

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, February 6, 1930 at 11:15 a.m.

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

The Governor stated that the New York directors meet today and will probably again vote to reduce the rediscount rate of the bank to 4%. He suggested, therefore, that upon completion of the morning session the Board recess until 2:30 o'clock for consideration of any action of the New York directors.

He reported a telephone conversation this morning with the Governor of the Federal Reserve Bank of Boston, who advised him that there is a very strong sentiment on his board of directors in favor of a 4% rate. The Boston directors meet on next Wednesday, February 12th, and the Governor stated he was invited to attend the directors' meeting.

He then called up for consideration the special order of business for this meeting, namely, a memorandum submitted by General Counsel under date of February 1st, at the request of the Law Committee, outlining various amendments to the Federal Reserve Act which have been considered by or recommended to the Board, and requesting that the Board now consider what, if any, action should be taken regarding them, particularly, whether they should be recommended in the Annual Report for 1929. The various amendments, with comment thereon by Counsel, were considered and acted upon as follows:

(1) An amendment to Section 9 of the Federal Reserve Act to permit State member banks to establish foreign branches. - This amendment was recommended to Congress by the Board in its Annual Reports for the years 1927 and 1928, and in letters addressed to the Chairmen of the Banking and Currency Committees during

2/6/30

-2-

1929. Accordingly, a bill conforming to the Board's views was introduced in the Senate by Senator Norbeck on December 11, 1929 (S-2605-71st Cong., 2nd Session) and was reported out without amendment on December 18, 1929 by the Senate Banking and Currency Committee. No further action thereon has been taken in the Senate and no similar bill has been introduced in the House.

Upon motion by Mr. Hamlin, it was voted to again recommend the above amendment in the Annual Report for 1929, and the Law Committee was authorized to take steps to have the bill introduced in the House of Representatives and acted on in both Houses of Congress.

(2) An amendment to Sections 6 and 9 of the Federal Reserve Act permitting the cancellation of Federal reserve bank stock held by member banks which have gone out of business without a receiver or liquidating agent having been appointed therefor. - The enactment of such legislation was recommended by the Board in its Annual Reports for the years 1927 and 1928, and in letters addressed to the Chairmen of the Banking and Currency Committees under date of December 2, 1929. This legislation was introduced in the House on December 5, 1929 (H. R. 6604 - 71st Cong., 2nd Session), and in substantially the same form in the Senate on December 14, 1929 (S.2666), and on December 20, the Senate bill was reported out without amendment by the Senate Banking and Currency Committee. H. R. 6604 was reported out favorably by the House on January 23, 1930, and I understand that this bill is on the House Calendar for February 5, 1930.

Upon motion by Mr. Platt, it was voted to again recommend the above amendment in the Annual Report for 1929, no special action being thought necessary in view of its present legislative position.

(3) An amendment making it discretionary with the Federal Reserve Board to assess the costs of examining State member banks against the bank examined. The Board recommended the enactment of a bill of this kind in its 1927 and 1928 Annual Reports, and in letters addressed to the Chairmen of the Banking and Currency Committees during the year 1929. In the last Congress a bill for this purpose passed the Senate (S. 5349 - 70th Congress) but was not reported out by the House Banking and Currency Committee. Similar bills were introduced in the House but were never reported out. In the present Congress a bill was introduced in the Senate (S. 485 - 71st Cong., 1st Session) but it has not yet been reported out.

Upon motion, it was voted to again recommend the above amendment in the Annual Report for 1929, and the Law Committee was requested to attempt to secure action on the bills now pending.

(4) An amendment to Section 9 of the Federal Reserve Act authorizing the Federal Reserve Board to waive the six months' notice of the intended withdrawal of a State member bank from the Federal Reserve System.-This amendment was recommended to Congress by the Board in its Annual Report for the year 1928, and in letters addressed to the Chairmen of the Banking and Currency Committees:

2/6/30

-3-

under date of April 16, 1929. On April 18, 1929, the Board voted to defer taking any action regarding this amendment and nothing further has been done by the Board since that date. Bills to amend the law in conformity with the Board's recommendations were introduced in the House and Senate during the present Congress (H. R. 2027 and S. 684 - 1st Session, 71st Cong.); and S. 684 was reported out without amendment on December 18, 1929. At the request of the Banking and Currency Committee of the House, H. R. 2027 was revised slightly by inserting a provision to the effect that the Board could waive the six months' notice requirement subject to such conditions as the Board might prescribe. The revised draft was submitted to Mr. McFadden by Governor Young under date of January 13, 1930, was introduced by him as H. R. 8877 on January 20, and was reported out favorably by the House Banking and Currency Committee on January 23, 1930. I understand that it is on the House Calendar for February 5, 1930.

