

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, October 17, 1929 at 11:30 a.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on October 15th was begun but was dispensed with after discussion arose of the question of a general policy to be pursued by the Board in the matter of granting trust powers to national banks, the stock of which is owned by a holding company or investment trust. After some discussion, it was agreed that this subject should be given further consideration at a later meeting attended by the full membership of the Board.

The minutes of the meeting of the Federal Reserve Board held on October 16th were read and approved.

Report of Law Committee concurring in a recommendation of the Acting Comptroller of the Currency, made under date of October 9th, that action on the application of the First National Bank of Marshall County at Plymouth, Indiana, for permission to exercise fiduciary powers be deferred until the criticisms and objections contained in the report of examination of the bank made under date of June 28, 1929, have been cleared up.

Upon motion, action on the application was deferred in accordance with the recommendation of the Acting Comptroller.

Application of the First National Bank of Pringhar, Iowa, for permission to exercise fiduciary powers, together with a divided report thereon by the Law Committee; Mr. Hamlin and Governor Young concurring in a recommendation

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of the Acting Comptroller of the Currency that the application be approved but Mr. Platt calling attention to the fact that the institution, which has a capital of \$50,000, surplus of \$50,000 and undivided profits of \$9,000, has slow assets of \$128,000, doubtful of \$13,000 and bad of \$13,000.

A general discussion ensued, during which attention was called to the fact that recent examinations of the institution, while disclosing the large percentage of slow and doubtful paper, indicate that the management is both safe and financially responsible, that the bank has good earning power and that it enjoys full public confidence.

At the conclusion of the discussion, Mr. Hamlin moved approval of the application.

Mr. Miller moved that a letter be addressed to the Comptroller of the Currency with a copy to the Federal Reserve Agent at Chicago, along the following lines:

"The Federal Reserve Board has had under consideration the application of the First National Bank of Primghar, Iowa, for permission to exercise fiduciary powers. While the Board appreciates the elements of strength in the bank's application, namely, its strong and financially responsible management, its good earning power and the public confidence which it enjoys, there appears to be such a very large percentage of slow and doubtful paper that the Board feels the position of the bank, as well as its own in acting favorably on the application, would be very much better if this were reduced. The Board suggests the elimination of the doubtful and bad assets and would request that you take the matter up with the national bank, explaining the Board's position."

After discussion, upon motion, action on Mr. Miller's motion was deferred, and the matter was referred to the Governor with the request that he consult regarding it with the Comptroller of the Currency.

Telegram dated October 16th from the Chairman of the Federal Reserve Bank of St. Louis, 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.

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Without objection, noted with approval.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of New York, Kansas City and San Francisco, of employees for whom the directors of those banks authorized 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 Salaries and Expenditures on letter dated October 9th from the Deputy Governor of the Federal Reserve Bank of New York, submitting for the approval of the Board, certain promotions in grade of employees to positions where the grade is in excess of \$2500 per annum, effective October 1, 1929, and the creation of an additional grade for a position, as well as information regarding changes in organization, abolition of positions, and resignations of employees receiving in excess of \$2500 per annum; the Board's Committee advising that the changes recommended are in accordance with the group classification plan in effect at the New York bank and recommending their approval.

Approved.

Report of Committee on Examinations on letter dated October 9th from the Assistant Federal Reserve Agent at Cleveland, recommending approval of a proposed merger of the Pearl Street Savings and Trust Company of Cleveland, a member bank, into the Cleveland Trust Company, also a member; the Board's Committee also recommending approval.

Approved.

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Report of Executive Committee on memorandum dated October 10th from the Acting Comptroller of the Currency, recommending approval of an application of the First National Bank of Davis, Okla., for permission to reduce its capital stock from \$50,000 to \$30,000, on condition that so much of the amount of the reduction as it is necessary be applied to removing doubtful items of \$7,801.50, the remainder of the reduction to be returned to the shareholders; the Board's Committee also recommending approval.

Approved, Mr. James voting "no".

Memorandum from Counsel dated October 14th submitting draft of letter to the Federal Reserve Agent at Atlanta, with reference to the application of the First National Bank of Milledgeville, Ga., for permission to act as executor; the letter stating that inasmuch as the applicant bank has a capital of only \$75,000, which is less than that required, by the statute now in effect, of state institutions in Georgia which exercise banking and trust powers, the Board has decided to refuse the application but will be glad to give further consideration to it in the event the bank should increase the amount of its capital stock to \$100,000.

After discussion, regarding the condition of the bank, it was voted to refuse the application and in the proposed letter to the Federal Reserve Agent at Atlanta to call attention to the amount of slow, doubtful, bad assets and losses disclosed by the last report of examination of the bank, and to advise that even in the event of an increase in the bank's capital, approval of its application would be doubtful without a considerable reduction in the amount of criticized assets.

Letter dated October 17th from the Deputy Governor of the Federal Reserve Bank of New York, transmitting the regular monthly compilation of the amount of short-term funds held in New York for foreign account, aggregating \$2,748,379,000

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as of September 30, 1929.

Ordered circulated.

Memorandum dated October 17th from the Chief of the Division of Bank Operations submitting additional information, as requested by the Board on October 10th, with regard to the report of the Committee on Redemption of Canadian Currency, particularly on the question of what would be involved if the Federal Reserve System should undertake to par Canadian Currency.

Ordered circulated.

Memorandum dated October 10th from General Counsel, submitting copy of S. J. Res. 75, introduced by Senator Frazier, which would require all members of Congress and employees of the Federal Government receiving a salary of \$3,000 or more to file with the Federal Trade Commission a sworn statement showing the amount of all stocks, bonds or other investments which he or any member of his immediate family owns or has owned within the preceding two years, either directly or as trustee.

Noted.

Memorandum from Counsel dated October 16th calling attention to a resolution introduced by Senator Blease of South Carolina, proposing an investigation by the Department of Justice into the affairs of the failed National Bank of Newberry, S. C.

Ordered circulated.

REPORTS OF STANDING COMMITTEES:

Dated, October 15th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, October 2nd, 15th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, October 12th, Recommending approval of the application of Mr. Elmer King for permission to serve at the same time as director of the National Iron Bank of Morristown, N. J., as director of the Citizens National Bank of Netcong, N. J., and as director of the Dover Trust Company of Dover, N. J.

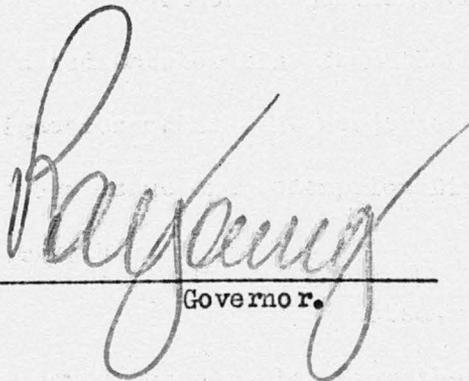
Approved.

Dated, October 12th, Recommending approval of the application of Mr. Archibald M. Henry for permission to serve at the same time as director and officer of the Union City National Bank of Union City, N. J., as director and officer of the National Bank of North Hudson, of Union City, N. J. and as director of the First National Bank of Hoboken, N. J.

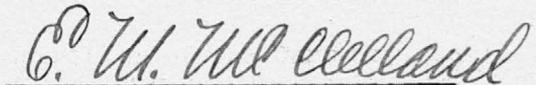
Approved.

The meeting adjourned at 1:15 p.m.

Approved:



Governor.



Assistant Secretary.