

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 7, 1930 at 10:30 a.m.

PRESENT: Governor Young
 Mr. Platt
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Cunningham
 Mr. McClelland, Asst. Secretary
 PRESENT ALSO: Mr. Smead, Chief, Division of
 Bank Operations

In accordance with arrangements previously made, Messrs. Delano, Graham and Rieman, Directors of the Federal Reserve Bank of Richmond, were also present and presented to the Board a report relative to the enlargement of the present main building of that bank by the erection of an addition thereto, in harmony with the existing building, on the so-called Foster property. In presenting the report, Mr. Delano pointed out the present unsatisfactory arrangement whereby a portion of the bank's personnel is housed in the annex building which it is desired to dispose of but which cannot be sold until arrangements have been made for the accommodation of employees housed therein. He also stressed the danger of the bank's present procedure of handling incoming and outgoing currency and security shipments in the open. Three alternative proposals were presented by the Committee, together with models illustrating same: (1) Adding a new back and a short north wing to the existing building at an estimated cost of \$460,000, providing 18,000 additional square feet or a total of 36,700 square feet which would just about meet the requirements of the bank and permit sale of the annex building; (2) In which the north wing would match the existing main building with a broken colonnade at the front, estimated to cost \$630,000 and providing a total of 45,200 square feet; and (3) A completed building with unbroken colonnade across the entire front, which would provide continuous un-

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broken floor areas, giving a total of 49,000 square feet of floor space, at an estimated cost of \$806,000. It was brought out that the complete building proposed by the last alternative would provide floor space beyond the needs of the Federal Reserve Bank of Richmond for some time to come which the Richmond committee stated could probably be rented were it properly arranged.

During the discussion of the investment of the Federal Reserve Bank of Richmond in buildings, Mr. Delano referred to the recent charge-off on the annex building which, he stated, has nothing to do with the price which it is hoped to obtain for the annex. He stated that the assessed valuation of the annex is \$275,000 for the building and \$40,000 for the land and that as the assessment is two-thirds of the estimated value the latter figure amounts to approximately \$470,000; the charge-off of the Richmond bank being from approximately \$390,000 to approximately \$300,000.

At the conclusion of the discussion, the committee was requested to submit the matter to the Richmond board of directors with the request that they make a firm recommendation to the Board as to the building plan which should be adopted and that the Board also be advised of what additional cost, above the estimates submitted by the committee, would be involved in arranging one or two floors of the completed building so as to make it suitable for rental.

The Richmond directors and Mr. Smead then left the meeting.

The Governor referred to a request received through the office of ex-Senator Long, spokesman at the recent hearing on the establishment of a branch at Wichita, and through Senator Allen of Kansas, for an extension until January 20th of the time in which the Wichita representatives may file their answer to the reply brief submitted several days ago by the Federal Reserve Bank of Kansas City and also for an informal hearing on January 20th or 21st for the submission

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of evidence respecting one issue of fact in the presence of a representative of the Kansas City bank. The Governor stated that the issue referred to relates, he understands, to transit times and because of its technical nature will have to be submitted in writing for the Board's consideration. He stated that while he promised Senator Allen he would submit the request to the Board, he feels that it would be a waste of time and money for the Wichita delegation to send a representative to appear before the Board.

After discussion, the Governor was authorized to inform Senator Allen and Ex-Senator Long that the Board will grant an extension until January 20th for the filing of the answer to the Kansas City reply brief, and further, that it feels that the additional evidence which it is desired to present should be submitted in writing as, due to its technical nature, it will have to be considered by the Board's own experts, but that if it is their desire to appear before the Board their request will be granted.

Matter approved on initials on January 6th, namely, application of the State National Bank, Wayne, Nebraska, for original stock (45 shares) in the Federal Reserve Bank of Kansas City, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on initials on January 4th, namely, application by the American Trust Company of Mobile, Alabama, for permission to exercise general fiduciary powers, effective if and when it is converted into a national banking association and is authorized by the Comptroller of the Currency to commence business as the American National Bank and Trust Company of Mobile.

Formally approved.

The Assistant Secretary then reported that on January 3rd the Comptroller of the Currency issued a call for reports of condition of National banks as at the close of business December 31, 1929, and that at the same time a similar

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call was issued for reports of condition of State member banks.

Upon motion, the Board's call was noted with approval.

Matter approved on initials on January 4th, namely, letter dated December 30th from the Comptroller of the Currency, recommending approval of an increase from \$6,000 to \$7,000 per annum in the salary of National Bank Examiner J. O. Roots.

Formally approved.

