank was approved on March 1st; the Agent stating that the President of the bank has been absent and is not expected to return until about April 1st.

Upon motion, the extension recommended by the Federal Reserve Agent was approved.

Memorandum dated March 14th from the Chief Examiner, requesting authority to temporarily designate as an Assistant Examiner Mr. L. S. Myrick of the Division of Bank Operations, who it is planned to use in conjunction with

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the Examiners in surveying methods followed by the Reserve banks in preparing reports on functional expenses, as well as conducting a study of certain major operating units in the banks with a view of determining the reasons for apparent inconsistencies.

Approved.

Memorandum dated March 14th from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc., during the month of January.

Ordered circulated.

Memorandum from Counsel dated March 13th, submitting draft of reply to telegram dated March 12th from the Federal Reserve Agent at Dallas, inquiring whether a national bank which has received permission from the Board to act as trustee under Section 11 (k) of the Federal Reserve Act may act as trustee in bankruptcy under the provisions of the Federal Bankruptcy Act; the proposed reply stating a national bank may so act if it is not in contravention of the laws of the state in which it is located.

Upon motion, the proposed reply was approved.

The Assistant Secretary then submitted an application of the Southwest National Bank of Wichita, Kansas, for permission to exercise general fiduciary powers. He stated that the Law Committee felt that it was doubtful whether the application should be approved, not because of the condition of the bank which is generally satisfactory as to assets, but because of deficiencies in reserves and other continued violations of law. The application, he reported, was referred to the Comptroller of the Currency, who recommended that action be de-

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ferred until a new examination of the bank, which would be made in the near future, because of consistent violations of Section 5200 of the Revised Statutes, as well as the provisions of the Federal Reserve Act regarding the maintenance of reserves, etc.

After discussion, upon motion, it was voted that action on the application be deferred pending the next examination of the bank.

The minutes of the meeting of the Federal Reserve Board held on March 14th were then read and approved.

At this point, Mr. Platt left the meeting.

Discussion then ensued with regard to the letters to the Federal Reserve Banks of Chicago and San Francisco, referred to above. The Governor reported that he discussed the proposed Chicago letter with Mr. Cunningham last night and had understood that certain changes therein, which he suggested, would be made although the letter as submitted has not been changed. In view of the absence of Mr. Cunningham, he suggested that action on the Chicago letter be deferred until a meeting of the Board on Monday, inasmuch as the directors of the Federal Reserve Bank of Chicago do not meet until Friday, March 22nd.

Mr. Miller stated that the proposed letter to the San Francisco bank was a tentative draft, and suggested that if it is to be transmitted it should be put in final form and forwarded promptly inasmuch as the San Francisco directors' meeting will be held on the 21st.

Following the discussion, it was understood necessary changes in the letters would be made and that they would be brought up for consideration either tomorrow or Monday.

REPORTS OF STANDING COMMITTEES:

Dated, March 14th, Recommending a change in stock at a Federal Reserve Bank as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

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The meeting adjourned at 1:45 p.m.

C. W. McClelland

Assistant Secretary.

Approved:

Raymond

Governor.