

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, March 23, 1929 at 11:15 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on March 21st and 22nd were read and approved.

Mr. Cunningham then joined the meeting.

The Governor reported a telephone conversation with the Governor of the Federal Reserve Bank of Chicago, during which he was advised that at the meeting of the Chicago directors yesterday seven of the directors, out of eight present, were in favor of an increase in the discount rate of the bank, but action was not taken for the reason that it was understood that the majority of the Board is opposed to an increase of rate and would not approve such action. The Board's letter of March 18th was considered and a reply is being made thereto. The meeting, Governor McDougal stated, was adjourned until next Thursday, with the understanding that he and Mr. Heath will come to Washington on Wednesday for a discussion of the situation with the Board. The Governor stated that he advised Governor McDougal that if his directors feel that the rate should be increased, there is no objection to their taking action and submitting it to the Board.

Governor McDougal also reported, the Governor stated, that member banks in Chicago have decided to take concerted action looking toward a reduction of their speculative security loans.

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The Governor then referred to the proposed visit of a committee of the Board to New York on Monday for an exchange of views with the directors of the Federal Reserve Bank of New York. It was suggested that in view of the meeting on Wednesday with Messrs. McDougal and Heath, it might be well to postpone the New York conference until the Board has been fully acquainted with the situation in Chicago.

The Governor communicated over the telephone with Governor Harrison of the Federal Reserve Bank of New York, who is in Washington, and reported that arrangements would be made to hold the conference between the New York directors and the Board's Committee on Thursday instead of Monday.

Mr. Miller was called from the room to talk over the telephone with Deputy Chairman Simpson of the Federal Reserve Bank of Chicago, who advised him that the program of Chicago banks looking toward liquidation of speculative security loans is under the leadership of Mr. George M. Reynolds, Chairman of the Continental Illinois Bank and Trust Company and a Class "A" director of the Federal Reserve Bank, who has just returned to Chicago from California. Mr. Simpson stated that these efforts are being made voluntarily and not at the instance of the Federal Reserve Bank of Chicago, and he assured Mr. Miller that the best of judgment will be exercised and the liquidation will not be so forced as to create a critical situation. Mr. Simpson also stated that efforts will be made to bring the leading bankers in Milwaukee, Detroit and other financial centers in the District into harmony with the program of the Chicago bankers. Mr. Simpson, Mr. Miller reported, is of the opinion, however, that the rate of the Federal Reserve Bank of Chicago should be increased.

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Telegram dated March 22nd from the Chairman of the Federal Reserve Bank of Chicago, advising formally that the board of directors at its meeting yesterday made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated March 21st from the Secretary of the Federal Reserve Bank of Cleveland, advising of the establishment on that date of the following schedule of rates for purchases of acceptances:

Bankers acceptances:

1 to 45 days	-	5 1/4%
46 to 90 days	-	5 3/8%
91 to 120 days	-	5 1/2%
121 to 180 days	-	5 5/8%
Trade acceptances	-	5 1/2%

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

Telegram dated March 21st from the Secretary of the Federal Reserve Bank of Minneapolis, advising of the establishment on that date of the following schedule of rates for purchases of acceptances:

Bankers acceptances:

1 to 45 days	-	5 1/4%
46 to 90 days	-	5 3/8%
91 to 120 days	-	5 1/2%
121 to 180 days	-	5 5/8%
Repurchase	-	5 1/4%
Trade acceptances	-	5 1/2%

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

Telegram dated March 21st from the Chairman of the Federal Reserve Bank of San Francisco, advising of the establishment on that date of the following schedule of rates for purchases of bankers acceptances:

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1 to 45 days	-	5 1/4%
46 to 90 days	-	5 3/8%
91 to 120 days	-	5 1/2%
Repurchase	-	5 1/4%

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

The Assistant Secretary then reported that preparatory to its proposed consolidation with the Guaranty Trust Company, the National Bank of Commerce in New York on April 5th expects to convert into a state institution under the title "Bank of Commerce in New York". He stated that an application on behalf of the proposed state bank for membership in the Federal Reserve System has been filed by the National Bank of Commerce and is being referred to the Committee on Examinations in the regular manner.

Report of Committee on Examinations on a letter dated March 21st from the Secretary of the Federal Reserve Bank of New York, transmitting and recommending approval of an application by the National Bank of Commerce in New York on behalf of the proposed "Bank of Commerce in New York" for permission to accept drafts and bills of exchange drawn upon it up to 100% of its paid up and unimpaired capital and surplus; the Board's Committee also recommending approval.