Report of Executive Committee on letter dated January 6th from the Deputy Comptroller of the Currency, recommending approval of increases aggregating \$33,200 in the salaries of 104 National Bank Examiners; the Board's Committee also recommending approval.

On a motion to approve the salaries recommended by the Comptroller, all members voted "aye" except Mr. Cunningham who asked to be recorded as not voting.

Upon inquiry by the Governor, he stated he did not care to vote inasmuch as no committee of the Board had made an investigation into the question of the total National Bank Examiners' roll. At the suggestion of Governor Young, a motion that the Board's vote to approve the proposed salaries be reconsidered, was put and lost, Mr. Cunningham voting "aye".

Bond in the amount of \$50,000 executed under date of January 4th by Mr. Clifford S. Young, recently appointed Assistant Federal Reserve Agent at the Federal Reserve Bank of Chicago.

Approved.

Telegram dated January 3rd from the Chairman of the Federal Reserve Bank of Boston, letter dated January 2nd from the Secretary of the Federal Reserve Bank of New York, telegram dated January 3rd from the Chairman of the Federal

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Reserve Bank of Philadelphia, telegram dated January 4th from the Secretary of the Federal Reserve Bank of Cleveland and telegram dated January 3rd from the Chairman of the Federal Reserve Bank of St. Louis, 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 January 3rd from the Deputy Chairman of the Federal Reserve Bank of San Francisco, advising that due to lack of a quorum no meeting of the board of directors was held on that date and, consequently, no change was made in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated January 2nd from the Deputy Governor of the Federal Reserve Bank of New York, advising that all bill dealers except one have reduced bid and offer rates on maturities up to ninety days by one-eighth percent and that the rates at the Federal Reserve bank remain unchanged.

Noted.

Memorandum dated January 6th from the Assistant Secretary, advising of the reelection of Mr. L. L. Rue as member of the Federal Advisory Council from the Third District during the year 1930.

Noted.

Memorandum dated January 6th from the Assistant Secretary, advising of the reelection of Mr. W. W. Smith as member of the Federal Advisory Council from the Eighth Federal Reserve District for the year 1930; the memorandum also stating that the directors of the St. Louis bank have fixed Mr. Smith's allowance for expenses at \$1,000 for the year, subject to the approval of the Board.

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Upon motion, the action of the St. Louis directors was approved.

Memorandum dated January 6th from the Assistant Secretary, advising that the committees on applications of State banks and trust companies for membership in the Federal Reserve Bank of Boston for the year 1930 will consist of the Chairman and Governor of the Bank with Director Chamberlain serving in the case of Boston banks applying for membership and Director Ripley in the case of banks outside of Boston; the memorandum also stating that the appointment of a member of the Federal Advisory Council for the year 1930 will be taken up at the next meeting of the Boston directors on January 15th..

Noted.

Report of Committee on Examinations on letter dated January 2nd from the Federal Reserve Agent at Cleveland, requesting permission for a representative of his Department of Examination to make the usual credit investigation of the Peninsula Banking Company, Peninsula, Ohio, without expense to the member bank, at the time it is under examination by the State authorities; the Board's Committee recommending approval.

Noted, without objection.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Bank of New York for the month of November and by the Federal Reserve Banks of Boston, St. Louis and Dallas for the month of December, of employees for whom the directors of the banks authorized leaves of absence with pay, on account of illness, during the respective months, 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 December 31st from the Federal Reserve Agent at Kansas City, requesting approval

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of an increase from \$2700 to \$3,000 per annum, effective January first, in the salary of Mr. Karl H. Woodward, employed as a special agent in connection with collections from suspended banks; the Board's Committee recommending approval.

Approved.

Letter dated January 2nd from the Federal Reserve Agent at Dallas, advising of the resignation as of December 31st of Mr. Dwight P. Reordan, Managing Director of the Houston Branch.

Noted.

Memorandum dated January 3rd from the Chief of the Division of Bank Operations submitting a statement showing preliminary figures of gross earnings, net earnings and distribution of net earnings of each Federal Reserve bank for the calendar year 1929.

Ordered circulated.

Memorandum dated December 31st from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of November and for the eleven months ending November 30th.

Ordered circulated.

Report of Committee on Examinations on memoranda dated December 28th and January 2nd from the Acting Comptroller of the Currency, recommending approval of an application of the First National Bank of Parlier, California, for permission to reduce its capital stock from \$100,000 to \$50,000 on condition (1) that no money be returned to the shareholders; (2) that proper provision be made for depreciation in bond account; (3) that estimated losses aggregating \$2,475 be charged off; (4) that a surplus fund of \$10,000 be established; and (5) that the remainder of the reduction be used to reduce "other real estate" owned;

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the Board's Committee recommending approval subject to the conditions suggested by the Acting Comptroller.