Upon motion, it was voted to again recommend this amendment in the Annual Report for 1929, no special action being considered necessary in view of its present legislative position.

(5) An amendment to Section 4 of the Federal Reserve Act to permit an officer, director or employee of a mutual savings bank to serve as Class B or Class C director of a Federal Reserve Bank. - This amendment was recommended to Congress by the Board in its Annual Reports for the years 1927 and 1928. On April 18, 1929, the Board voted to defer taking any action on this proposal and no further recommendation has been made since that date.

Upon motion, it was voted in recommending the above amendment to limit it to Class B directorships, to include such recommendation in the Annual Report for 1929 and to request the Law Committee to prepare an appropriate form of bill and take steps to secure its introduction in Congress.

(6) An amendment exempting Federal Reserve Banks from attachment or garnishment proceedings before final judgment in any case or proceeding. - This amendment was recommended by the Board in its Annual Reports for the years 1927 and 1928. On April 18, 1929, the Board voted to defer taking any further action on this proposal and no further recommendation has been made since that date.

(7) An amendment to the Judicial Code restoring to the United States District Courts jurisdiction of suits by and against Federal Reserve Banks. - In its Annual Reports for the years 1927 and 1928 the Board recommended the enactment of an amendment of this kind. On April 18, 1929, the Board voted to defer taking any further action in connection with this proposal and no further recommendation has been made since that date.

These two proposed amendments were discussed jointly and, upon motion by Mr. Hamlin, it was voted to again recommend them in the Annual Report for 1929.



2/6/30

-4-

Upon motion, it was then voted to request the Law Committee to prepare an appropriate form of bill exempting Federal Reserve banks from attachment or garnishment proceedings before final judgment in any case or proceeding and to take steps to secure its introduction in Congress.

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

It was then moved to request the Law Committee to prepare an appropriate form of bill restoring to United States District Courts jurisdiction of suits by and against Federal Reserve banks, and to take steps to secure its introduction in Congress.

This motion was lost on a tie, the members voting as follows:

Governor Young, "aye"  
 Mr. Platt, "aye"  
 Mr. Hamlin, "aye"  
 Mr. Miller, "no"  
 Mr. James, "no"  
 Mr. Cunningham, "no"

(8) An amendment to Section 13 of the Federal Reserve Act increasing from fifteen to ninety days the maximum maturity of advances made by Federal Reserve Banks to member banks on their promissory notes secured by paper eligible for rediscount by Federal Reserve Banks. - An amendment of this kind has been recommended to Congress by the Board in its Annual Reports for the years 1927 and 1928. In the 70th Congress a bill (H. R. 12349) was introduced on March 23, 1928, and under date of April 24, 1928, the Board addressed a letter to Congress in which it said that it was in sympathy with the general purposes of the bill. However, this bill was not reported out and no similar bill has since been introduced. On April 18, 1929, the Board voted to defer taking any further action on this amendment and no further recommendation has been made since that date.

Upon motion, it was voted to again recommend the above amendment in the Annual Report for 1929, and the Law Committee was requested to take steps to have appropriate bills introduced in Congress.

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

(9) An amendment to the first paragraph of Section 19 of the Federal Reserve Act more clearly defining demand deposits, time deposits, savings deposits, etc., and making it more difficult to evade the proper classification of deposits for the purpose of computing reserves. The Agents' and Governors' Conferences of December 1929, recommended that the matter of reserves be submitted to a special committee for study and recommendation.

(10) An amendment to Section 19 of the Federal Reserve Act authorizing mem-

2/6/30

-5-

ber banks in computing their reserves to deduct 'balances due from banks' from their gross demand deposits instead of from 'balances due to other banks.' The Agents' and Governors' Conferences of December 1929, recommended that the matter of reserves be submitted to a special committee for study and recommendation.

