

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, December 6, 1929 at 12:00 o'clock noon.

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 December 2nd were read and approved.

The Governor reported receipt of a letter from Senator Sheppard and a call from Congressman Garner, regarding the appointment of a Class "C" Director at the Federal Reserve Bank of Dallas and was advised by the Committee on District #11 that it has under consideration recommending the appointment of a new director to succeed Mr. Linz, whose term expires December 31, 1929. He also referred to inquiries which have been made of him regarding the appointment of a director of the Oklahoma City Branch of the Federal Reserve Bank of Kansas City.

At his suggestion, the appointment of Class "C" Directors and Directors of Branch Federal Reserve banks and the designation of Chairmen and Deputy Chairmen, which was fixed as special order of business for Monday's meeting, was postponed until Tuesday, December 17th.

The Governor then referred to resolutions adopted at the recent meeting of the stockholders of the Federal Reserve Bank of Boston, regarding increased participation by member banks in the earnings of Federal Reserve banks. He was authorized to furnish copies of the resolutions to the Conferences of Governors and Federal Reserve Agents which convene on December 11th, at which the question of distribution of Federal Reserve bank earnings will be discussed.

The Governor also referred to the suggestion which has been made several

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times informally by Mr. James that examinations of all member banks be placed under the Comptroller of the Currency and the expenses thereof be borne by the Federal Reserve banks. He stated that he has had Counsel prepare a form of amendment to the Federal Reserve Act which would make Mr. James' suggestion effective and he was authorized to submit the question to the forthcoming Conferences for consideration.

Matter approved on initials on December 3rd, namely, application of the First National Bank in Rockwall, Texas, for original stock (18 shares) in the Federal Reserve Bank of Dallas, effective if and when authorized by the Comptroller of the Currency to commence business.

Formally approved.

The Governor then reported that at its meeting yesterday the board of directors of the Federal Reserve Bank of San Francisco voted to establish a rediscount rate of 4 1/2% on all classes of paper of all maturities, effective December 6th, and that under the authority granted by the Board at the meeting on November 22nd the action was approved.

Upon motion, the rate of 4 1/2% established by the San Francisco directors on all classes of paper of all maturities, effective December 6th, was formally approved.

Telegram dated December 4th from the Chairman of the Federal Reserve Bank of Boston, letter dated December 5th from the Secretary of the Federal Reserve Bank of New York, telegram dated December 4th from the Chairman of the Federal Reserve Bank of Philadelphia, telegram dated December 4th from the Chairman of the Federal Reserve Bank of St. Louis and telegram dated December

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5th from the Chairman of the Federal Reserve Bank of Kansas City, all advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated December 5th from the Deputy Governor of the Federal Reserve Bank of New York, advising that following increased offerings during the week, bill dealers have advanced their bid rate  $1/8\%$  on short maturities; the telegram also stating that there is slight investment demand for thirty day maturities and it is believed they will be sold to the Federal Reserve bank rather freely at  $4\%$  during the month, as dealers prefer to carry longer bills over the year end against an expected investment demand after the turn of the year which may also result in substantial amounts of sales contracts as the month advances.

Noted.

Letter dated December 3rd from the Governor of the Federal Reserve Bank of New York, transmitting copy of letter addressed to the Governors of the other Federal Reserve banks under date of November 27th, advising them of recent open market operations and of the policy for the immediate future which has been adopted with the approval of the Board.

Noted.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston, Philadelphia and St. Louis, of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of November, where the total of such absences since January 1, 1929 has exceeded thirty days; the

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Board's Committee recommending approval of the salary payments involved.

Noted, with approval.

Telegram dated December 2nd from the Chairman of the Federal Reserve Bank of Boston, advising of the reelection of Mr. Alfred L. Ripley as Class A Director of the Bank and Mr. Philip R. Allen as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Telegram dated December 2nd from the Chairman of the Federal Reserve Bank of New York, advising of the election of Mr. Thomas W. Stephens as Class A Director of the bank and the reelection of Mr. Theodore F. Whitmarsh as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Letter dated December 5th from the Chairman of the Federal Reserve Bank of Philadelphia, advising of the reelection of Mr. Joseph Wayne, Jr., as Class A Director of the Bank and Mr. Arthur W. Sewall as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Circular letter dated December 2nd from the Chairman of the Federal Reserve Bank of Cleveland, announcing the reelection of Mr. Robert Wardrop as Class A Director of the Bank and Mr. George D. Crabbs as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Telegram dated December 3rd from the Chairman of the Federal Reserve Bank of Atlanta, advising of the reelection of Mr. G. G. Ware as Class A