Approved.

Memorandum dated January 6th from General Counsel, submitting bill of Honorable Newton D. Baker for services and expenses in connection with appeal of the case of Raichle v. Federal Reserve Bank of New York, aggregating \$7,682.87; Counsel expressing the opinion that the bill is reasonable and recommending that it be approved and transmitted to the Federal Reserve Bank of New York for payment and that the other Federal Reserve banks be requested to remit to the Federal Reserve Bank of New York their pro rata shares in accordance with the usual custom in such matters.

Upon recommendation of the Law Committee, the bill was approved for payment along the lines suggested by Counsel.

Memorandum dated January 3rd from Mr. Drinnen, Examiner in Charge, submitting report of examination of the Federal Reserve Bank of Chicago made as at the close of business October 26, 1929.

Referred to Committee on Examinations and Committee on District #7.

The Governor then referred to the application of the Bank of Athens Trust Company, New York, N. Y. for membership in the Federal Reserve System and for 600 shares of stock of the Federal Reserve Bank of New York, which was considered at the meeting of the Board on October 1st and referred to him to take up with the New York bank the reasons for its recommendation that the application be refused; particularly, whether there was any reason other than the fact that 96% of the stock of the institution is owned by the Banque d'Athens, Greece. He

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stated that Chairman McGarrah advised him that this fact was not the reason his directors recommended disapproval of the application, although it was one of the circumstances they had in mind in reaching the conclusion that the general character of the management of the bank was not such as to qualify it for membership in the Federal Reserve System. The Governor stated that the condition of the applicant bank, as disclosed by the last report of examination, was very good and that he took the liberty of submitting the report to the Comptroller of the Currency who advised him that while on the bank's condition he believed he would admit it to the National System, he would have some hesitancy because of the adverse recommendation of the New York directors.

After considerable discussion, upon motion by Mr. James, it was voted that the application of the Bank of Athens Trust Company, New York, N. Y. for membership in the System and for stock in the Federal Reserve Bank of New York be disapproved in view of the unfavorable recommendation of the directors of the New York bank.

On this motion, Mr. Platt voted "no".

The Governor then submitted a letter dated January 4th from the Governor of the Federal Reserve Bank of Cleveland, requesting that Deputy Governor Fleming and he be granted a hearing before the Board some time this week for the purpose of submitting preliminary estimates on a proposed building to house the Pittsburgh Branch on the site recently acquired; the letter stating that the directors of the bank have voted to seek Congressional authority for an expenditure of \$875,000, subject to the approval of the Board.

No objection being expressed, the Governor stated he would arrange for Governor Fancher and Deputy Governor Fleming to come to Washington on Friday.

REPORTS OF STANDING COMMITTEES:

Dated, January 2nd, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

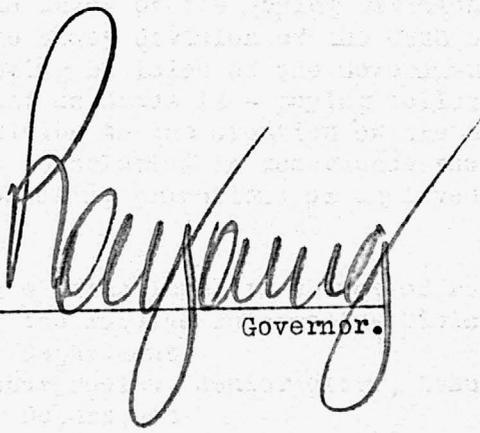
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REPORTS OF STANDING COMMITTEES: (Cont'd)

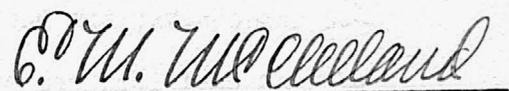
- Dated, January 3rd, 6th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, January 6th, Recommending approval of the application of Mr. Emil A. Stake for permission to serve at the same time as officer of The First National Bank of Chicago, Ill., and as director of the Uptown State Bank of Chicago, Ill.
Approved.
- Dated, January 6th, Recommending approval of the application of Mr. Bentley G. McCloud for permission to serve at the same time as officer of The First National Bank of Chicago, Ill. and as director of the Uptown State Bank of Chicago, Ill.
Approved.
- Dated, January 7th, Recommending approval of the application of Mr. Edward E. Brown for permission to serve at the same time as director and officer of The First National Bank of Chicago, Ill. and as director of the Uptown State Bank of Chicago, Ill.
Approved.

The meeting adjourned at 1:00 o'clock p.m.

Approved:



 Governor.



 Assistant Secretary.