

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, August 22, 1929 at 11:00 a.m.

PRESENT: The Chairman
Governor Young
Mr. Hanlin
Mr. Cunningham
Mr. Pole
Mr. McClelland, Asst. Secretary

The Governor submitted a letter dated August 16th from the Governor of the Federal Reserve Bank of New York, with reference to his previous verbal advice of the action of the board of directors of that bank in authorizing the officers to purchase up to \$25,000,000 of Sterling; the letter stating that, in his opinion, the present is an appropriate time to make purchases, as Sterling exchange has been weak, with \$5,000,000 of gold now on the way to New York from London, and unless Sterling strengthens more gold may come from England on steamers leaving during the current week. In his letter, Governor Harrison stated that if by the purchase of Sterling bills the Federal Reserve System can help to minimize or avoid these shipments, without at the same time going contrary to the policy which has been adopted for our own market, there seems to be not only great advantage but no disadvantage in purchases of Sterling, especially to the extent that Sterling is converted into bills and reflected in the Federal Reserve banks' statement in open market purchases of bills. The Governor stated that desiring an expression from the Board, the New York bank refrained from buying Sterling until last Tuesday when £200,000 was purchased to prevent an import of gold. Yesterday, he stated, an additional £175,000 was purchased and today £600,000, all being converted into bills.

The Governor stated that he feels there is no objection to Sterling purchases at this time and that Messrs. Platt and James with whom he communicated over

8/22/29

-2-

the telephone, are of the same opinion. He stated that he is not sure of the position of Mr. Miller with whom he also communicated, but believes that Mr. Miller would prefer to have more information before indicating his approval.

After discussion, the Governor moved that the Governor of the Federal Reserve Bank of New York be advised that the Board sees no objection to the action of the New York directors in authorizing the officers to purchase Sterling up to \$25,000,000.

Governor Young's motion, being put by the Chair, was carried.

The Governor then presented a report of the Committee on District #4 on letter dated August 6th from the Governor of the Federal Reserve Bank of Cleveland, advising that the board of directors of that bank has rescinded authority previously granted him to negotiate for the purchase of property at the corner of Grant Street and Strawberry Way, Pittsburgh, as a building site for the Pittsburgh Branch, and has authorized him to negotiate instead the purchase of property at the corner of Grant Street and Ogle Way; the letter stating that the property which it is now desired to purchase fronts 85 feet on Grant Street and runs back approximately 195 feet to William Penn Way, 16,575 square feet, and can be purchased, it is understood, for \$50 per square foot or \$828,750, which amount can be reduced to \$780,000 by resale to the Gulf Refining Company of five front feet next adjoining property on Grant Street which has been purchased by that Company for the erection of a new building. In his letter, the Governor of the Cleveland bank submitted tentative estimates for the construction of a building of \$800,000 for the building proper and \$542,000 for vaults, fixed machinery and equipment.

In its report, the Committee on District #4 recommended that the Board

8/22/29

-3-

authorize the Cleveland bank to purchase the property referred to at a price not to exceed \$828,750, with the understanding that a plot 5 feet by 195 feet will be resold at \$48,750, making the cost to the Federal Reserve bank of the property retained, not to exceed \$780,000. The Committee further reported that no action with respect to the proposed building is required at this time, but suggested that the Federal Reserve Bank of Cleveland be requested to advise the Board when revised estimates of the cost of the proposed building have been prepared and the bank is ready to seek Congressional authority in connection with the expenditure.

The Governor stated that he mentioned the above matter also to Messrs. Platt, James and Miller, and that Mr. Platt favors the purchase, Mr. James is opposed to it, feeling that the present facilities of the Pittsburgh Branch are adequate, and Mr. Miller, not being familiar with the situation at Pittsburgh, is willing to follow the recommendation of the District Committee.

After discussion, Mr. Hamlin moved approval of the recommendation of the Committee on District #4.

Carried.