(11) A complete revision of Section 19 adjusting, clarifying and simplifying the reserve requirements. The Agents' and Governors' Conferences of December 1929, recommended that this matter be submitted to a special committee for study and recommendation.

At the suggestion of the Governor, it was voted to make no recommendation in the Annual Report for 1929, regarding the three proposed amendments listed above, in view of the fact that a committee is to be appointed on behalf of the Federal Reserve banks to study the entire question of member bank reserves.

(12) An amendment requiring the approval of the Federal Reserve Board before charters are granted to new national banks.

Upon motion, it was voted to take no action regarding this amendment.

(13) An amendment to Section 9 of the Federal Reserve Act requiring all State banks heretofore or hereafter admitted to membership in the System to comply at all times with the banking law of the States in which they are located.

After some discussion, it was voted to recommend in the Annual Report for 1929 and to prepare appropriate bills to amend the eighth paragraph of Section 9 of the Federal Reserve Act to provide substantially that "If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this Section or the Regulations of the Federal Reserve Board made pursuant thereto or with the provisions of the State banking laws, it shall be within the power of the Board after hearing to require such bank to surrender its stock in the Federal Reserve bank and to forfeit all rights and privileges of membership."

(14) Amendment to the Bankruptcy Act providing that funds in the custody of the Federal Courts shall be deposited with member banks. - The Governors' Conference approved of an amendment of this kind, but the Board has not made any recommendation to Congress. A bill (S. 2950) was introduced in the Senate on January 6, 1930, however, providing that member banks of the Federal Reserve System may be designated depositories of bankruptcy funds.

Upon motion, the Law Committee was authorized to conduct such negotiations as may be necessary to have S. 2950 so amended as to provide that bankruptcy funds "shall" be deposited in member banks instead of "may" be so deposited.

2/6/30

-6-

At this point, the Governor presented a telegram dated February 6th from the Chairman of the Federal Reserve Bank of Richmond, 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 Richmond directors was approved, effective tomorrow, February 7th.

The Board then resumed consideration of the special order of business as follows:

(15) Amendment to the National Bank Act limiting the amount of investment by a National bank in bank building and fixtures. - The Agents' Conference reported that an amendment of this kind is desirable.

After some discussion, upon motion, it was voted to bring the amendment recommended by the Federal Reserve Agents' Conference to the attention of the Comptroller of the Currency.

(16) Amendment to Section 4 of the Federal Reserve Act to clarify the meaning of the phrase "electors voting" in that part of the section providing the method of counting ballots in elections of Federal Reserve Bank directors. - The Agents' Conference recommended such an amendment.

Upon motion, it was voted to recommend the amendment proposed by the Federal Reserve Agents in the Annual Report for 1929, and the Law Committee was instructed to prepare an appropriate bill for presentation to Congress.

(17) Amendment to the Federal Reserve Act providing for a different distribution of earnings of Federal Reserve Banks to member banks and the Government and for the retirement of national bank notes. - The Agents' and Governors' Conferences favored the enactment of an amendment providing a more liberal distribution of Federal Reserve Bank earnings in the way of dividends.

In the 70th Congress, 2nd Session, a bill was introduced by Senator Glass on February 6, 1929 (S. 5723) to amend Section 7 of the Federal Reserve Act so as to provide for a more liberal distribution of the earnings of Federal Reserve banks, and to amend Section 18 so as to provide for the retirement of National bank notes. With regard to the enactment of this bill, the Secretary of the Treasury addressed a letter to Congress stating that he was not inclined to favor legislation of this kind. The Board considered this letter before it was mailed and advised the Secretary that "while certain members of the Board are not necessarily opposed to the general idea of the amendment to Section 7, \* \* \* they see no objection to transmittal of the attached letter, as written,



2/6/30

-7-

"as an expression of the views of the Secretary of the Treasury." The bill introduced by Senator Glass was never reported out by the Senate Banking and Currency Committee.

Mr. Hamlin moved that in the Annual Report for 1929 the Board endorse S. 5723 in principle.

