

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 27, 1930 at 10:45 a.m.

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

The reading of the minutes of the meetings of the Federal Reserve Board held on January 23rd and 24th was dispensed with.

Telegram dated January 24th 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.

Memorandum dated January 24th from the Director of the Division of Research and Statistics, recommending the appointment of Miss Beatrice Bulla as Research Assistant in the Division at a salary of \$3,400 per annum, effective February 17th.

Approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Kansas City 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.

Letter dated January 25th from the Chairman of the Federal Reserve Bank

1/27/30

-2-

of Philadelphia, advising that he will leave Philadelphia on January 26th for about ten days, but the bank has his itinerary and he can be communicated with at any time, should it be necessary.

Noted, without objection.

Matter approved on initials on January 25th, namely, letter dated January 23rd from the Federal Reserve Agent at Chicago, recommending the designation as Federal Reserve Examiner of Mr. John H. Martin, an employee of the credit department of the bank.

Upon motion, Mr. Martin's designation was formally approved.

Letter dated January 24th from the Federal Reserve Agent at New York, recommending approval of the designation as Federal Reserve Examiners of Messrs. Albert P. Fallon, William V. W. Cokélet, Lester W. Glover and Harold M. Wessel, now Assistant Federal Reserve Examiners.

Approved.

Letter dated January 25th from the Chairman of the Federal Reserve Bank of Philadelphia, advising, in accordance with Paragraph (d), Section 4 of Regulation D, that the First National Bank of Portage, Pa., has been deficient in its reserves for six consecutive months; the letter recommending, for reasons stated, that no action be taken by the Board looking to the forfeiture of the charter of the bank.

Noted, and a copy ordered transmitted to the Comptroller of the Currency for his information.

Matter approved on initials on January 25th, namely, telegram to the Assistant Federal Reserve Agent at Atlanta, with regard to furnishing copies of quarterly reports of condition of the Citizens Bank and Trust Company, Tampa, Fla. to a representative of the Department of Justice; the telegram

1/27/30

-3-

stating that the Board will not object to the furnishing of the face of a report of condition but information contained in the schedules set out on the following pages of the report should not be disclosed.

Upon motion, the telegram was formally approved.

Memorandum dated January 23rd from Counsel, recommending that the Board authorize the purchase of certain law books for use in his office at a total cost of \$917.44; Counsel stating that an item of \$1200 to cover the purchase of the books was included in the budget approved for his office for the year 1930.

Approved.

Letter dated January 23rd from the Comptroller of the Currency, replying to the Board's letter of January 21st and advising that he approves the Board's suggestion that it publish in the Federal Reserve Bulletin the opinion recently rendered by the Attorney General with regard to the number of branches which may be retained or established by a National bank resulting from the conversion of a State bank or the consolidation of a National bank with a State bank having branches.

Upon motion, the furnishing of copies of the opinion to the Federal Reserve banks and its publication in the Federal Reserve Bulletin was approved.

Report of Executive Committee on memorandum dated January 24th from the Comptroller of the Currency, recommending approval of an application of the First National Bank of Shellman, Ga., for permission to reduce its capital stock from \$35,000 to \$25,000; the Committee submitting a divided report. Mr. Cunningham recommended approval on condition that no cash be returned to the shareholders but that the amount of the reduction be used to remove

1/27/30

-4-

slow and doubtful paper, while Governor Young and Mr. Hamlin merely inquired if the removal of slow and doubtful paper had been suggested to the bank. The matter was discussed with the Comptroller of the Currency, who stated that while it is not the policy of his office to recommend that the proceeds of a capital reduction be returned to shareholders, in this case the amount of criticized paper is negligible and it was not felt necessary to require its removal from the bank.

Upon motion, the reduction in capital was approved, Mr. Cunningham voting "no".

Letter dated January 24th from the Federal Reserve Agent at Boston, transmitting a letter received from a committee of the Massachusetts National Bank Association, requesting that consideration be given to certain changes in the method of calculating required reserves of member banks.

Ordered circulated.

Letter dated January 22nd from the Deputy Governor of the Federal Reserve Bank of New York, regarding operations and conditions in the bill and Government securities markets during the week ending January 22nd; the letter stating that there was no change in the Open Market Investment Account or the outright holdings of the New York bank, although sales contracts on Government securities have all been paid off, and also that operations for the week reflect a reduction in System bill holdings of about \$29,000,000, of which about \$24,000,000 was in sales contracts.

Noted.

Dr. Goldenweiser and Mr. Smead then entered the room and the Secretary of the Treasury also joined the meeting and took the Chair. In anticipation of the Open Market Investment Committee tomorrow, business and credit conditions were discussed in detail, following a review of recent developments by Dr.

1/27/30

-5-

Goldenweiser.

The Chairman and Messrs. Goldenweiser and Smead then left the meeting.

The Governor called Mr. Wyatt, General Counsel, and Mr. Vest, Assistant Counsel, into the room and discussed with the Board further the request which has been made on behalf of the Bank of Athens Trust Company, New York, N. Y., for a statement of the reasons for the recent disapproval of the institution's application for membership in the System. Mr. Wyatt expressed the opinion that failure to state reasons for the Board's action might complicate the Board's position in the event the applicant bank should later begin legal proceedings.

At 1:30 p.m., the meeting recessed and reconvened at 2:30 p.m., the same members being present as attended the morning session with the exception of Mr. Pole.

In accordance with a request made before recess, Mr. Wyatt submitted draft of a letter to the Bank of Athens Trust Company, setting forth such an explanation of its action in disapproving the bank's application for membership as he believed the Board should make.

After a detailed discussion, during which individual members of the Board stated their objections to the furnishing of reasons for the Board's action, formal action was deferred.

Messrs. Wyatt and Vest then left the meeting.

Discussion ensued regarding the application which is before the Board for the establishment at Wichita, Kansas, of a branch of the Federal Reserve Bank of Kansas City.

No action was taken, but the Governor suggested that the matter be brought up as special order of business at a meeting attended by the full Board.

1/27/30

-6-

REPORTS OF STANDING COMMITTEES:

- Dated, January 24th, 27th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, January 27th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

The meeting adjourned at 5:00 p.m.

E. W. McClelland
 Assistant Secretary.

Approved:

Raymond
 Governor.