The Governor then reported that, in accordance with the action of the Board at the meeting on August 16th, he advised the White House of the Board's desire to have a written request for the reports which have been requested informally of employees of the Board receiving an annual salary of \$2500 or more. He was advised, he stated, that the President has made similar requests verbally of the Cabinet members and it is felt a letter to the Board is unnecessary and might be misunderstood.

After discussion, Mr. Cunningham moved that the Board reconsider its action of August 16th and that the Governor be authorized to comply informally with the verbal request made by the White House.

8/22/29

-4-

The Assistant Secretary then reported that, in accordance with the directions of the Board at its meeting on August 16th, he communicated with the Secretary of the United States Civil Service Commission and was advised that the Commission no longer wishes to withdraw its letter of August 6th with reference to previous requests that it be furnished with reports of changes in the personnel of the Federal Reserve Board; that letter stating that the information requested is desired solely for record purposes and not with any purpose on the part of the Commission of interfering with or changing in any way the methods of appointing or changing the personnel of the Federal Reserve Board.

A discussion ensued during which it was the consensus of opinion that there is no apparent objection to furnishing the reports requested by the Civil Service Commission, without admitting, however, the authority of the Commission to require such reports and with the understanding, as stated in the Commission's letter of August 6th, that the information is desired solely for record purposes.

After discussion, upon motion, the matter was referred to the Governor and Mr. Hamlin with power.

Letter dated August 16th from the Governor of the Federal Reserve Bank of New York, transmitting copy of letter sent to the Governor of each Federal Reserve Bank, with respect to bill and discount transactions during the past week; the circular letter stating that there was an increase of about \$35,000,000 in the System bill portfolio, offset almost equally by a reduction in discounts for the System. In the letter, it was also stated that the present purpose is to proceed very cautiously in voluntarily increasing the bill portfolio until the seasonal increase in the volume of acceptance credit becomes more important than is now apparent.

Ordered circulated.

8/22/29

-5-

Letter dated August 10th from the Chairman of the Federal Reserve Bank of Chicago, advising of discussion at the meeting of the Executive Committee of the bank on August 9th regarding an increase in the discount rate; the letter stating that all directors present were inclined to believe that the rate should be increased but after conferring with Deputy Governor McKay, who attended the meeting in Washington, no action was taken.

The above letter, having been circulated among the members of the Board, was noted.

The minutes of the meetings of the Federal Reserve Board held on August 15th and 16th were then read and approved.

Telegram dated August 21st from the Chairman of the Federal Reserve Bank of Philadelphia and telegram dated August 16th from the Chairman of the Federal Reserve Bank of Chicago, advising that the board of directors and the Executive Committee of the respective banks at meetings on the dates stated made no changes in their existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated August 16th from the Director of the Division of Research and Statistics, recommending that the temporary appointment of Miss Elizabeth M. Barcalow, stenographer in the Division, which expires on September 3rd, be made permanent at her present salary of \$1440 per annum.

Approved.

Memorandum dated August 16th from the Director of the Division of Research and Statistics, submitting the resignation of Mrs. Kathleen B. Perry, statistical clerk in the Division, effective at the close of business September 30th, and recommending its acceptance with the understanding that prior to

8/22/29

-6-

September 30th Mrs. Perry will be granted thirty days annual leave.

Upon motion, the resignation was accepted in accordance with the recommendation of the Director.

Letters dated August 15th and 20th from the Comptroller of the Currency, advising of the appointment of Mrs. Ruth Whittaker, Miss Hilda V. Schaeffer and Mrs. Florence R. Hopkins as Money Counters in the Federal Reserve Issue and Redemption Division, with salary at the rate of \$1200 per annum.

Approved.

Reports of Executive Committee on letters dated August 19th and 21st from the Comptroller of the Currency, recommending approval of a salary of \$4500 per annum for National Bank Examiner William E. Hughes, assigned to the Second Federal Reserve District, and a salary of \$2700 per annum for National Bank Examiner Thomas B. Williams, assigned to the Twelfth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of San Francisco of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the month of July, 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.

