

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, September 4, 1929 at 12:15 p.m.

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

The Governor submitted a report on the matter referred to him at the meeting of the Board yesterday, namely, the question of membership of the Nashville Trust Company, Nashville, Tennessee, in the form of a proposed letter to the Federal Reserve Agent at Atlanta, reading as follows:

"The Federal Reserve Board has given consideration to your letter of August 29th advising that the Nashville Trust Company of Nashville, Tennessee, desires to postpone the date of its becoming a member of the Federal Reserve System until the purchase of the assets of the Fourth & First National Bank of Nashville, Tennessee, can be consummated. In this connection the Board has also received from the Counsel to the Nashville Trust Company a letter enclosing a copy of a resolution adopted by the executive committee of the Fourth & First National Bank and of the Nashville Trust Company requesting the Federal Reserve Board to treat the membership application of the Nashville Trust Company as still pending and under consideration until arrangements for the merger can be completed, which it is thought will be about January of next year.

The Federal Reserve Board has decided to grant the request of the Nashville Trust Company that its application for membership be treated as still pending and under consideration. The Board has accordingly withdrawn the approval heretofore given the membership application of the Nashville Trust Company and will treat the same as pending before the Board and awaiting its consideration and action until such time as it is notified by the Nashville Trust Company that the latter is ready to complete its membership and that the Board's approval of its application is desired. Conditions may change materially in the period which it is contemplated will elapse before the Nashville Trust Company is ready to complete its membership, and the Federal Reserve Board will, therefore, desire to reconsider the matter at that time in the light of then existing conditions. When this matter comes up for reconsideration, it probably will be necessary for the Federal Reserve Board to have before it a report of a later examination of the Nashville Trust Company, and other information may be required.

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"The chances of favorable action by the Board on the application at that time might be adversely affected by any action which the bank might have taken subsequent to August 9th which would be inconsistent with the conditions of membership prescribed by the Board in its letter of August 9th. In order not to prejudice the chances of favorable action on the application, therefore, the Nashville Trust Company should in the meantime conform as closely as possible to the conditions set forth in the Board's letter of August 9th. In this connection it is noted that since applying for membership in the Federal Reserve System, the Nashville Trust Company has purchased shares of stock in the First National Bank of Kingsport, Tennessee, and in the Bank of Kingsport, Tennessee, in amounts sufficient to give it control of these institutions and the purchase of such stock without first obtaining the permission of the Federal Reserve Board is inconsistent with the third condition of membership set forth in the Board's letter of August 9th. This is a matter which probably will have to be adjusted when the bank's application for membership comes up for reconsideration by the Board.

You are requested to advise the Nashville Trust Company of the Board's position in this matter, in accordance with the views expressed above."

After discussion, Mr. Cunningham moved that the Board reconsider its action of August 9th in approving the application of the Nashville Trust Company, Nashville, Tennessee, for membership in the Federal Reserve System.

Carried.

Mr. James then moved that the Board's approval of the application be withdrawn without prejudice and that the application be considered as pending before the Board.

Carried.

Mr. Cunningham then moved that the Governor be authorized to transmit the letter to the Federal Reserve Agent at Atlanta quoted above.

Carried.

The minutes of the meeting of the Federal Reserve Board held on September 3rd were then read and approved.

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Memorandum from Counsel dated August 23rd, submitting draft of reply to letter dated July 13th from the Governor of the Federal Reserve Bank of Minneapolis, suggesting that the Board's Regulation "D" and form of quarterly condition report of member banks be amended so as to permit unsorted checks to be considered as deposits "due from" banks, which may be deducted by member banks from deposits "due to" banks when computing required reserves; the proposed reply stating that the Board does not feel that member banks should be granted authority to count unsorted and unclassified checks as balances "due from" banks, believing that if a member bank wishes to include items as balances "due from" banks they should be sorted and classified so that there may be no doubt as to their character.

Upon motion, the proposed letter was approved.

Memorandum from Counsel dated August 24th, submitting draft of reply to letter dated July 13th from the Deputy Governor of the Federal Reserve Bank of New York, submitting an inquiry by the American Trust Company of New York as to whether it must maintain reserves against the amount of checks it has in process of collection, even though the amount of such uncollected checks is segregated on its books from the amount of collected funds due each depositor; the proposed reply stating that the Board has heretofore considered this question and has ruled that, where immediate credit is given for checks deposited to a customer's account, the bank must maintain reserves against such deposit liability, even though there is in existence an agreement with the customer that the amount of such checks may not be withdrawn until the checks have been actually collected.