Mr. Hamlin's motion, being put by the Chair was lost on a tie, the members voting as follows:

Governor Young, "aye"  
 Mr. Platt, "aye"  
 Mr. Hamlin, "aye"  
 Mr. Miller, "no"  
 Mr. James, "no"  
 Mr. Cunningham, "no"

Upon motion, it was then voted to request the Law Committee to ascertain whether Senator Glass expects to introduce the bill in the present session of Congress and if so to state in the Annual Report for 1929 that the question covered therein has been raised and the Board feels that it is a matter which might well have the consideration of Congress.

(18) An amendment to Section 9 of the Federal Reserve Act and Section 5240 of the Revised Statutes regarding examinations of member banks. - This amendment provides, among other things, that all examinations of member banks shall be under the jurisdiction of the Comptroller of the Currency, and that the expense of such examinations shall be paid by the Federal Reserve Board out of the proceeds of assessments levied against the Federal Reserve Banks, instead of being paid by the banks examined.

This amendment was prepared at the request of Governor Young and was submitted for the consideration of the Conference of Federal Reserve Agents in December, 1929, which recommended that the Board decline to give its approval to this proposed measure. Apparently the Board has taken no action on this recommendation.

Upon motion by Mr. Platt, it was voted to take no action on the above amendment at this time.

On this motion, Messrs. Hamlin and James voted "no".

(19) An amendment to the fourth paragraph of Section 13 of the Federal Reserve Act making the limitations prescribed by that paragraph conform to Section 5200 of the Revised Statutes, as amended by the McFadden Act. - A provision to amend the law in this way was contained in the McFadden Bill when it was pending in Congress but it was stricken out of the bill by the Senate. At the time this provision was pending in the McFadden Bill it was approved by the Federal Reserve Board along with a number of other provisions and Congress was so advised. (See X-4500). The amendment was then considered by the Conference of Governors in April, 1928, and a resolution asking the Board to

2/6/30

-8-

urge the enactment of such an amendment was defeated. On April 18, 1929, the Board voted to defer taking any action on the proposal; but on October 18, 1929, the Board addressed a letter to Congressman Hudspeth, in reply to a letter asking for the Board's views on an amendment of this character, in which it was stated that the Board has not receded from its earlier position approving of such an amendment.

On December 18, 1929, as a result of a conference between this office and Mr. Thompson, from Congressman McFadden's office, there was prepared by this office a letter addressed to Congressman McFadden, enclosing a proposed draft of an amendment to amend the law as set out above. On January 13, 1930, Governor Young submitted this letter and proposed draft of amendment to Mr. McFadden; and on January 15, this draft was also submitted to Senator Sheppard by Governor Young. On January 23, Mr. McFadden introduced this draft in the House as H. R. 9046, but it has not yet been reported out or introduced in the Senate.

Upon motion, it was voted to recommend the above amendment in the Annual Report for 1929.

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

(20) An amendment to Section 22 (a) of the Federal Reserve Act making it clear that the prohibition against examiners accepting loans and gratuities from member banks applies to State examiners. - Under date of November 13, 1929, I addressed a memorandum to the Board calling attention to the fact that a United States District Court had held that this provision of Section 22 (a) does not apply to State examiners. I recommended that the Board suggest to the Attorney General that it would be in the public interest not to accept this decision as a correct interpretation of the law and that it would be advisable to appeal either this case or some other case where the record may be more favorable to the Supreme Court of the United States, with a view of having this decision reversed or overruled. I also recommended that the Board request the Attorney General to advise it if he is not inclined to adopt the above suggestion, in order that the Board may consider the advisability of recommending to Congress an amendment removing any doubt as to the applicability of this provision to State bank examiners. I also submitted a proposed letter to the Attorney General along this line, which was approved at the Board meeting on November 26th; but apparently neither this letter nor any similar letter has yet been sent to the Attorney General. Under these circumstances, the Board may desire to consider the advisability of recommending to Congress an amendment to Section 22 (a) removing any doubt as to the applicability of that section to State bank examiners.

Upon motion, it was voted to recommend in the Annual Report for 1929 an amendment similar to that set out above, but applying only to loans and gratuities granted an examiner by a bank "examined by him".