Letter dated August 20th from the Federal Reserve Agent at Atlanta, transmitting and recommending approval of an application of the Woodlawn-American National Bank, Birmingham, Alabama, an outlying institution, for a reduction in

8/22/29

-7-

its reserve requirements from 10% to 7% of demand deposits. The Assistant Secretary reported that the applicant bank was chartered by the Comptroller of the Currency with the amount of capital permitted in the case of an outlying bank.

After discussion, upon motion, the application was unanimously approved.

Letter dated August 17th from the Assistant Federal Reserve Agent at New York, advising of the proposed merger of the Midtown Bank of New York, a member institution, into the Prudential Bank, New York, N. Y., a nonmember.

Noted.

Letter dated August 21st from the Assistant Federal Reserve Agent at New York, advising that the merger of the Mutual Trust Company of New York into the International Germanic Trust Company, New York, N. Y., a member bank, plans for which were previously reported to the Board, was effected on August 12th; the Assistant Federal Reserve Agent reporting that the Mutual Trust Company did not engage in banking as an independent institution but was organized to protect depositors of the defunct City Trust Company, a nonmember, certain assets and liabilities of which are being taken over by the International Germanic Trust Company in the present merger.

Noted.

Report of Committee on Salaries and Expenditures on letter dated August 17th from the Deputy Governor of the Federal Reserve Bank of New York, requesting approval of an increase from \$2,880 to \$3,300 per annum, effective September 1st, in the salary of Mr. John H. Hartley, recently promoted from Acting Chief to Chief of the bank's Credit Division.

Upon motion, the increase in salary was approved.

8/22/29

-8-

Letter dated August 20th from the Vice President of the Foreign Trade Securities Company, Ltd., New York City, requesting a further extension for a period of thirty days in the Board's reservation of the title "Foreign Banking and Investment Corporation" for the corporation proposed to be organized under Section 25 (a) of the Federal Reserve Act.

Upon motion, an extension of thirty days from August 24th was granted.

Report of Executive Committee on memorandum dated August 20th from the Comptroller of the Currency, recommending approval of an application of the Fourth and First National Bank, Nashville, Tennessee, for a reduction in its capital from \$2,625,000 to \$200,000; the Comptroller stating that the reduced capital is desired to enable the national bank to continue to operate and handle its trust accounts, after sale to the Nashville Trust Company, a state member bank, of all of the assets of the national bank except sufficient to balance its reduced capital and surplus.

After discussion, upon recommendation of the Executive Committee, the reduction in capital was approved.

Memorandum from Counsel dated August 16th, advising that the weekly bulletin of the Banking Department of the State of New York reports that the Equitable Trust Company of New York City has been authorized to open and maintain a branch in the city of Detroit; Counsel submitting draft of a letter to the Federal Reserve Agent at New York, requesting him to call the attention of the Equitable Trust Company to the fact that it may not lawfully establish a branch outside of New York City and continue to hold its stock in the Federal Reserve Bank.

Upon motion, the letter submitted by Counsel was approved.

8/22/29

-9-

Memorandum from Counsel dated August 20th, submitting the application of Mr. John R. Macomber, for permission to serve at the same time as director of the First National Bank of Boston, as officer and director of the Harris Forbes Trust Company, Boston, and as director of the Harris Trust and Savings Bank, Chicago, Illinois; Counsel stating that Mr. Macomber is also serving as an officer and director of Harris Forbes and Company, Inc. of Boston, which no longer conducts a banking business and does not come within the prohibitions of the Clayton Act.

After discussion, upon recommendation of the Law Committee, Mr. Macomber's application was approved.

The Assistant Secretary then submitted for ratification the following changes in the Inter-district Time Schedule of the Federal Reserve Bank of Dallas, which were approved on initials on August 12th:

From Dallas to Los Angeles	From 4 days to 3 days
" El Paso " Philadelphia	" 4 " " 3 "
" " " Charlotte	" 4 " " 3 "
" " " Portland	" 4 " " 3 "
" " " Salt Lake City	" 4 " " 3 "
" " " Spokane	" 5 " " 4 "
" San Antonio to Omaha	" 3 " " 2 "
" " " Birmingham	" 2 " " 3 "
" " " Nashville	" 2 " " 3 "
" " " San Francisco	" 4 " " 3 "

Upon motion, the above changes were formally approved.

