

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, April 5, 1929 at 3:00 o'clock.

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

The minutes of the meetings of the Federal Reserve Board held on April 3rd and 4th were read and approved.

Telegrams dated April 5th from the Secretary of the Federal Reserve Bank of Cleveland, and April 3rd from the Chairman of the Federal Reserve Bank of St. Louis, advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated April 4th from the Chairman of the Federal Reserve Bank of San Francisco, 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".

Letter dated April 4th 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 for purchases of acceptances; the letter quoting, however, the following resolution adopted by the directors with respect to the discount rate of the bank:

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"VOTED subject to review and determination of the Federal Reserve Board, to establish a rate of six per cent for all rediscounts and advances, effective from the opening of business on April 5, 1929 and until further notice and superseding the existing rate but with the understanding that this action of the board of directors of this bank is predicated upon approval or disapproval by the Federal Reserve Board today."

Noted.

In connection with the above letter, the Governor reported that Deputy Governor Case of the New York bank advised him that the directors agreed upon a statement setting forth their reasons for establishing a rate of 6% yesterday, which is being mailed to the Board.

Letter dated April 4th from the Chairman of the Federal Reserve Bank of Boston, quoting the following resolution adopted by the Executive Committee of the bank at its meeting on that date:

"VOTED that, subject to review and determination of the Federal Reserve Board, a discount rate of 6% on all classes of paper of all maturities be and is hereby established for this bank, provided however that if the Federal Reserve Board's determination of the change in the rate shall not have been obtained by the close of business on April 10, the action hereby taken shall be considered rescinded and the proposed rate shall not be established without further consideration by the board of directors or the Executive Committee of this bank."

Noted.

Letter dated April 1st from the Treasurer of the United States, advising that no applications were received from National banks during the quarter ended March 31st for the sale of bonds under Section 18 of the Federal Reserve Act.

Noted.

Letter dated April 4th from the Comptroller of the Currency, advising that Mrs. E. L. Todd, appointed Money Counter in the Federal Reserve Issue

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and Redemption Division with salary at the rate of \$1200 per annum, reported for duty on April 4th.

Noted, with approval.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of St. Louis of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the month of March, where the total of such absences since January 1, 1929 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Report of Committee on Examinations on letter dated April 3rd from the Federal Reserve Agent at Richmond, transmitting and recommending approval of an application of the Peoples Trust Company of Martinsburg, W. Va., for approval of its purchase of the Bank of Martinsburg, a non-member, on March 28th; the Board's Committee also recommending approval.

Noted, with approval.

The Assistant Secretary then reported that in accordance with the instructions of the Board at its meeting on April 1st he communicated with all Federal Reserve banks and ascertained that they are willing to assume their pro-rata shares of the fee and expenses of Honorable Newton D. Baker, who will represent the Federal Reserve Bank of New York in the appeal made by Frank G. Raichle from the decision of the United States District Court for the Southern District of New York, granting a motion to dismiss the bill of complaint in his case against the Federal Reserve Bank of New York. He submitted draft of a letter to the Governor of the Federal Reserve Bank of New York advising accordingly.

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Noted, with approval.

Report of Committee on Salaries and Expenditures and Committee on District #12, submitting final plans and specifications for the construction of a building to house the Los Angeles Branch of the Federal Reserve Bank of San Francisco, together with a tabulation of bids, all of which have been approved by the board of directors of the Federal Reserve Bank of San Francisco; the Committee recommending approval by the adoption of a resolution reading as follows:

"WHEREAS, by Public Resolution No. 76, 70th Congress, approved January 26, 1929, the Federal Reserve Bank of San Francisco was authorized by Congress to enter into contracts for the erection of a building for its Los Angeles Branch on the site then owned, provided the total amount expended in the erection of said building exclusive of the cost of vaults, permanent equipment, furnishings, and fixtures, shall not exceed the sum of \$800,000, and provided also that the character and type of building to be erected, the amount actually to be expended in the construction of said building and the amount actually to be expended for the vaults, permanent equipment, furnishings and fixtures for said building shall be subject to the approval of the Federal Reserve Board;

WHEREAS, the Federal Reserve Bank of San Francisco has submitted to the Federal Reserve Board plans and specifications for the erection of a building for its Los Angeles Branch in accordance with the authority granted by the said Public Resolution No. 76, 70th Congress, and has also submitted bids and estimates for the construction of the said building aggregating the amount of \$1,536,590.05 and these plans, specifications and bids (including estimates), have been approved by the Board of Directors of the Federal Reserve Bank of San Francisco;

WHEREAS, the said aggregate amount of \$1,536,590.05 consists of (1) the amount of \$753,845.73 which is to be expended for vaults, permanent equipment, furnishings and fixtures for said building, and (2) the amount of \$782,744.32 which is to be expended for the erection of the building proper;

WHEREAS, the amount of \$782,744.32, which is to be expended in the erection of said building exclusive of the cost of the vaults, permanent equipment, furnishings and fixtures is less than the sum of \$800,000, the maximum amount authorized by said Public Resolution No. 76, 70th Congress;

