

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, October 8, 1929, at 12:30 p.m.

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

Matter approved on initials on October 7th, namely, application of the American National Bank in Winter Haven, Fla., for original stock (120 shares) in the Federal Reserve Bank of Atlanta, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

The Assistant Secretary then advised that the Comptroller of the Currency today made a call on all national banks for reports of condition as at the close of business October 4th and that a similar call was made by the Board on state member banks.

Noted, with approval.

Memorandum dated October 7th, approved by the Assistant Secretary, advising that the probationary appointment of Miss Anne B. Hacker, stenographer in the office of the Chief Clerk, expires at close of business October 7th, and recommending that the appointment be made permanent at the present salary of \$1500 per annum.

Approved.

Memorandum dated October 7th from the Assistant Secretary, recommending the employment of Simmie Washington as messenger on the Board's staff, for a probationary period of three months, at a salary of \$900 per annum.

Approved.

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

Telegram dated October 7th from the Chairman of the Federal Reserve Bank of Dallas, 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.

Without objection, noted with approval.

Letter dated October 3rd from the Chairman of the Federal Reserve Bank of Atlanta, transmitting copy of a resolution adopted by the Southern Builders' Supply Association at a meeting recently held in Biloxi, Mississippi, expressing the opinion that there is an excessive diversion of loanable funds to speculators because of which productive industry is handicapped and urging the passage of such laws and enforcement of such regulations as are legally and economically sound and will restrict purely speculative loans, thus making available for industry needed funds at reasonable interest rates.

After discussion, the resolution was noted and the Assistant Secretary was instructed to prepare an appropriate letter, advising that the problem referred to has concerned the Federal Reserve Board for some time, and that any suggestions the Association might care to make in the way of proper legislation would be appreciated.

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Memorandum from Counsel dated October 7th, submitting draft of letter to Mr. Fred W. Byrd of Hollywood, Cal., in reply to an inquiry whether it would be a violation of the Act of May 24, 1926, for a corporation organized under the laws of California to engage in the business of buying and selling trust deeds and certificates of participation therein under the title "Pacific Reserve Company", especially since the title "California Reserve Company" has been permitted and is now in use in that state; the proposed reply advising that the matter is one for determination by the Department of Justice and neither the Board nor the Treasury Department could give any assurance against prosecution for violation of the Act of May 24, 1926 should the business referred to be engaged in under the name "Pacific Reserve Company", and also requesting further information regarding the "California Reserve Company" to which reference was made. With his memorandum, Counsel also submitted drafts of letters to the Attorney General of the United States and to the Federal Reserve Agent at San Francisco, transmitting copies of the correspondence with Mr. Byrd; the letter to the Federal Reserve Agent requesting him to investigate the operations of the "California Reserve Company" and advise the Board.

After discussion, upon motion, the letters submitted with Counsel's memorandum were approved and ordered transmitted.

At this point, Mr. Gough, Deputy Comptroller of the Currency, joined the meeting and discussed with the Committee an application for permission to exercise fiduciary powers, filed on behalf of the American National Bank and Trust Company of Valley City, N. D., effective if and when the Comptroller of the Currency issues a certificate of authority to commence business. He stated that the new institution is being organized by the Northwest Bancorporation of

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Minneapolis, which will hold all of the stock except directors' qualifying shares, to succeed the Middlewest Trust Company and the American Exchange Bank of Valley City, both of which are in unsatisfactory condition. The new institution, he stated, will have a capital of \$100,000 and surplus of \$25,000, the only other bank in Valley City being the National Bank of Valley City, with similar capital and surplus. He stated that favorable recommendations have been received from the Chief National Bank Examiner and the Federal Reserve Agent, as well as from the State Banking Department. The assets of the new institution, he stated, will include \$7,000 of doubtful and \$100,000 of slow assets and the proposed management will not be as strong as might be desired, but being under supervision of the Northwest Bancorporation, he expressed the opinion that the operation of the bank will be safeguarded and its organization will save an otherwise unfortunate situation in Valley City.

After detailed discussion, during which one or two members of the Committee expressed doubt as to the advisability of approving the application, it was voted to defer action until the meeting of the Board tomorrow.

REPORTS OF STANDING COMMITTEES:

- Dated, October 4th, Recommending changes in stock at Federal Reserve banks
7th, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, October 5th, Recommending approval of the application of Mr. Willard
H. Pearsall for permission to serve at the same time as
director of the Flatbush National Bank of Brooklyn, in
New York and as officer of the Plaza Trust Company of
New York City.
Approved.
- Dated, October 7th, Recommending approval of the application of Mr. E. B.
MacNaughton for permission to serve at the same time
as director of the First National Bank of Portland,
Oregon, as director of the First National Bank of Astoria,
Oregon and as director of the Geo. W. Bates & Company,
Bankers, Portland, Oregon.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, October 7th, Recommending approval of the application of Mr. E. A. Wyld for permission to serve at the same time as director and officer of the First National Bank of Portland, Oregon and as director and officer of the Geo. W. Bates & Company, Bankers, Portland, Oregon.

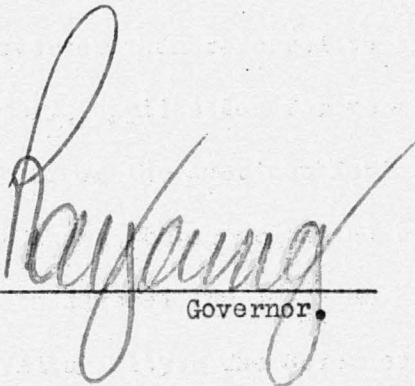
Approved.

Dated, October 7th, Recommending approval of the application of Mr. J. H. Mackie for permission to serve at the same time as officer of the First National Bank of Portland, Oregon and as director of the Geo. W. Bates & Company, Bankers, Portland, Oregon.

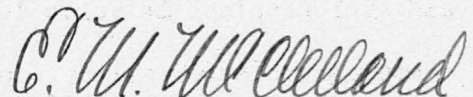
Approved.

The meeting adjourned at 1:15 p.m.

Approved:



 Governor.



 Assistant Secretary.