Memorandum dated August 19th from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of July and for the seven months' period ending July 31st.

Ordered circulated.

8/22/29

-10-

Memorandum from Counsel dated August 21st, with reference to an agreement entered into between the First National Bank of Tampa, the Exchange National Bank of Tampa and the Federal Reserve Bank of Atlanta, governing the establishment at Tampa of a revolving currency fund under the authority granted by the Board on July 16th; Counsel stating that the agreement is in proper legal form. The Assistant Secretary reported that the fund is in the amount of \$700,000, whereas the Board authorized establishment of a fund up to \$1,000,000, and is under joint control of two member banks rather than in single custody as were the funds previously maintained at Miami.

Upon motion, it was voted to approve the agreement entered into by the Federal Reserve Bank of Atlanta.

Letter dated August 20th from the First Federal Foreign Banking Corporation, New York City, replying to the letter addressed to it by the Board under date of August 16th; the reply stating that no definite plan has been formulated to secure a charter broader than that afforded by the Federal Reserve Act but as any such plan would necessitate the dissolution of the present corporation and surrender of its present charter, the Board will be kept fully informed. In the letter, it was also stated that there has been no change in the class of business which the corporation is carrying on, its sole business at the present time being the liquidation of foreign financing accounts heretofore undertaken, the continuance of which is rendered unprofitable by the high cost of money.

Noted.

The Assistant Secretary then submitted correspondence with the Federal

8/22/29

-11-

Reserve Agent at Chicago, regarding termination of the membership of the Home Bank and Trust Company, Chicago, due to a consolidation under a new charter with the Hatterman and Glanz State Bank, a nonmember; the Federal Reserve Agent advising that although an application for membership on behalf of the new bank has been filed, action thereon is being withheld at the request of the bank, due to the fact that the Executive Committee of the Federal Reserve bank does not feel that it can recommend approval thereof by the Federal Reserve Board.

Upon motion, the withholding of action on the application in question was noted without objection.

Letter dated August 15th from the Secretary of the Federal Advisory Council, advising that the next meeting of the Council will be held on September 17th and requesting that he be advised of topics which the Board may wish the Council to discuss.

Referred to the Executive Committee.

Letter dated August 20th from the Governor of the Federal Reserve Bank of New York, transmitting the third monthly compilation of the amount of short-term funds held in New York for foreign account, aggregating \$2,650,177,000 as of July 31, 1929.

Ordered circulated.

Letter dated August 21st from the Deputy Governor of the Federal Reserve Bank of New York, advising that since his letter to the Board of August 14th the Open Market Investment Account has increased to \$36,125,000 as a result of \$5,000,000 of securities being taken over temporarily from the Federal Reserve Bank of Dallas; the letter also stating that there has been some improvement in

8/22/29

-12-

the Government security market and that the bill market has been somewhat less active.

Ordered circulated.

REPORTS OF STANDING COMMITTEES:

- Dated, August 19th, 20th, 21st, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, August 14th, 19th, 20th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, August 12th, Recommending approval of the application of Mr. Wylie Hemphill for permission to serve at the same time as director of the Marine State Bank, Seattle, Washington, as director of the National Bank of Commerce, Seattle, Washington and as officer of the National Bank of Commerce, Seattle, Washington.
- Dated, August 15th, Recommending approval of the application of Mr. Carter Stewart for permission to serve at the same time as officer and director of the Public National Bank & Trust Company, Houston, Texas, as officer and director of the First National Bank of LaPorte, Texas and as officer and director of the First National Bank of Harlingen, Texas.

Approved.

Approved.

The meeting adjourned at 12:45 p.m.

C. W. McColland
Assistant Secretary.

Approved:

A. W. Nelson

Chairman.

OK Rave