

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, January 15, 1930 at 11:30 a.m.

PRESENT: Governor Young

Mr. Platt

Mr. Hamlin

Mr. Miller

Mr. James

Mr. Cunningham

Mr. McClelland, Asst. Secretary

The minutes of the meetings of the Federal Reserve Board held on January 8th and 10th were read and approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on January 11th were read and, upon motion, the action recorded therein was ratified.

Discussion then ensued regarding the letter presented by Governor Harrison at that meeting, which he addressed to the Governors of the Federal Reserve banks not represented on the Open Market Investment Committee regarding System policy and recent open market operations. The discussion developed to cover generally the question of open market policy and procedure, and finally the matter of organization of the Open Market Investment Committee, which was to have been considered as special order of business during the latter part of December.

At the conclusion of the discussion it was understood that this matter would be brought up for formal consideration by the Board within the next few days.

During the above discussion, the Governor presented a telegram just received from the Chairman of the Federal Reserve Bank of Philadelphia advising that the board of directors of the bank at a meeting today voted to establish a rediscount rate of 4 1/2% on all classes of paper of all maturities.

After discussion, upon motion, the rate of 4 1/2% established by the Philadelphia directors was approved, effective tomorrow, January 16th.

1/15/30

-2-

The reading of the minutes of the meetings of the Federal Reserve Board held on January 13th and 14th was dispensed with.

Letter dated January 11th from the Chairman of the Federal Reserve Bank of Dallas, advising of the reelection of Mr. B. A. McKinney as member of the Federal Advisory Council from the Eleventh Federal Reserve District, during the year 1930; the letter also advising of the reappointment of Mr. W. E. Connell as alternate member of the Council.

Noted.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of San Francisco of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the month of December, 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 January 11th from the Secretary of the Federal Reserve Bank of Kansas City, advising of the reemployment of Mr. Harry L. Haak as special agent in the Failed Banks Department at a salary of \$3,000 per annum, effective December 31, 1929; the Board's Committee recommending approval of the salary involved.

Approved.

Letter dated January 9th from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval by the Board of fees and allowances fixed by the board of directors of the bank for head office and branch directors.

The Assistant Secretary stated that the fees and allowances in question are the same as have been in effect during the past two or three years and, upon motion, they were approved.

1/15/30

-3-

Report of Committee on Examinations on letter dated January 9th from the Federal Reserve Agent at Cleveland, requesting permission for a representative of his Department of Examination to make, without charge, the usual credit investigation of the Dollar Savings Bank Company, St. Clairsville, Ohio, at the time it is under examination by the State authorities; the Board's Committee recommending approval.

Noted, without objection.

Memorandum from Counsel dated January 8th on letter dated December 23rd from the Chairman of the Federal Reserve Bank of Boston, inquiring whether the Worcester County National Bank of Worcester, Massachusetts, is entitled to subscribe to additional Federal Reserve bank stock because of an increase in its capital, as it already holds Federal Reserve bank stock in excess of its capital and surplus due to the fact that it did not elect to surrender stock when recent surplus reductions were made; Counsel submitting draft of a letter to the Chairman ruling that a member bank is not entitled to subscribe for additional Federal Reserve bank stock on account of an increase in capital unless the amount of Federal Reserve bank stock which it holds at the time is less than 6% of its capital and surplus.

Upon motion, the ruling contained in the proposed letter was approved and it was ordered transmitted.

Memorandum from Counsel dated January 11th, submitting draft of a letter to the Chairman of the Committee on Banking and Currency of the House of Representatives regarding H. R. 6604, a bill to permit the cancellation of Federal Reserve bank stock when a National bank has ceased to transact business without a receiver or liquidating agent having been appointed; the proposed letter submitting a revision of the bill in accordance with suggestions made at a recent

1/15/30

-4-

hearing before the Committee, but stating that both the Board and the Comptroller of the Currency would prefer to see it enacted in the original form except for the addition of an amendment to Section 5220 of the Revised Statutes, so as to give the Comptroller of the Currency some supervision over the liquidation of a National bank which has been placed in voluntary liquidation.

Upon motion, the letter submitted by Counsel was ordered transmitted.

REPORTS OF STANDING COMMITTEES:

Dated, January 13th, 14th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, January 13th, Recommending approval of the application of Mr. C. E. Hill for permission to serve at the same time as director and officer of the Metropolitan National Bank, Minneapolis, Minn., as director and officer of the Fifth Northwestern National Bank, Minneapolis, Minn., and as director and officer of The Northwestern National Bank, Minneapolis, Minn.

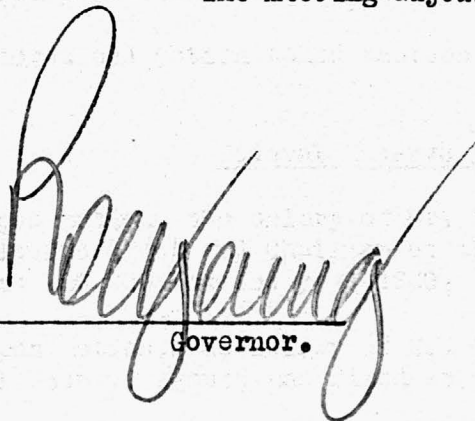
Approved.

Dated, January 14th, Recommending approval of the application of Mr. C. William Funk for permission to serve at the same time as director and officer of The Finance Company of Pennsylvania, Philadelphia, Pa., as director of the Tradesmens National Bank and Trust Company, Philadelphia, Pa., and as director of the Pennsylvania Warehousing and Safe Deposit Company, Philadelphia, Pa.

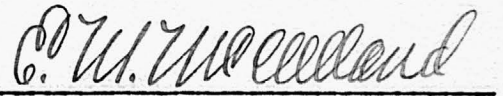
Approved.

The meeting adjourned at one o'clock.

Approved:



Governor.



Assistant Secretary.