

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, December 31, 1929 at 11:00 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on December 27th were read and approved.

Application of the First National Bank of New Carlisle, Indiana, previously authorized by the Board to act as trustee, executor and administrator, for permission to act also as registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics or in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Indiana; together with a divided report thereon by the Law Committee, Mr. Hamlin recommending approval of the application and Mr. Platt recommending refusal on the ground that the applicant bank is too small.

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

Matter approved on initials on December 28th, namely, application by the United States Bank, St. Louis, Mo., for membership in the Federal Reserve System and for 900 shares of stock in the Federal Reserve Bank of St. Louis, on behalf of its successor, the United Bank and Trust Company, St. Louis, Mo.; the application having been approved, effective if and when the new corporation is authorized to begin business, subject to the regular conditions of membership set out in Regulation H and the following special conditions:

(1) That the United Bank and Trust Company, St. Louis, Mo., shall, at the first meeting of its board of directors,

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ratify the action taken in its behalf by the United States Bank in applying for stock in the Federal Reserve Bank of St. Louis and in accepting the conditions of membership imposed by the Federal Reserve Board, and the board of directors of the United Bank and Trust Company shall pass a resolution accepting such conditions of membership.

(2) That at the time the United Bank and Trust Company is authorized to commence business its proposed capital of \$1,000,000 and surplus of \$500,000 shall be fully paid in.

Upon motion, the application was formally approved.

The Assistant Secretary also presented another application of the United States Bank, St. Louis, Mo., approved on initials on December 28th, for the surrender of 1020 shares of stock in the Federal Reserve Bank of St. Louis, if and when The United Bank and Trust Company is authorized to begin business.

Upon motion, this application was formally approved.

The Governor then referred to the membership of the Board's various Committees and after brief discussion renewed all existing appointments for the year 1930 with the understanding that should any member of the Board desire, changes in his Committee assignments would be considered.

Telegram dated December 27th from the Chairman of the Federal Reserve Bank of Chicago, 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.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Chicago of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the period from November 22nd to December 26th, where the total of such absences

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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 December 24th from the Assistant Federal Reserve Agent at Cleveland, requesting permission for a representative of that bank to make the usual credit investigation of the Wright Banking Company of Bellevue, Ohio, without cost to the member bank, at the time that institution is being examined by the State Banking Department; the Board's Committee recommending approval.

Noted, without objection.

Telegram dated December 27th from the Federal Reserve Agent at San Francisco, recommending approval of the reappointment of the following examiners at that bank for the year 1930:

S. G. Sargent, Chief Examiner
H. A. Sonne
J. P. Read
Henry D. Swengel
John F. Prah
C. R. Hupp
G. A. Snow

Approved.

Letter dated December 27th from the Chairman of the Federal Reserve Bank of St. Louis, recommending that February 11th be set as the date for opening the polls in the election of a Class B Director of the Federal Reserve Bank of St. Louis for the term of three years beginning January 1, 1930 made vacant by the recent death of Mr. Leroy Percy.

Approved.

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Letter dated December 27th from the Federal Reserve Agent at Chicago, recommending approval of the redesignation of Mr. Carl Schelling to act for the Federal Reserve Agent in the performance of certain duties heretofore specified in connection with the receipt and delivery of Federal Reserve notes.

Approved.

Letter dated December 30th from the Chairman of the Federal Reserve Bank of Richmond, acknowledging receipt of the Board's letter of December 26th regarding recent charge-offs on the annex building of that bank and the prospects for its disposal in the near future; the letter stating that the Board's inquiry will be covered by the committee of directors of the bank which is to appear before the Board on January 7th.

Noted.

Memorandum from Counsel dated December 30th, submitting draft of telegraphic reply to letter dated December 28th from the Federal Reserve Agent at Kansas City, inquiring whether Mr. Frank W. Sponable, Class A Director of that bank, may serve at the same time as director of three small national banks without obtaining the permission of the Board; the proposed telegram stating that a Federal Reserve bank comes within the provisions of the amendment of March 2, 1929 to the Clayton Act excepting therefrom institutions which do no commercial banking business and it is accordingly not necessary for Mr. Sponable to obtain permission to serve the three small national banks described in the Federal Reserve Agent's letter.