(21) An amendment to make the robbery or burglary of a member bank a Federal offense punishable through the Federal courts. - Under date of January



2/6/30

-9-

13, 1930, Mr. George J. Schaller, President of the Citizens First National Bank of Storm Lake, Iowa, and Class A director of the Federal Reserve Bank of Chicago, addressed a letter to Mr. Cunningham suggesting that it would help and strengthen the banking situation and would make friends for the Federal Reserve System, if the Federal Government would undertake the apprehension and prosecution in the Federal courts of all persons who commit crimes against National banks and State member banks of the Federal Reserve System and particularly such crimes as hold-ups and robberies. Mr. Cunningham has transmitted this letter to the Law Committee with a suggestion that the Board should recommend in its Annual Report an amendment making it a Federal offense punishable through the Federal courts to burglarize or rob any member bank. I understand that the Law Committee has reported favorably on this suggestion, but that the Board has not yet taken action on it.

Upon motion, it was voted to recommend in the Annual Report for 1929 an amendment covering not only any member bank, but any Federal Reserve Bank, Branch or Agency, and the Law Committee was requested to prepare an appropriate bill for presentation to Congress.

Counsel then called attention to a situation existing with reference to the voluntary surrender of trust powers by National banks. He stated that a number of National banks which have obtained trust powers and deposited securities with the State authorities, either have never exercised such trust powers or have discontinued the exercise of such powers, and desire to obtain the release of the securities deposited with the State authorities, who refuse to release such securities unless the bank furnishes some evidence that its trust powers have been definitely terminated. There is no provision in the law, he stated, authorizing the surrender of trust powers and it is doubtful whether any such procedure would be lawful. He is of the opinion that banks may voluntarily surrender their trust powers but the Comptroller of the Currency is of the opinion that this can not be done. He suggested that it would be advisable to ask Congress to amend the law so as to expressly authorize the voluntary surrender of trust powers by National banks.

Upon motion, it was voted that such a recommendation should be included in the Annual Report and that the neces-

2/6/30

-10-

sary bills and letters to the Chairmen of the Banking and Currency Committees should be prepared.

It was suggested that the bill should also authorize the Board to revoke trust powers but this suggestion was rejected because the Comptroller of the Currency is opposed to the revocation of trust powers in view of its effect on the ability of the banks to accept perpetual trusts and especially in view of the fact that the McFadden Act granted indeterminate charters to National banks in order to enable them to accept perpetual trusts.

At 1:00 o'clock the meeting recessed and reconvened at 2:40 o'clock, the same members being present as attended the morning session and, in addition, Mr. Pole.

The Governor reported that the directors of the Federal Reserve Bank of New York have again voted to establish a rate of 4% on all classes of paper of all maturities, with the understanding, however, that their action is predicated upon approval or disapproval by the Federal Reserve Board today. For the information of the Board, he stated that the rate of the Bank of England has been reduced to 4 1/2% and the outside bill rate in New York to 3 3/4%.

He also reported a telephone conversation with Governor McDougal, during which he was advised that there is quite a decided feeling for an adjustment in the rate of that bank on the part of the directors who meet tomorrow.

During the discussion which ensued, the Secretary of the Treasury joined the meeting and took the Chair.

At the conclusion of the discussion, Governor Young moved that the rate of 4% established by the New York directors on all classes of paper of all maturities be approved, effective tomorrow, February 7th.

Governor Young's motion, being put by the Chair, was lost on a tie, the members voting as follows:

2/6/30

-11-

129

The Chairman, "aye"  
Governor Young, "aye"  
Mr. Hamlin, "aye"  
Mr. Pole, "aye"  
Mr. Platt, "no"  
Mr. Miller, "no"  
Mr. Cunningham, "no"  
Mr. James, "no"

A further discussion ensued, during which certain members of the Board voting in the negative stated that, in their opinion, the 4 1/2% rate of the New York bank could not be continued indefinitely and should perhaps be reduced within a week or two at the outside. They expressed the opinion, however, that just at the moment conditions are not opportune for a reduction.

The Chairman expressed the opinion that a reduction in the rate would be an aid to the business situation and stated that he could not see the advantage of deferring it if the thought was that it will be made next week or the week after. He stated that, in his opinion, if the reduction is to be approved the action should be taken at this time if only as a matter of courtesy to the directors of the New York Bank.

Following this discussion, Mr. Cunningham made the following statement:

"Formal approval of the reduction in the discount rate from 4 1/2% to 4% at the New York bank has been lost by a tie vote.

