

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 19, 1929 at 3:45 p.m.

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

The Governor stated that he called the meeting at the request of Dr. Miller, who submitted a proposed telegram to the Chairman of the Federal Reserve Bank of San Francisco as a substitute for the letter, discussed at the meeting this morning, with respect to the unsatisfactory results which have been obtained by that bank in dealing with the present credit situation.

A discussion ensued, during which the proposed telegram was amended to read as follows:

"In going over reports since the Board's letter of February 2nd, the results obtained by your bank, notably in the City of San Francisco, do not appear to be commensurate with those of most of the other Districts. You still appear to have several banks that are simultaneously borrowers from your bank and lenders of speculative security credit. The Board desires to have your officers and directors consider the situation further and advise it whether there are special circumstances affecting the condition or operation of those of your banks which are simultaneously borrowers and lenders, which would explain why better results are not shown by your bank. By order of the Federal Reserve Board."

After discussion upon motion the telegram, as quoted above, was approved, Governor Young and Mr. Platt not voting.

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Mr. Miller then submitted a revision of the letter to the Governors of all Federal Reserve banks suggested by him at the morning meeting, requesting consideration by the individual banks and discussion at the forthcoming Conference of Governors of the question of a regulation which might be issued by the Board, under the authority of the Federal Reserve Act as interpreted in the memorandum from the Board's General Counsel dated March 7th on the subject of the power of the Board to enforce the principles regarding the proper use of the credit facilities of the Federal Reserve System laid down by the Board in its letter to all Federal Reserve banks under date of February 2nd.

A discussion ensued with respect to the character of regulation which might be adopted under the opinion referred to. During the discussion, Mr. Wyatt, the Board's General Counsel was called into the room and questioned on the subject. At the conclusion of the discussion, it was the consensus of opinion that action on the matter should be deferred.

The meeting adjourned at 5:15 p.m.

C. W. McCreland
Assistant Secretary.

Approved:

Raymond
Governor.