Upon motion, the letter submitted by Counsel was approved.

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Telegram dated September 4th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the regular meeting of the board of directors of the bank was not held today and no action was taken on the existing schedule of rates of discount and purchase.

Noted.

Report of Executive Committee on letter dated August 30th from the Comptroller of the Currency, recommending approval of an increase from \$6,000 to \$9,000 per annum in the salary of Chief National Bank Examiner William Taylor and an increase from \$11,000 to \$12,000 per annum in the salary of Chief National Bank Examiner Alfred P. Leyburn; the Board's Committee also recommending approval.

Approved.

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 July 26th to August 22nd, 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 29th from the Federal Reserve Agent at Kansas City, advising that all Federal Reserve notes held in the custody of the Acting Assistant Federal Reserve Agent at the Omaha Branch have been turned over to the bank and that it is intended to discontinue the reserve stocks of notes at the Oklahoma City and Denver Branches as soon as present supplies

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have been reduced somewhat; the Agent inquiring whether it would be satisfactory to advise the Acting Assistant Federal Reserve Agents at the Branches of the termination of their designations as such, and request cancellation of their respective fidelity bonds, at such time as it is found desirable to close out the custody accounts.

Noted, without objection.

Letter dated August 31st from the Governor of the Federal Reserve Bank of St. Louis, transmitting request from the Economic Policy Commission of the American Bankers Association for information in regard to chain and branch banking and inquiring as to the attitude of the Board toward his compliance with the request. The Secretary reported that apparently a similar request has been made of other Federal Reserve banks.

A discussion ensued during which it was the consensus of opinion that there is no objection to the Federal Reserve banks furnishing the desired information unofficially for the use of the American Bankers Association Committee, and the matter was referred to the Vice Governor for preparation of appropriate advice to the Federal Reserve banks.

Memorandum dated September 4th from the Chief of the Division of Bank Operations, submitting report of the committee appointed by the Board on June 24th to determine the most efficient and economical means of effecting the redemption of Canadian currency; the Chief of the Division suggesting that before taking final action on the report a copy thereof be forwarded to each Governor, with the request that he advise the Board whether or not the program outlined by the committee will be satisfactory to his bank.

Upon motion, the report was ordered transmitted to each Federal Reserve bank for comment.

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REPORTS OF STANDING COMMITTEES:

Dated, August 28th, Recommending action on applications for fiduciary powers  
29th, as set forth in the Auxiliary Minute Book of this date.  
30th, Recommendations approved.

Dated, August 23rd, Recommending approval of the application of Mr. M. F.  
Cowden for permission to serve at the same time as di-  
rector of the First National Bank of Warren, Pa., and  
as director of the Warren Savings Bank & Trust Company  
of Warren, Pa.

Approved.

Dated, August 26th, Recommending approval of the application of Mr. Frank  
Andrews for permission to serve at the same time as  
director of the Union National Bank of Houston, Texas,  
and as director of the San Jacinto Trust Company of  
Houston, Texas.

Approved.

Dated, August 26th, Recommending approval of the application of Mr. W. H.  
Correll for permission to serve at the same time as  
officer of the First Wisconsin National Bank of Milwaukee,  
as director of the Sherman Park State Bank of Milwaukee  
and as director and officer of the Bay View Bank of Mil-  
waukee.

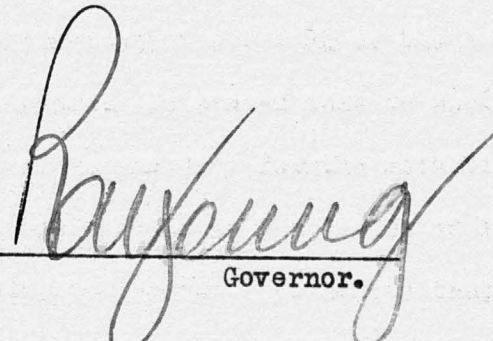
Approved.

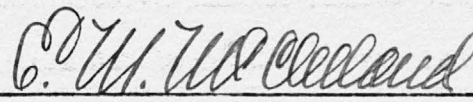
Dated, August 27th, Recommending approval of the application of Mr. Benjamin  
W. Guernsey for permission to serve at the same time as  
director of the Springfield National Bank of Springfield,  
Massachusetts, as director of the Boulevard Trust Company  
of Brookline, Massachusetts and as director of the Welles-  
ley National Bank of Wellesley, Massachusetts.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:

  
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Governor.

  
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Assistant Secretary.