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Director of the Bank and Mr. Leon C. Simon as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Letter dated December 3rd from the Chairman of the Federal Reserve Bank of St. Louis, advising of the reelection of Mr. John G. Lonsdale as Class A Director of the Bank and Mr. Leroy Percy as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Letter dated December 2nd from the Chairman of the Federal Reserve Bank of Kansas City, advising of the reelection of Mr. E. E. Mullaney as Class A Director of the Bank and Mr. L. E. Phillips as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Letter dated December 3rd from the Chairman of the Federal Reserve Bank of Dallas, advising of the election of Mr. J. P. Williams as Class A Director of the Bank and the reelection of Mr. J. J. Culbertson as Class B Director, both for terms of three years beginning January 1, 1930.

Noted.

Telegram dated December 5th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the reelection of Mr. Thomas H. Ramsay as Class A Director of the Bank and Mr. A. B. C. Dohrmann as Class B Director, both for terms of three years beginning January 1, 1930 and the election of Mr. Malcolm McNaghten as Class B Director for the unexpired term ending December 31, 1930.

Noted.

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Memorandum dated December 2nd from the Director of the Division of Research and Statistics, transmitting and recommending acceptance of the resignation of Mrs. Effie Mehan, statistical clerk in the Division, effective at the close of business November 30, 1929.

Accepted.

Report of Executive Committee on memorandum dated November 27th from the Comptroller of the Currency, recommending approval of an application of the National Bank of Alamance of Graham, N. C., for permission to reduce its capital stock from \$125,000 to \$100,000; Messrs. Young and Platt recommending approval of the application but Mr. Cunningham advising that in his judgment doubtful paper amounting to \$5,000 should be removed if the capital reduction is approved and the amount deducted from the proceeds to be returned to the shareholders.

Discussion ensued during which it was pointed out that after the reduction the national bank will have a capital of \$100,000 and surplus of \$25,000 against total deposits of about \$750,000 and undivided profits of over \$32,000 with no criticized assets other than \$25,000 of slow paper and \$5,000 of doubtful.

After discussion, upon motion, the application was approved, Mr. Cunningham voting "no".

Memorandum from Counsel dated December 3rd, submitting draft of letter to the Federal Reserve Agent at Philadelphia, regarding an inquiry whether the Pennsylvania Warehousing and Safe Deposit Company of Philadelphia should be considered a bank within the meaning of the Clayton Act; the proposed letter advising that the company, which does some commercial banking business, comes within the provisions of the Clayton Act applicable to banks.

Upon motion, the letter submitted by Counsel was approved.

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Memorandum dated December 3rd from Mr. Herson, submitting report of examination of the Federal Reserve Bank of Atlanta and its branches, made as at the close of business February 2, 1929.

Referred to Committee on Examinations and Committee on District #6.

Memorandum dated December 3rd from Mr. Herson, submitting report of examination of the Atlantic Merrill Oldham Corporation of Boston, made as at the close of business March 29, 1929.

Referred to Committee on Examinations.

Memorandum dated November 29th from Mr. Herson, advising of information received by him that the stock of the Shawmut Corporation of Boston, formerly held by the National Shawmut Bank, has been trusteeed for the benefit of the shareholders of the national bank and recommending that the necessary steps be taken to secure a cancellation of the agreement existing between the Board and the Shawmut Corporation, in view of the action taken by the Board after the First National Bank of Boston divested itself of the stock held in its subsidiary.

Upon motion, it was voted to instruct Counsel to prepare an appropriate letter to the Shawmut Corporation.

Memorandum dated November 29th from Mr. Herson, recommending that early in January of each year the several Federal Reserve Agents be requested to furnish the Board with a list of state member banks that have not been examined during the preceding calendar year either by the supervising state authority or by representatives of the Agent, together with a statement of what it is proposed to do in each instance to secure a prompt examination.

Upon motion, the Assistant Secretary was instructed to take the action recommended by Mr. Herson.





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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, December 4th, Recommending approval of the application of Mr. Wolcott J. Humphrey, for permission to serve at the same time as director and officer of the National Bank of Geneva, N. Y., as director of the First National Bank & Trust Company, Rochester, N. Y., and as director and officer of the Wyoming County National Bank of Warsaw, N. Y.  
Approved.

The meeting adjourned at 1:10 p.m.

C. W. McCalland  
Assistant Secretary.

Approved:

Ray Young  
Governor.