

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, August 16, 1929 at 12:15 p.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on August 15th was dispensed with.

Letter dated August 15th from the Secretary of the Federal Reserve Bank of New York and telegram dated August 15th from the Chairman of the Federal Reserve Bank of San Francisco, both advising that their boards of directors at meetings on the date stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Report of Executive Committee on letter dated August 15th from the Comptroller of the Currency, recommending approval of a salary of \$3,900 per annum for National Bank Examiner Aloysius W. Green, assigned to the First Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Report of Executive Committee on letters dated August 15th from the Secretary and the Assistant Federal Reserve Agent at the Federal Reserve Bank of New York, transmitting applications of the Commercial National Bank and Trust Company, New York, N. Y., for permission (1) to accept drafts and bills of exchange drawn upon it up to 100% of its paid-up capital and surplus, in accordance with the provisions of Section 13 of the Federal Reserve Act, and (2) to accept drafts and bills of exchange drawn upon it by banks or bankers

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in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange; the Board's Committee recommending approval of the applications.

Approved.

Memorandum from Counsel dated August 14th, with further reference to the question raised by the Federal Reserve Bank of San Francisco as to whether items for which credit had been given the depositor and which had been forwarded to out of town banks for collection, but which had not been charged to the account of such out of town correspondent banks, might be classified as amounts "due from" banks and, accordingly, deducted from amounts "due to" banks in computing reserves; the San Francisco bank having called attention to the fact that the Board's Regulation "D" permits the classification as amounts "due from" banks of "items placed in the mail and charged to the account of correspondent banks", whereas, the instructions accompanying the Board's form of condition report of state member banks provide that amounts "due from" banks should include "uncollected items payable on presentation which have been forwarded to banks for credit or collection and remittance." With his memorandum, Counsel submitted replies from the various Federal Reserve banks to the Board's letter (X-6337) approved at the meeting on June 24th, all replies except that of the Federal Reserve Bank of Boston expressing the opinion that the requirement of the Board's Regulation "D" should be waived. Accordingly, he submitted draft of a circular letter to all Federal Reserve banks advising that the Board is of the opinion that there is no valid practical reason for the requirement that cash items which have been forwarded to out of town banks for collection should be

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charged to the account of such banks before being permitted to be classified as "due from" bank balances and that the Board accordingly will waive the requirement contained in its Regulation "D".

After discussion, upon motion, the letter submitted by Counsel was approved.

Report of Committee on District #2, recommending the appointment of Mr. George Kleindinst, President of the Liberty Bank of Buffalo, as director of the Branch Federal Reserve Bank at Buffalo for the unexpired term of Mr. Edward A. Duerr, resigned, ending December 31, 1931.

Upon motion, Mr. Kleindinst was appointed a director of the Buffalo Branch for the term ending December 31, 1931.

The Governor then submitted the application of the First National Bank and Trust Company of Yankton, S. D., which has already been authorized by the Board to act as trustee, executor, administrator and registrar of stocks and bonds, for permission to act also as guardian of estates, assignee, receiver, committee of estates of lunatics or in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of South Dakota. The Governor stated that he is familiar with the situation in the applicant bank and concurs in a recommendation of the Federal Reserve Agent that the application for supplemental powers be refused.

Upon motion, the application was refused.

The Governor then submitted a letter addressed to the Secretary of the Board by the Secretary of the United States Civil Service Commission under date of August 6th, in reply to the letter to the Commission approved at the

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meeting of the Board on July 30th, and stated that following receipt of the letter, a telephone request was received from the Commission that the letter be returned.. He submitted a memorandum from Counsel dated August 8th, advising that in his opinion it would be unlawful for the Board to return the letter and suggesting instead that the matter be taken up informally with the Secretary of the Civil Service Commission with a view to having him address another letter to the Board, advising that the letter of August 6th was forwarded by mistake and requesting that it be disregarded, upon receipt of which the Board could properly advise that the letter will be disregarded although it must be retained in the Board's files.

After discussion, upon motion, the Assistant Secretary was directed to proceed in accordance with Counsel's suggestions.

The Governor then referred to a request made by a representative of the White House that a report be made to the White House, on a form furnished, of each employee of the Board receiving an annual salary of \$2,500 or more. He stated that information has been furnished in the past regarding the members and officers of the Board.

After discussion, upon motion, the Governor was authorized to have the necessary reports prepared, to be delivered upon receipt of a formal request in writing from a duly authorized person at the White House.

Letter dated August 14th from the Deputy Governor of the Federal Reserve Bank of New York, advising that there has been no change in the Open Market Investment Account since his letter to the Board of August 7th; the letter also commenting in detail upon conditions in the government securities and bill markets.

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Ordered circulated.

The Governor then reported that when Governor Harrison of the Federal Reserve Bank of New York communicated with the bank following the meeting of the Board yesterday his directors had already adjourned their meeting and, consequently, no action can be taken with regard to establishing new minimum and maximum authorized bill rates until the meeting of the directors next week.

He stated, however, that the directors adopted a resolution authorizing the officers in their discretion to buy up to \$25,000,000 of sterling. In the absence of rules and regulations promulgated by the Board, he stated that this action does not require approval by the Board and was not taken subject to such approval. He stated, however, that Governor Harrison had requested an expression of opinion from the Board. A detailed discussion ensued, at the conclusion of which an informal canvass indicated that a majority of the members present were not disposed to favor the purchase of bills on the information before the Board. The Governor then stated that he would endeavor to secure more information regarding the action of the New York directors from Governor Harrison.

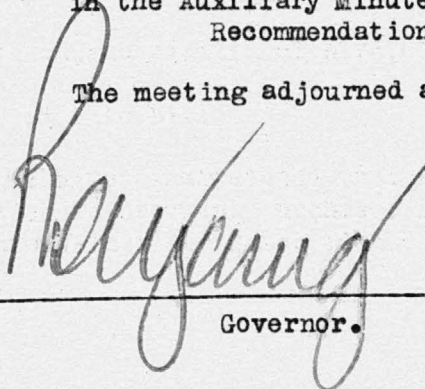
REPORTS OF STANDING COMMITTEES:

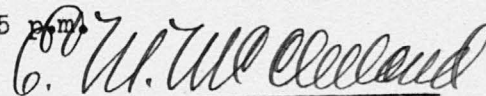
Dated, August 16th, Recommending action on an application for admission of a state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

The meeting adjourned at 1:45 p.m.

Approved:


Governor.


Assistant Secretary.