

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, February 4, 1930 at 11:30 a.m.

PRESENT: Vice Governor Platt
 Mr. Hanlin
 Mr. Miller
 Mr. James
 Mr. Cunningham
 Mr. McClelland, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on January 31st were read and approved as amended.

Telegram dated January 31st from the Secretary of the Federal Reserve Bank of Atlanta and letter dated January 31st from the Chairman of the Federal Reserve Bank of Dallas, advising of the establishment on that date of the following schedule of rates for purchases of bankers acceptances:

1 to 45 days	-	3 7/8%
46 to 120 days	-	4%
121 to 180 days	-	4 1/2%
Repurchase	-	4%

Without objection, noted with approval.

Telegram dated January 31st from the Chairman of the Federal Reserve Bank of Chicago and letter dated January 31st from the Secretary of the Federal Reserve Bank of Kansas City, advising of the establishment on that date of the following schedule of rates for purchases of bankers acceptances:

1 to 45 days	-	3 7/8%
46 to 120 days	-	4%
121 to 180 days	-	4 1/2%

Without objection, noted with approval.

Telegram dated January 31st from the Deputy Governor of the Federal Reserve Bank of New York, advising that bill dealers on that date reduced their rates on all maturities 1/8 of 1%, making two name paper up to 120 days, 4% bid - 3 7/8% asked and five and six months, 4 1/8% bid - 4% asked,

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with three name paper 1/8% lower.

Noted.

Letter dated January 30th from the Federal Reserve Agent at Dallas, reporting action taken by the First State Bank of Bomarton, Texas, with the approval of the State Banking Department, in reducing its capital stock from \$32,000 to \$20,000; the Agent advising that the bank is desirous of withdrawing from the Federal Reserve System and suggesting that since its capital reduction not only constitutes a violation of Section 9 of the Federal Reserve Act, but makes it ineligible for membership, attention be called to the violation and formal notice forwarded of a hearing to show cause why membership in the System should not be forfeited.

Upon motion, it was voted to institute proceedings against the State Bank of Bomarton, Texas, and Counsel was instructed to prepare an appropriate letter to the bank.

Memorandum dated January 31st from the Assistant Secretary, advising that when the official salary recommendations of the Federal Reserve Bank of Minneapolis were received and considered by the Board on January 30th compensation for Counsel at the head office and Helena Branch was not included; the memorandum stating that advice has since been received, however, that the directors propose to continue the compensation which was in effect last year, namely, retainer of \$5,000 and allowance of \$4,000 for office expenses to Andreas Ueland, Counsel at the head office, and retainer of \$3,600 to Taylor B. Weir, Counsel at the Helena Branch.

Upon motion, the compensation fixed for Counsel for the Minneapolis directors was approved.

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Letter dated February 1st from the Chairman of the Federal Reserve Bank of Kansas City, advising of circumstances leading to the resignation of Mr. Thomas C. Byrne, Class B Director of that bank, whose term does not expire until December 31, 1930, and requesting advice as to the procedure which should be followed in the election of a successor; together with a reply prepared by the Assistant Secretary, advising that the Board will designate for the opening of the polls in a special election whatever date is convenient to the Chairman, after Mr. Byrne's resignation has been accepted, and will be glad to receive a suggestion.

Upon motion, the proposed reply was approved.

Letter dated February 3rd from the Secretary-Treasurer of the First Federal Foreign Banking Corporation, New York City, requesting an extension to the end of the current month of the time in which it may file its report of condition as of December 31, 1929, in the preparation of which certain figures are required which have not yet been received from its subsidiaries in Argentina and Brazil.

Upon motion, it was voted to interpose no objection to the filing of the report any time within the month of February.

Memorandum from Counsel dated January 30th, submitting draft of letter to the Governor of the Federal Reserve Bank of Atlanta in reply to an inquiry whether Stone Mountain Memorial silver fifty-cent pieces may be included by a Federal Reserve bank when computing the reserve required to be carried against its deposits by the provisions of Section 16 of the Federal Reserve Act; the proposed reply, prepared after reference to the Secretary of the

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Treasury, advising that Stone Mountain Memorial coins should be classified as subsidiary silver and, accordingly, can not be used as a part of a Federal Reserve bank's reserve against deposits.

Upon motion, the reply prepared by Counsel was approved.

Matter ordered circulated at the meeting on January 23rd, namely, memorandum from Counsel submitting draft of a proposed letter to the President of the Bush Terminal Company, advising that the Board will not object to the plan whereby the Bush Service Corporation will acquire control of the First Federal Foreign Banking Corporation, which it is proposed will engage in the business of financing import and export transactions handled by the Bush Service Corporation through acceptances made under the provisions of Section 25 (a) of the Federal Reserve Act.

The Assistant Secretary reported a suggestion of the Governor that the proposed letter be referred to the Federal Reserve Bank of New York before being dispatched and, upon motion, it was so ordered.

REPORTS OF STANDING COMMITTEES:

- Dated, January 31st, Recommending a change in stock at a Federal Reserve bank as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, January 30th, Recommending action on applications for fiduciary powers
31st, as set forth in the Auxiliary Minute Book of this date.
February 1st, Recommendations approved.
- Dated, January 31st, Recommending approval of the application of Mr. F. M. Bass for permission to serve at the same time as director of the American National Bank of Nashville, Tenn. and as director of the Farmers National Bank of Shelbyville, Tenn.
Approved.
- Dated, January 31st, Recommending approval of the application of Mr. Parkes Armistead for permission to serve at the same time as officer of the American National Bank of Nashville, Tenn., and as director of the First National Bank of McMinnville, Tenn.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, January 31st, Recommending approval of the application of Mr. H. V. Foster for permission to serve at the same time as director of the Union National Bank of Bartlesville, Okla., as director of the Exchange National Bank of Tulsa, Okla., and as director of the Washington Trust Company of Westerly, R. I.

Approved.

Dated, January 31st, Recommending approval of the application of Mr. H. S. Capron for permission to serve at the same time as director and officer of the First National Bank of Champaign Ill., and as officer of the First National Bank of Thomasboro, Ill.

Approved.

Dated, January 31st, Recommending approval of the application of Mr. C. W. Brokaw for permission to serve at the same time as director and officer of the First National Bank of Stanwood, Wash. and as director of the First National Bank of Everett, Wash.

Approved.

Dated, January 31st, Recommending approval of the application of Mr. Charles H. Innes for permission to serve at the same time as director of the Engineers National Bank of Boston, Mass., and as director of the Exchange Trust Company of Boston, Mass.

Approved.

Dated, January 31st, Recommending approval of the application of Mr. Wm. F. Fowler for permission to serve at the same time as director of the First National Bank of Hempstead, N. Y., as director of the Lynbrook National Bank & Trust Company of Lynbrook, N. Y., and as director of the Citizens National Bank of Freeport, N. Y.

Approved.

The meeting adjourned at 12:30 p.m.

C. W. McClelland
Assistant Secretary.

Approved:

Edmund Platt
Vice Governor.