WHEREAS, in the opinion of the Federal Reserve Board the segregation of items entering into the cost of the building proper as distinguished from those entering into the cost of the vaults, permanent equipment, furnishings and fixtures, as set out in the said specifications submitted by the Federal Reserve Bank of San Francisco, is correct in so far as it is reasonably possible to determine;

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"THEREFORE, BE IT RESOLVED, That (1) the said plans and specifications submitted by the Federal Reserve Bank of San Francisco, (2) the amount of \$782,744.32 actually to be expended in the construction of said building exclusive of the cost of the vaults, permanent equipment, furnishings and fixtures, and (3) the amount of \$753,845.73, actually to be expended for the vaults, permanent equipment, furnishings and fixtures, for said building be and they are hereby approved by the Federal Reserve Board and the Federal Reserve Bank of San Francisco is therefore authorized to proceed with the erection of said building in accordance with the plans and specifications and bids (including estimates) herein approved; provided, however, that in the case of those items entering into the cost of vaults, permanent equipment, furnishings and fixtures which are covered by estimates, rather than bids, the final bids or actual expenditures shall subsequently be submitted to the Federal Reserve Board for approval."

After discussion, upon motion by Mr. James,
the above resolution was adopted.

Memorandum from the Assistant Secretary dated April 5th, recommending that the Board, in accordance with a previous informal understanding, based upon an agreement made between the Treasury Department and the Governors of the Federal Reserve banks in conference, approve payment by the Federal Reserve banks of a statement by the Bureau of Engraving and Printing, in the amount of \$750,000, covering a part of the cost of Federal Reserve notes of the new size (Series of 1928) which are in process of printing and will be delivered by the Bureau during the months of April, May and June, 1929.

The Governor presented the following letter received from the Assistant Secretary of the Treasury:

"With reference to our recent talk, and to the bill presented by the Bureau of Engraving and Printing for \$750,000 in part payment of the cost of producing Federal reserve notes this fiscal year, it may be pointed out that Federal reserve notes are produced on a repay basis, it being the usual procedure to reimburse the Bureau appropriations at the end of each month to cover the notes completed and delivered during that month. However, in the production of some 22,000,000 sheets of reduced-size Federal reserve notes this fiscal year, it has not been possible to complete and deliver the new currency on a basis prorated by months, with the result that although more than 50 per cent of the

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"production costs for the year have been incurred, reimbursement in the usual manner has not been made because the currency has not reached completion. The account now submitted by the Bureau is less in amount than the expenditures actually made and charged to the Bureau appropriations on account of this production.

The total production of Federal reserve notes this fiscal year, all to be delivered before June 30 next, will approximate 22,000,000 sheets, and the cost will exceed \$1,800,000."

After discussion, upon motion, it was voted to direct the Board's Fiscal Agent to levy the appropriate assessment upon each Federal Reserve bank and to remit the aggregate amount of \$750,000 to the Bureau of Engraving and Printing.

Draft of reply to letter dated April 1st from the President of the Peoples Savings and Trust Company, Pittsburgh, Pa., inquiring whether the general condition of membership contained in the Board's Regulation "H", Series of 1928, which the Board declined to waive when the application of the Peoples Savings and Trust Company for membership in the System was approved on March 1st, applies equally to all member banks, whether they joined the System before or after the regulation in question was adopted; the proposed reply pointing out that the particular condition of membership referred to applies only to those state banks and trust companies which have been admitted to the Federal Reserve System since January 3, 1928, when Regulation "H", Series of 1928, became effective but pointing out that conditions of membership of similar tenor were applied to all state institutions which joined the System during the time the Board's Regulation "H", Series of 1924, was effective and in specific cases to certain member banks admitted prior to that time.

Upon motion, the proposed reply was approved.

REPORTS OF STANDING COMMITTEES:

Dated, April 3rd, Recommending changes in stock at Federal Reserve banks as 5th, set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, April 3rd, 4th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, April 3rd, Recommending action on applications for admission of state banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.

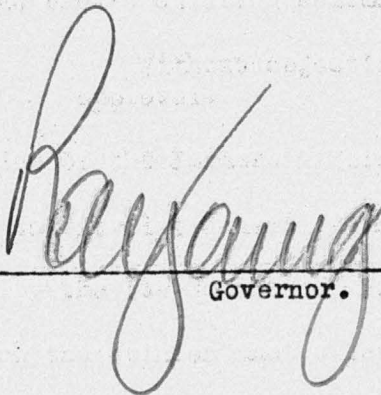
Recommendations approved.

Dated, April 1st, Recommending approval of the application of Mr. C. H. Phinizy for permission to serve at the same time as director of the National Bank of Athens, Athens, Ga., and as director and officer of the Georgia Railroad Bank, Augusta, Ga.

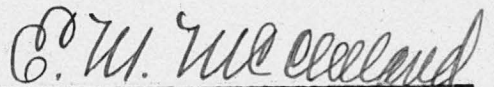
Approved.

The meeting adjourned at 4:00 o'clock p.m.

Approved:



Governor.



Assistant Secretary.