Upon motion, the application was approved effective upon conversion of the National Bank of Commerce into a state member bank.

Memorandum from Counsel dated March 20th, submitting material for publication in the forthcoming issue of the Federal Reserve Bulletin. The Assistant Secretary called attention to the fact that the material includes a proposed ruling as to the necessity for the carrying of reserves against

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funds held by member banks against outstanding travellers' checks, which has not yet been adopted by the Board.

Upon motion, it was voted to approve publication of the material, excepting the ruling referred to by the Secretary.

Memorandum from Counsel dated March 20th with reference to the Clayton Act application of Mr. W. W. Lanahan, involving the firm of W. W. Lanahan and Company, private bankers, the Equitable Trust Company, the Mercantile Trust and Deposit Company and the Maryland-Virginia Joint Stock Land Bank, all of Baltimore, Md., on which the Board deferred action sometime ago; Counsel pointing out that in view of the amendment to the Clayton Act adopted on March 2, 1929, exempting joint stock land banks from its provisions, no action by the Board on Mr. Lanahan's application is now necessary, inasmuch as the other institutions, not operating under the laws of the United States, do not come within the prohibitions of the Clayton Act.

Upon motion, a letter submitted by Counsel advising Mr. Lanahan accordingly, was approved.

Memorandum dated March 20th from Counsel, with reference to the Clayton Act application of Mr. Parmely W. Herrick, involving the Harriman National Bank of New York City, the Ohio-Pennsylvania Joint Stock Land Bank of Cleveland, Ohio, the Union Trust Company of Cleveland and the New York Joint Stock Land Bank of Rochester, N. Y., on which action was deferred by the Board sometime ago; Counsel pointing out that the Guarantee Title and Trust Company of Cleveland, Ohio, which Mr. Herrick is also serving, not being authorized to carry on a banking business, is exempted from the provisions of the Clayton Act by the amendment of March 2, 1929, as are the two joint stock land banks

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involved in the application, in view of which facts the Board may properly approve service by Mr. Herrick as a director of the Harriman National Bank of New York City and the Union Trust Company of Cleveland, Ohio.

Upon recommendation of the Law Committee, it was voted to authorize Mr. Herrick to serve at the same time as director of the two banks named.

Memorandum from Counsel dated March 20th, advising that the Board in 1925 granted permission to Mr. W. E. Nickerson to serve at the same time as director of the State Street Trust Company of Boston and as director of the Commercial Security National Bank of Boston, which latter institution has since consolidated with the Atlantic National Bank of Boston under the provisions of the Act of November 7, 1918; Counsel stating that while under previous rulings of the Board Mr. Nickerson may serve the consolidated national bank under the permit previously issued to him, the Federal Reserve Agent at Boston in accordance with the Board's policy has submitted a report on the question whether or not the situation existing as a result of the consolidation makes it advisable for the Board to revoke the permit formerly issued. In his memorandum, Counsel advised that the Agent is of the opinion that Mr. Nickerson's present service is not incompatible with the public interest, and submitted draft of a letter to the Agent advising that the Board will take no steps at this time to revoke the permit previously issued by it.

Upon recommendation of the Law Committee, the letter submitted by Counsel was approved.

REPORTS OF STANDING COMMITTEES:

Dated, March 22nd, Recommending changes in stock at Federal Reserve Banks as
23rd, set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, March 21st, Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

Dated, March 20th, Recommending approval of the application of Mr. George F. Driscoll for permission to serve at the same time as director and officer of the Lafayette National Bank, Brooklyn, N. Y., and as director of the International Union Bank, New York, N. Y.

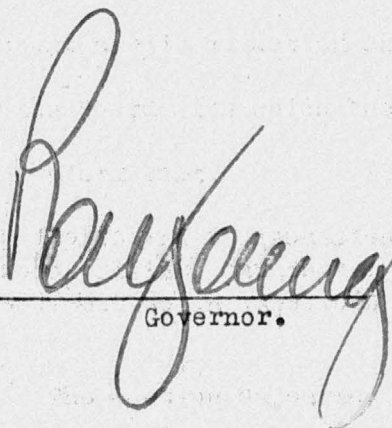
Approved.

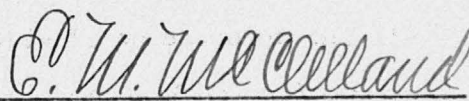
Dated, March 20th, Recommending approval of the application of Mr. Charles B. McMurray for permission to serve at the same time as director of The Union National Bank, Troy, N. Y., and as director of the Troy Trust Company, Troy, N. Y.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Assistant Secretary.