Recalling expressions at last week's Board meeting, at which time the same question was lost on a tie vote, that the rate change would be permitted at this meeting; and noting similar expressions at this meeting that the vote would be changed next week to permit a rate reduction, if requested, I do not regard such method of procedure as having great merit as it involves a commitment as to future action without advance knowledge as to what the credit conditions will require at such time.

I was not in favor of a rate reduction a week ago, and my personal judgment at the moment is that we are premature in approving a rate reduction at this time. Representing agriculture, I am convinced that a reduction in the discount rate below 4 1/2% at New York offers no immediate relief to the individual farmer-borrower.

Expressions have been made at this meeting to the effect that this reduction will be permitted next week in the hope that it will benefit business. If this reduction will be of benefit to business I am inclined to think that it is as timely now as it will be next week.

I change my vote from "no" to "aye."



2/6/30

-12-

The Chairman then stated that the rate of 4% established by the New York directors stood approved, effective tomorrow.

At the suggestion of Governor Young, authority was then granted to the executive officer of the Board, effective until rescinded, to approve a rediscount rate of 4% established by the board of directors of any other Federal Reserve bank.

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

With reference to his vote on the reduction in the discount rate at the Federal Reserve Bank of New York, Mr. Platt stated:

"I voted 'no' because it does not seem to me that we should treat reductions in the discount rates at Federal Reserve banks in so wholesale a manner, which seems to hint too much at uniformity. If we are to consider that a change in the New York rate necessarily involves changes in all other Reserve banks we are likely to refuse approval of New York changes which local and general conditions would otherwise lead us to approve. In my opinion rates at Boston and Philadelphia may well be considered as so affected by New York rates that the time of their changing may be left to their directors, but changes in the rates at other Reserve banks should, I believe, be passed upon by the Board on their merits when submitted."

Mr. Miller stated that he is in general agreement with Mr. Platt and thinks the action should not be permitted to become a precedent as it would indicate a disposition on the part of the Board not to treat very seriously the regional character of discount rate determination. He stated that he voted in favor of the motion, however, feeling that there is no objection in the present situation.

The Chairman then left the meeting.

Mr. James submitted a memorandum dated February 4th, calling attention to an article in the February 3rd issue of the Daily News Record, the official organ of the drygoods and associated industries, regarding the inaccuracy of figures on the yardage of goods finished, published by the Federal Reserve Board; the memorandum requesting the Board to give serious consideration to the

2/6/30

-13-

discontinuance of the publication of the Bulletin and offering a motion to that effect.

Mr. James complained in this connection of the information recently furnished by the Division of Research and Statistics, regarding an inquiry made by him as to the effect upon the credit situation of increased cash buying through the medium of chain stores. He stated that no study was initiated by the Board's Division but the findings of other organizations in investigations of the subject made several years ago were furnished.

The Governor stated that the Director of the Division of Research and Statistics cited the experience of the bodies conducting the previous investigations and the difficulty which they had in attempting to get information of any value. He doubted the wisdom, the Governor stated, of trying to conduct an investigation that would not be productive of good results, and requested further instructions from the Board.

Some discussion ensued, but Mr. James stated he did not request action at this time on his motion to discontinue publication of the Bulletin.

The Governor stated that he would direct the attention of the Director of the Division of Research and Statistics to the complaint made in the Daily News Record, and request him to report thereon to the Board.

Telegram dated February 6th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors of the bank at a meeting today made no change in the discount rate of the bank but voted to establish a minimum buying rate of  $3 \frac{1}{2}\%$  for purchases of bankers acceptances, and the following schedule of effective rates:

|                 |   |                   |
|-----------------|---|-------------------|
| 1 to 45 days    | - | $3 \frac{7}{8}\%$ |
| 46 to 120 days  | - | $4\%$             |
| 121 to 180 days | - | $4 \frac{1}{2}\%$ |
| Repurchase      | - | $4\%$             |

2/6/30

-14-

After discussion, upon motion by the Governor, the minimum buying rate of 3 1/2% established by the San Francisco directors, was taken under review and the minimum buying rate of the bank was determined to be 3 3/4%.

Upon motion, the effective rates established at the San Francisco bank were noted with approval.

The meeting adjourned at 4:00 o'clock.

*C. W. McClelland*  
Assistant Secretary.

Approved:

*Raymond*  
Governor.