

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, October 9, 1929, at 12:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on October 4th were read and approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on October 8th were read and, upon motion, the actions recorded therein were ratified.

The Governor then referred to the special order of business for this meeting, namely, application for permission to exercise fiduciary powers filed on behalf of the American National Bank and Trust Company of Valley City, North Dakota, being organized by the Northwest Bancorporation of Minneapolis to succeed the American Exchange Bank and the Middlewest Trust Company of Valley City. The Governor reported that he had communicated with the Governor and the Chairman of the Federal Reserve Bank of Minneapolis over the telephone and had requested certain additional information, not yet received.

A discussion ensued, during which Mr. Gough, Deputy Comptroller of the Currency, joined the meeting.

At the conclusion of the discussion, Mr. James moved that approval of trust powers for the proposed American National Bank and Trust Company of Valley City, North Dakota, be deferred until the bank shall have been in operation for sufficient time to give the Board some information as to the character of its management and its qualifications for handling trust business.

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At the suggestion of the Governor, action on Mr. James' motion was deferred.

Mr. Gough then left the meeting.

Memorandum dated September 19th from the Director of the Division of Research and Statistics, transmitting one prepared by Mr. Gardner of the Division, under date of September 16th, on the subject of the present gold situation.

Ordered circulated.

Letter dated October 8th from the Secretary of the Governor's Conference, inquiring whether the Board has any topics which it would like to have included in the program for the forthcoming fall conference.

Referred to the Assistant Secretary.

Memorandum from Counsel dated September 30th, calling attention to the fact that the Board's form of certificate of membership of state banks which has been used for a number of years without change, is out of date in that it refers to the amendment to the Federal Reserve Act of June 21, 1917 but does not refer to any other amendments; Counsel suggesting that the body of the certificate be changed to read as follows:

"This is to certify that _____ has become a stockholder in the Federal Reserve Bank of _____ in accordance with the provisions of the Act of Congress approved December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, as amended, and that, subject to the provisions of that Act, as amended, it is a duly qualified member of the Federal Reserve System, entitled to all the rights and privileges of a member bank."

Upon motion, Counsel's recommendation was approved.

Memorandum dated October 5th from the State Department, transmitting a telegram received from the American Minister at Vienna, Austria, with respect

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to disturbing rumors current in New York and elsewhere regarding the solvency of the Boden Credit bank; the telegram stating that while the bank has large frozen credits, it is quite solvent and will be supported if necessary by cash loans of a temporary nature from other institutions in Vienna.

Upon motion, it was voted to acknowledge the above communication to the State Department and inquire if there is any objection to the Board's transmitting a copy of it to the Federal Reserve Bank of New York.

Letter dated October 2nd from the Deputy Governor of the Federal Reserve Bank of New York, with regard to transactions in the open market during the week ending October 2nd; the letter stating that holdings in the Open Market Investment Account remained unchanged but that System holdings of Government Securities decreased approximately \$6,000,000 and holdings of bills increased about \$54,000,000.

Noted.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Philadelphia, Cleveland and St. Louis, of employees for whom the directors of those banks 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.

Report of Committee on Examinations on letter dated October 5th from the Federal Reserve Agent at Cleveland, requesting permission for representatives of the Department of Examination of the bank to conduct a credit investigation, along the lines of his letter of March 22nd, of the Ohio Savings and Trust Company, New Philadelphia, Ohio, at the time that institution is under examination by

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State authorities, without expense to the member bank; the Board's Committee recommending approval.

Approved.

Matter referred to the Comptroller of the Currency at the meeting on October 1st, namely, application of The National Bank of North Kansas City, North Kansas City, Mo., for permission to exercise general fiduciary powers; together with memorandum from the Acting Comptroller of the Currency, advising that if the Board is disposed to waive its requirement as to the ratio of surplus to capital, the surplus of the bank being only 10% of its capital, he is inclined to recommend approval of the application for trust powers.

After discussion, with reference to the condition of the bank, it was, upon motion, voted to defer action on the application pending the next examination.

The Assistant Secretary then submitted a revision, prepared in the office of the Secretary of the Treasury, of the letter addressed to the Chairman of the Committee on Banking and Currency of the Senate for the signature of the Secretary of the Treasury on S. 1247, a bill to fix and establish legal and contract rates of interest between persons, firms, associations and corporations when residents of different states, which was approved at the meeting of the Board on July 18th; the revision consisting of the inclusion of a paragraph relating to the possible unconstitutionality of the proposed bill.

Noted, with approval.

Memorandum from Counsel dated September 24th, submitting draft of a proposed letter to all Federal Reserve banks on the question whether sand and gravel may be classified as readily marketable staples so that the storage of these materials may be made the basis of bankers acceptances under the

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provisions of Section 13 of the Federal Reserve Act; the letter stating that after consideration of the question in the light of memoranda prepared by the Federal Reserve Banks of Cleveland and New York, opinions expressed by members of the General Acceptance Committee and information received from the Department of Commerce, the Board has reached the conclusion that sand and gravel are not articles of such usage as to make them "the subject of constant dealing in ready markets with such frequent quotations of price as to make (a) the price easily and definitely ascertainable and (b) the staple itself easy to realize upon by sale at any time", as required by the definition contained in the Board's Regulation A, and that accordingly they may not properly be classified as readily marketable staples.

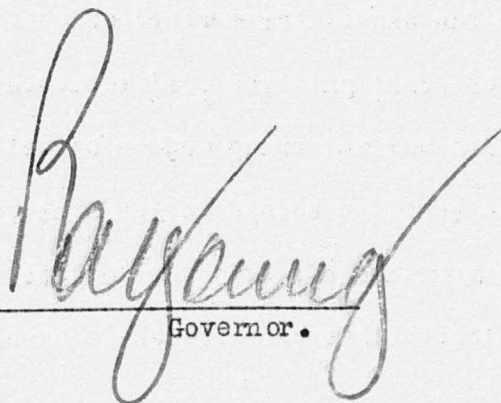
Upon motion, the ruling set forth in the proposed letter was adopted and it was ordered transmitted.

REPORTS OF STANDING COMMITTEES:

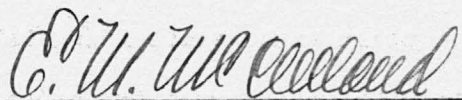
Dated, October 9th, Recommending a change in stock at a Federal Reserve bank as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

The meeting adjourned at 1:15 p.m.

Approved:



Governor.



Assistant Secretary.