

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, December 23, 1929 at 11:50 a.m.

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

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Richmond of employees for whom the directors of that bank authorized leave 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, in connection with which the Board was advised that Miss Helen Faulhaber has been granted leave of absence with pay, until January 31, 1930, subject to the approval of the Board; the Board's Committee recommending approval of the salary payments involved.

Approved.

Report of Committee on Examinations on letter dated December 19th from the Assistant Federal Reserve Agent at Cleveland, requesting authority for a representative of that bank to make a credit investigation, along the lines set out in the Federal Reserve Agent's letter to the Board of March 22, 1929, of the First Bank and Trust Company, Washington, Pa. at the time it is under examination by State authorities, without expense to the member bank; the Board's Committee recommending approval.

Noted, without objection.

Letter dated December 21st from the Chairman of the Federal Reserve Bank of Cleveland, advising of the reappointment of Messrs. T. J. Davis and J. R. Eisaman, as directors of the Cincinnati and Pittsburgh Branches, re-

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spectively, for terms of three years beginning January 1, 1930 and the reappointment of Messrs. C. F. McCombs and J. C. Nevin as Managing Directors of the respective branches for the year 1930.

Noted.

Letter dated December 18th from the Secretary of the Federal Reserve Bank of Minneapolis, advising of the election of Mr. George H. Prince as member of the Federal Advisory Council from the Ninth Federal Reserve District for the year 1930.

Noted.

Letter dated December 20th from the Federal Reserve Agent at Richmond, advising that the First National Bank of Bishopville, S. C. has been deficient in its reserves for each computation period during the past six consecutive months; the Agent recommending that no action be taken by the Board, under Regulation D, beyond forwarding a copy of his letter to the Comptroller of the Currency, inasmuch as the National bank has been receiving constant attention of the Federal Reserve Bank and the Chief National Bank Examiner and a plan is now afoot which will shortly eliminate the bank from membership in the System.

Noted.

Report of Committee on Salaries and Expenditures on salaries for employees, other than officers, recommended for the year 1930 by the board of directors of the Federal Reserve Bank of Richmond; the Committee reporting that none of the salaries recommended seem to be out of line and recommending their approval by the Board.

Upon motion, all salaries fixed by the Richmond directors for employees other than officers, effective January 1st, were approved.

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The Governor then reported that the Executive Committee has been in conference with Mr. Frank J. Drinnen, the Board's examiner in charge, who has just completed an examination of the Federal Reserve Bank of Atlanta. He stated that this is in accordance with a procedure the Committee desires to set up of having the Examiner come to Washington for conference with the Board or a Committee thereof following each examination of a Federal Reserve bank. He stated that conditions in the Atlanta District, as reported by Mr. Drinnen, are far from satisfactory and that the Federal Reserve bank is expected to suffer considerable losses in its rediscounts. Discussion then ensued regarding the policies of the Federal Reserve Bank of Atlanta generally, and particularly its recent participation in a guarantee extended by Atlanta Clearing House banks to the Citizens and Southern National Bank, indemnifying it against loss in connection with its absorption of the Atlanta Trust Company. Certain members of the Board expressed the opinion that the action of the Atlanta bank was of doubtful legality and establishes a bad precedent. Mr. James stated that before participating in the guarantee the Atlanta bank secured a written opinion from its Counsel that such action on its part was legal and the Governor of the bank negotiated a written guarantee from certain wealthy stockholders of the Atlanta Trust Company protecting the Federal Reserve bank against any loss as a result of its participation in the Clearing House guarantee. Mr. James stated that while the Federal Reserve bank will suffer some losses on rediscounts of over \$1,000,000 made to the Atlanta Trust Company prior to the merger, it will lose nothing as a result of its participation in the guarantee. He stated that with the protection given the Federal Reserve bank and the opinion of its counsel, he did not see how the directors of the Atlanta bank could have done other, in the emergency which existed, than to participate in the guarantee

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to the Citizens and Southern National Bank. He further stated that as soon as the guarantee agreement and the opinion of the Atlanta bank's counsel were received by the Board they were referred at the suggestion of the Committee on District #6 to the Board's Counsel for report as to the legality of the Atlanta bank's action.

After considerable discussion, it was decided to postpone any advice to the Atlanta bank regarding the Board's position.

REPORTS OF STANDING COMMITTEES:

Dated, December 23rd, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, December 20th, Recommending approval of the application of Mr. B. M. Winston for permission to serve at the same time as director of the Terminal National Bank of Chicago, Ill., and as director of the Lake Shore Trust & Savings Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Charles P. Wilson for permission to serve at the same time as director of the Terminal National Bank of Chicago, Ill. and as director of the Central Manufacturing District Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Gilbert Scribner for permission to serve at the same time as director of the Terminal National Bank of Chicago and as director of the Boulevard Bridge Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. H. E. Poronto for permission to serve at the same time as director and officer of the Central Manufacturing District Bank of Chicago, as director of the Stock Yards National Bank of Chicago and as director of the Terminal National Bank of Chicago.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Nelson L. Buck for permission to serve at the same time as director of the State Bank and Trust Company of Evanston, Ill., as director of the Central Manufacturing District Bank of Chicago and as director of the Terminal National Bank of Chicago.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, December 20th, Recommending approval of the application of Mr. David E. Shanahan for permission to serve at the same time as director and officer of the Terminal National Bank of Chicago, as director and officer of the Midland National Bank of Chicago and as director and officer of the Central Manufacturing District Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Stuart H. Otis for permission to serve at the same time as officer of the Central Trust Company of Chicago and as director of the Terminal National Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Eugene V. R. Thayer for permission to serve at the same time as director of the Terminal National Bank of Chicago, as director and officer of the Central Trust Company of Chicago and as director of the Stock Yards National Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Wm. N. Jarnagin for permission to serve at the same time as director and officer of the Central Manufacturing District Bank of Chicago and as director of the Terminal National Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Max Goldberg for permission to serve at the same time as director of the Market Traders State Bank of Chicago and as director of the Terminal National Bank of Chicago, Ill.

Approved.

Dated, December 20th, Recommending approval of the application of Mr. Louis L. Emerson for permission to serve at the same time as director and officer of the Third National Bank of Mount Vernon, Ill., as director and officer of the Ridgely-Farmers' State Bank of Springfield, Ill., and as director of the Terminal National Bank of Chicago, Ill.

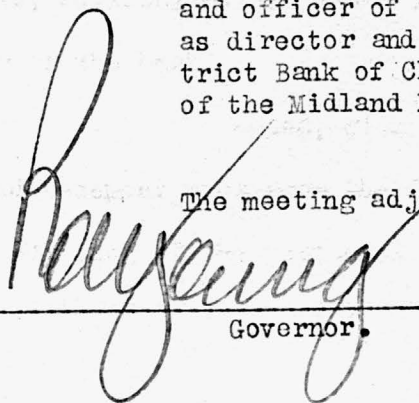
Approved.

Dated, December 20th, Recommending approval of the application of Mr. Frank L. Webb for permission to serve at the same time as director and officer of the Terminal National Bank of Chicago, Ill., as director and officer of the Central Manufacturing District Bank of Chicago, Ill., and as director and officer of the Midland National Bank of Chicago, Ill.

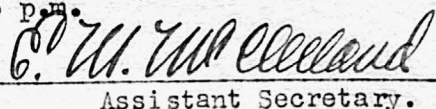
Approved.

The meeting adjourned at 12:45 p.m.

Approved:



Governor.



Assistant Secretary.