A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, June 3, 1929 at 11:00 a.m.

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

The Governor stated that a meeting of the Board was to have been held at this hour but due to the absence of one or two members suggested that the Executive Committee act upon certain routine matters.

The reading of the minutes of the meetings of the Board held on May 28th, 29th and June 1st was dispensed with.

Telegram dated May 31st from the Chairman of the Federal Reserve Bank of Chicago, advising that the Executive Committee of the bank, under authority of the board of directors, on that date voted to establish a rediscount rate of 6 1/2% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board; this action of the committee to be automatically rescinded in case the Board does not approve before the close of business on June 6th. The Assistant Secretary reported that under the authority granted by the Board on May 23rd, the Vice Governor advised the Chicago bank that the Board had taken the action of its Executive Committee under review and, in the meantime, had determined the rate of the bank to be 5%.

Upon motion, the action of the Vice Governor was ratified.

Letter dated May 29th from the Secretary of the Federal Reserve Bank of New York, confirming telephone advice on that date that the board of di-
rectors made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated May 28th from the Chairman of the Federal Reserve Bank of Atlanta, with further reference to the Board's letter of May 2nd, requesting further and fuller cooperation by the Federal Reserve bank and member banks in the policy of preventing the misuse of the discount facilities of the System; the letter stating that the Governor of the Federal Reserve bank has communicated with each of the larger member banks in the district which was re-discounting, asking specific information regarding its loans on securities, and has received thirty replies which bear out the statement that these banks are using Federal Reserve funds for commercial, industrial and agricultural purposes, and that they are in accord with the policy of the Federal Reserve Board and the Atlanta bank.

Copies of the above letter having previously been furnished to the individual members of the Board, it was, upon motion, noted.

Matter approved on initials on May 31st, namely, bond in the amount of $50,000, executed under date of May 25th, by Mr. A. L. Wilson, recently designated as Acting Assistant Federal Reserve Agent at the Detroit Branch for a temporary period.

Upon motion, the bond was formally approved.

The Secretary then presented bonds in the amount of $50,000 each, executed under date of May 27th and 29th by Messrs. W. E. Miller, Thomas Bowron and Maclin P. Davis, recently designated as Acting Assistant Federal Reserve Agents at the New Orleans, Birmingham and Nashville Branches for temporary periods.
Memorandum from Counsel dated May 27th, submitting for the information of the Board, copies of two resolutions recently introduced in the Senate: one, S. R. 67, directing the Federal Reserve Board to advise the Senate what action it has taken, or proposed to take, to remedy "the existing unsettled condition relating to interest rates and credits", and the other, S. R. 71, calling for an extensive investigation of the Federal Reserve System by the Committee on Banking and Currency of the Senate or a duly authorized sub-committee thereof.

Noted.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Chicago of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the period April 26th to May 23rd, 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.

Memorandum from Counsel dated June 1st submitting, in accordance with the action of the Board at its meeting on May 23rd, draft of a letter to all Federal Reserve Agents transmitting a copy of that addressed to the Board by the Assistant Attorney General on the subject of the preservation of records by member banks; the circular letter suggesting that the attention of member banks be called to the communication of the Department of Justice.

Upon motion, the circular letter was approved.

The Assistant Secretary then submitted the application of the Security State Bank and Trust Company, Beaumont, Texas, for membership in the Federal
Reserve System and for 81 shares of stock in the Federal Reserve Bank of Dallas. He stated that although Mr. Platt, Chairman of the Committee on Examinations, recommends approval of the application, Mr. Cunningham, the other member of the Committee, does not concur because of the fact that the bank is authorized under its charter and by the laws of Texas, in addition to the usual banking and trust powers, to guarantee stocks, bills of exchange, bonds and mortgages, and other securities. Mr. Cunningham stated that although several Texas institutions having similar power have been admitted to the System, the Board recently has been imposing special conditions to cover such unusual powers of banks in other states applying for membership in the System.

After discussion, upon motion, it was voted to address a letter to the Federal Reserve Agent at Dallas, advising of the recent policy of the Board, inquiring whether the power mentioned is being exercised by the Security State Bank and Trust Company of Beaumont and, if not, requesting an expression of his views as to the advisability of imposing a special condition of membership to cover.

Discussion then ensued on the question of the policy which should be pursued by the Federal Reserve System in the present credit situation, which was continued after Messrs. Mellon and Miller had joined the meeting and the Secretary of the Treasury had taken the Chair.

REPORTS OF STANDING COMMITTEES:

Dated, May 29th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, May 31st, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, June 3rd, Recommending approval of the application of Mr. Ira Jewell Williams for permission to serve at the same time as director of the Penn National Bank, Philadelphia, Pa., and as director of the Continental-Equitable Title and Trust Company, Philadelphia, Pa. Approved.

Dated, May 28th, Recommending approval of the application of Mr. Ira Jewell Williams for permission to serve at the same time as director of the Penn National Bank, Philadelphia, Pa., and as director of the Continental-Equitable Title and Trust Company, Philadelphia, Pa.

Approved.
REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, May 29th, Recommending approval of the application of Mr. George B. St. George for permission to serve at the same time as director of the Fidelity Trust Company, New York, N. Y., and as director of the First National Bank, New York, N. Y.

Approved.

Dated, May 31st, Recommending approval of the application of Mr. John H. Thatcher for permission to serve at the same time as director of the First National Bank, Pueblo, Colorado and as director of the First National Bank, Trinidad, Colorado.

Approved.

Dated, May 31st, Recommending approval of the application of Mr. Isaac Kershaw for permission to serve at the same time as director of the Bala-Cynwyd National Bank, Bala-Cynwyd, Pa., and as director of the Hamilton Trust Company, Philadelphia, Pa.

Approved.

Dated, May 31st, Recommending approval of the application of Mr. Samuel N. Rhodes for permission to serve at the same time as director of the Ridley Park National Bank, Ridley Park, Pa., and as director of the Media Title and Trust Company, Media, Pa.

Approved.

Dated, May 31st, Recommending approval of the application of Mr. Alva B. Adams for permission to serve at the same time as director and officer of the Pueblo Savings and Trust Company, Pueblo, Colorado and as director and officer of the Western National Bank, Pueblo, Colorado.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:

Governor.

Assistant Secretary.