

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, January 2, 1930 at 12:00 o'clock noon.

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

The Governor reported a conversation on Tuesday with the Governor of the Federal Reserve Bank of New York during which he was advised that the Open Market Investment Committee is no longer buying Government securities and does not desire at this time to sell any securities until developments over the turn of the year can be tested out. Governor Harrison advised him, he stated, that it is believed the initial reduction in Federal Reserve credit outstanding will come about from a decline in bills and securities held under repurchase agreements and that it is believed that it would be a mistake to have a meeting of the Open Market Investment Committee before next week. The Governor stated he is inclined to agree that it would be better to postpone any meeting with the Open Market Investment Committee until after January 7th.

The Governor stated that he has requested Mr. Smead, Chief of the Division of Bank Operations, to get up figures regarding Federal Reserve credit as of December 31st which will be available later in the day. Mr. Miller suggested that the Board have a review of the present situation from Dr. Goldenweiser, Director of the Division of Research and Statistics, and Mr. Smead and the Governor stated he would arrange for a meeting tomorrow, although he plans to go to New York for the balance of the week.

The Governor then presented a letter dated December 30th from the Assistant Federal Reserve Agent at Minneapolis, advising of receipt of notice of in-

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tention to withdraw from the Federal Reserve System from the Montana Trust and Savings Bank, Helena, Montana; the Assistant Federal Reserve Agent stating that the Montana Trust and Savings Bank, the American National Bank and the National Bank of Montana, of Helena, have been purchased by the First Bank Stock Corporation of Minneapolis and St. Paul, with the thought that the three institutions in the near future will be moved into one building, and inasmuch as the two National banks are members of the System the owners do not consider it necessary that the state institution retain its membership. The Governor stated that he talked over the telephone with Mr. Leeman of the First Bank Stock Corporation who advises him that it is planned ultimately to consolidate the three institutions. The Governor suggested that with the elimination of these member banks in Helena consideration might be given to discontinuance of the Branch Federal Reserve Bank there through its conversion into a currency depot. At his suggestion, the matter was suspended for six months or so later when it can be ascertained whether the plan outlined by Mr. Leeman is to be consummated.

The Governor then submitted the proposed letter to all Federal Reserve banks, ruling on the subject of the liability incurred by a member bank in purchasing Federal Reserve exchange, which was submitted to and approved by the recent Conferences of Governors and Federal Reserve Agents; the ruling outlined in the letter being that in every such transaction, whether effected by check, book entries, wire transfers or otherwise, and regardless of the method of repayment, the purchasing member bank should show its resulting liability to the selling member bank as money borrowed and the selling member bank should treat the transaction as a loan made.

Upon motion, the proposed letter was approved and ordered transmitted.

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The Governor then stated that the term of Mr. Cunningham as a member of the Executive Committee expired on December 31st and that in regular rotation Mr. Hamlin will serve during the first quarter of the year.

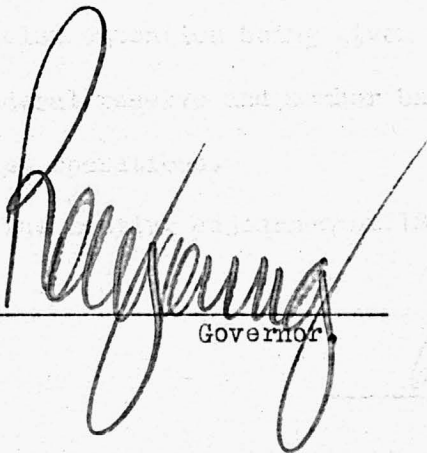
REPORTS OF STANDING COMMITTEES:

Dated, December 28th, Recommending approval of the application of Mr. Charles E. Hardies for permission to serve at the same time as director of the First National Bank of Amsterdam, N. Y. and as director of the Hamilton County National Bank of Wells, Hamilton County, N. Y.
Approved.

Dated, December 30th, Recommending approval of the application of Mr. Ford Edwin Hovey for permission to serve at the same time as director and officer of the Stock Yards National Bank of South Omaha, Omaha, Nebraska and as director of the United States National Bank of Omaha, Nebraska.
Approved.

The meeting adjourned at 1:15 p.m.

Approved:


Governor.


Assistant Secretary.