Upon motion, the proposed telegram was approved.

Memorandum from Counsel dated December 31st, submitting draft of reply to telegram dated December 30th from the Federal Reserve Agent at Dallas, inquiring

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whether, in order to qualify as a Class C Director of the bank, it will be necessary for Mr. E. R. Brown to dispose of two shares of stock in the Morris Plan Bank of Dallas which he owns and resign as director of that bank; the reply stating that in the opinion of the Board a Morris Plan Bank is a bank within the meaning of Section 4 of the Act prohibiting a Class C Director from being a stockholder or director in any bank and it will, therefore, be necessary for Mr. Brown to dispose of his stock holdings and sever his connection as director of the Morris Plan Bank of Dallas, in order to qualify as Class C Director of the Federal Reserve Bank.

Upon motion, the reply submitted by Counsel was approved.

Draft of reply, prepared by Counsel, to letter dated December 14th from the Assistant Federal Reserve Agent at New York, inquiring whether Mr. Hugh Blair-Smith, who has heretofore been authorized by the Board to serve as director of the Seaboard National Bank of New York, as director of the National Shawmut Bank of Boston, Massachusetts and as officer and director of the Citizens National Bank and Trust Company of Englewood, N. J., should make a new application to the Board for permission to serve as director of the Equitable Trust Company of New York, which recently merged the Seaboard Bank of the City of New York, a conversion of the Seaboard National Bank; the proposed reply stating that since the Seaboard National Bank was placed in liquidation and its corporate existence terminated when its assets were transferred under the laws of New York to the Seaboard Bank of the City of New York, Mr. Blair-Smith may not serve the Equitable Trust Company under the permit heretofore issued to him but should file a new application.

Upon motion, the proposed reply was approved.

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Memorandum dated December 27th from Mr. Cunningham, submitting copy of a letter addressed to the Federal Reserve Agent at Chicago by the Assistant Cashier of the Detroit Branch, expressing the opinion that the System will probably encounter considerable difficulty with respect to cancellations of membership, dissatisfaction being evident in large state member banks as well as small ones, principally due to the distribution of Federal Reserve bank earnings and the forms and regulations of the System in connection with rediscounting.

Noted.

Memorandum dated December 31st from Mr. James, submitting a letter addressed to him by Mr. P. H. Whaley and recommending adoption of a suggestion made therein that the Board's Division of Research and Statistics investigate the question whether the present volume of buying for cash through chain grocery and drygoods stores, a large part of which was formerly done on a credit basis with local stores, does not probably almost entirely offset the large increase in installment credit transactions.

After discussion, upon motion, the Division of Research and Statistics was directed to make a study and report on the question presented by Mr. James.

Matter approved on initials yesterday, namely, telegram to the Chairman of the Federal Reserve Bank of Dallas regarding a request that he be furnished with information regarding the range of official salaries paid during 1929 at certain other Federal Reserve Banks and Branches; the reply stating that the Board feels the directors of Federal Reserve banks in fixing salaries for officers should give consideration to keeping them in line with salaries paid locally for comparable positions in commercial banks, rather than to relate them to salaries paid officers of similar rank in other Federal Reserve Banks and Branches. In

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the telegram, it was also stated that the Board has heretofore refrained from furnishing official salaries of one Federal Reserve Bank to another, preferring to have correspondence regarding information of this kind exchanged between the banks directly concerned.

Upon motion, the telegram was formally approved.

Letter dated December 30th from the Deputy Governor of the Federal Reserve Bank of New York, transmitting copy of one addressed to the Governors of the other Federal Reserve banks, advising that the central bank credit to the National Bank of Hungary, in which the Federal Reserve banks have participated, will expire on December 31, 1929; the letter stating that no drawings were made by the National Bank of Hungary under the renewal of three months granted upon expiration of the original credit on September 30th.

Noted.

Letter dated December 26th from the Deputy Governor of the Federal Reserve Bank of New York, with reference to conditions in the Government securities and bill markets; the letter stating that the holdings of securities in the Open Market Investment Account increased \$39,700,000 during the week to a total of \$262,375,000, that the New York Bank's holdings under resale agreement decreased \$14,750,000 to \$9,175,000 and that the operations of the bank in the bill market reflect an increase of \$65,000,000 in sales contract agreements with a decrease of \$26,000,000 in outright holdings.

Noted.

Memorandum dated December 28th from Mr. Drinnen, submitting report of examination of the Federal Reserve Bank of Kansas City made as at the close of business October 5, 1929.

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Referred to the Committee on Examinations and
Committee on District #10.

A discussion then ensued regarding the credit situation and System open market policy over the turn of the year. Attention was called to the fact that the Open Market Investment Committee retains some leeway under the authority last granted to it for the purchase of not to exceed \$200,000,000 of Government securities, and that at the time the authority was granted it was understood that another meeting of the Committee with the Board would be held not later than the first week in January.

During the discussion, Mr. Platt suggested that the committee be authorized to sell Government securities after the turn of the year up to the amount purchased under the last authorization. No action was taken, however.

REPORTS OF STANDING COMMITTEES:

- Dated, December 27th, 30th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, December 28th, 30th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, December 27th, Recommending approval of the application of Mr. T. P. Risteigen for permission to serve at the same time as officer of the First National Bank of Silverton, Oregon and as officer of the American National Bank of Portland, Oregon.
Approved.
- Dated, December 27th, Recommending approval of the application of Mr. E. G. Bennett for permission to serve at the same time as director and officer of the National Copper Bank of Salt Lake City, Utah and as director of the First National Bank, Ogden, Utah.
Approved.
- Dated, December 27th, Recommending approval of the application of Mr. M. S. Eccles for permission to serve at the same time as director of the National Copper Bank, Salt Lake City, Utah and as director and officer of the First National Bank of Ogden, Utah.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, December 27th, Recommending approval of the application of Mr. Geo. S. Eccles for permission to serve at the same time as director and officer of the National Copper Bank of Salt Lake City, Utah and as director and officer of the First National Bank of Ogden, Utah.

Approved.

Dated, December 27th, Recommending approval of the application of Mr. H. H. McClintock for permission to serve at the same time as director and officer of the Union National Bank of Bartlesville, Okla. and as director and officer of the First National Bank of Dewey, Okla.

Approved.

Dated, December 28th, Recommending approval of the application of Mr. W. L. Rhodes for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., and as director of the Metropolitan National Bank of Seattle, Wash.

Approved.

Dated, December 28th, Recommending approval of the application of Mr. E. A. Stuart for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., and as director of the Metropolitan National Bank of Seattle, Wash.

Approved.

Dated, December 28th, Recommending approval of the application of Mr. F. C. Talbot for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., and as director of the Metropolitan National Bank of Seattle, Wash.

Approved.

Dated, December 28th, Recommending approval of the application of Mr. E. B. Deming for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., and as director of the American National Bank of Bellingham, Wash.

Approved.

Dated, December 28th, Recommending approval of the application of Mr. L. C. Henry for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., and as director of the First Security Bank of Seattle, Wash.

Approved.

Dated, December 28th, Recommending approval of the application of Mr. P. M. Henry for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., as director of the Metropolitan National Bank of Seattle, Wash., and as director of the First Greenwood National Bank of Seattle, Wash.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, December 28th, Recommending approval of the application of Mr. Thos. D. Stimson for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., as director of the Metropolitan National Bank of Seattle, Wash., and as director of the First Canal Bank of Seattle, Wash.
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. J. T. McVay for permission to serve at the same time as director and officer of the First Seattle Dexter Horton National Bank of Seattle, Wash., as director and officer of the Metropolitan National Bank of Seattle, Wash., and as director of the First Canal Bank of Seattle, Wash.
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. Wm. C. Butler for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., as director and officer of the First National Bank of Everett, Wash., and as director of the First National Bank of Monroe, Wash.
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. A. S. Eldridge for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., as director of the Metropolitan National Bank of Seattle, Wash., and as director of the First Security Bank of Seattle, Wash.
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. G. C. Morrill for permission to serve at the same time as director of the First Seattle Dexter Horton National Bank of Seattle, Wash., as director and officer of the Metropolitan National Bank of Seattle, Wash., and as director of the First Security Bank of Seattle, Wash.
Approved.

The meeting adjourned at 12:30 p.m.

C. W. Woodland
Assistant Secretary.

Approved:

Ray Young
Governor.