

A meeting of the Federal Reserve Board was held in the office of the Board on Friday, February 7, 1930, at 12:15 P.M.

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

The minutes of the meeting of the Federal Reserve Board held on February 4th were read and approved.

The reading of the minutes of the meeting held on February 6th was dispensed with.

The Governor reported that under the authority which has been granted him by the Board, he approved this morning, effective tomorrow, February 8th, rediscount rates of  $4\frac{1}{2}\%$  on all classes of paper of all maturities, established by the Board of Directors of the Federal Reserve Bank of Cleveland, and by the Executive Committee of the Federal Reserve Bank of Minneapolis, under authority of the Board of Directors.

Upon motion, the action of the Governor in approving the rates established at the Cleveland and Minneapolis Banks, effective February 8th, was ratified.

Telegrams dated February 5th from the Chairman of the Federal Reserve Bank of Philadelphia and the Assistant Federal Reserve Agent at St. Louis, advising that their Boards of Directors at meetings on that date made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated February 6th from the Secretary of the Federal Reserve Bank of New York, confirming telephonic advice yesterday of the action of the Board of Directors of that bank in voting to establish a rediscount rate of  $4\%$ , and advising that after receipt of the Board's approval to that

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rate, the directors voted to request the Board to reduce to  $3\frac{1}{2}\%$  the minimum buying rate established by it for purchases of bankers acceptances; the letter also stating that no changes were made in other rates currently effective, except to reduce to  $4\%$ , with the discount rate, the rates for purchases of trade bills and repurchase agreements on Government securities.

After discussion, it was voted to defer action on the request of the New York directors for a reduction in their minimum buying rate.

Telegram dated February 6th from the Deputy Governor of the Federal Reserve Bank of New York, advising that dealers that morning reduced their rates on unendorsed bills by  $1/8\%$  to  $3\frac{3}{4}\%$  asked,  $3\frac{7}{8}\%$  bid on maturities up to 120 days, and  $3\frac{7}{8}\%$  asked,  $4\%$  bid, on five and six months' maturities, with endorsed three and four months' bills offered at  $3\frac{5}{8}\%$ ; the telegram stating that the buying rates of the Federal Reserve bank remain unchanged for the present.

Noted.

Letter dated February 5th from the Deputy Governor of the Federal Reserve Bank of New York, advising of operations and conditions in the bill and securities markets during the preceding week; the letter stating that Government holdings in the Open Market Investment Account and the outright holdings of the New York bank remain unchanged, with sales contracts showing a small increase of \$1,140,000; that the Government securities market which has been quiet for some time, with prices materially reduced, developed some strength during the last two or three days, the demand being mostly for long term issues; that the reduction of the New York bank's buying rate on acceptances resulted in substantial offerings of short bills by both banks and dealers;

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a net increase of \$36,000,000 taking place in the System's holdings during the week.

Noted.

Report of Executive Committee on letter dated February 4th from the Comptroller of the Currency, requesting approval of a salary of \$2,700 per annum for National Bank Examiner Floyd P. Hunt, assigned to the Fourth Federal Reserve District; the Committee also recommending approval.

Approved.

Lists submitted by the Federal Reserve Banks of Philadelphia, Richmond, and St. Louis, of employees for whom the directors of the banks authorized leaves of absence with pay, on account of illness, during the entire month of January.

Noted, with approval.

Report of Committee on Examinations on letter dated February 3rd from the Assistant Federal Reserve Agent at Atlanta, transmitting and recommending approval of an application of the Hibernia Bank and Trust Company, New Orleans, La., for permission to accept drafts drawn on it for the purpose of creating dollar exchange; the Committee recommending that the application be approved as to all countries which have heretofore been designated by the Board.

Upon motion, the Committee's recommendation was adopted.

Memorandum from Counsel dated February 5th, submitting in accordance with the action of the Board on February 4th, drafts of letters to the First State Bank of Bomarton, Texas and the Federal Reserve Agent at Dallas, advising of a hearing to be held by the Board at which the member bank should appear

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to show cause why it should not be required to surrender its stock in the Federal Reserve Bank of Dallas, and to forfeit all rights and privileges of membership in the Federal Reserve System; the letter stating that in the event the bank desires to waive its right to appear before the Board, it may, through its duly appointed representative, appear before the Federal Reserve Agent, the local representative of the Board, for the purpose of presenting such evidence as it may wish to have transmitted to the Board for its consideration, providing, however, that reasonable notice in advance be given both the Board and the Agent of its intention to so appear.

Upon motion, the proposed letters were approved and ordered transmitted, after March 6th had been fixed as the date for the Board's hearing.

Memorandum from Counsel, dated January 28th, submitting and concurring in a recommendation by Mr. Cunningham that the Board recommend to Congress the enactment of an amendment to Section 22 of the Federal Reserve Act which would make it a Federal offense, punishable through the Federal courts, to hold up, burglarize, or rob any National bank or any State bank which is a member of the Federal Reserve System; Counsel submitting draft of a proposed statement for incorporation in the Annual Report.

It was pointed out that the Board yesterday voted to recommend the amendment in question in the Annual Report and the proposed statement was referred back to the Law Committee for incorporation in the draft of the Report, which will later be considered by the Board.

REPORTS OF STANDING COMMITTEES:

- Dated, February 4th, 5th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, February 4th, 6th, Recommending action on applications for fiduciary powers, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, February 5th, Recommending approval of the application of Mr. Hugh Blair-Smith, for permission to serve at the same time as director of the Equitable Trust Company of the City of New York, N. Y., as director of the National Shawmut Bank of Boston, Mass., and as director and officer of the Citizens National Bank & Trust Company of Englewood, N. J.

Recommendation approved.

Dated, February 5th, Recommending approval of the application of Mr. Walter W. Head, for permission to serve at the same time as director and officer of the Foreman-State National Bank of Chicago, Ill., as director and officer of the Omaha National Bank of Omaha, Nebr., and as director and officer of the American National Bank of St. Joseph, Mo.

Recommendation approved.

Dated, February 5th, Recommending approval of the application of Mr. J. A. Abernathy, for permission to serve at the same time as director and officer of the Cherryville National Bank of Cherryville, N. C., and as director of the Independence Trust Company of Charlotte, N. C.

Recommendation approved.

Dated, February 5th, Recommending approval of the application of Mr. Charles S. Pearce, for permission to serve at the same time as director of the First National Bank of Chicago, Ill., as director of the First Wisconsin National Bank of Milwaukee, Wis., and as director of the Upper Avenue Bank of Chicago, Ill.

Recommendation approved.

Dated, February 6th, Recommending approval of the application of Mr. H. E. Machold, for permission to serve at the same time as director and officer of the Northern New York Trust Company, Watertown, N. Y., as director and officer of the First & Second National Bank & Trust Company, Oswego, N. Y., and as director of the Equitable Trust Company, New York, N. Y.

Recommendation approved.

Dated, February 6th, Recommending approval of the application of Mr. Wm. T. McCaffrey for permission to serve at the same time as director and officer of the Lincoln National Bank & Trust Company, Syracuse, N. Y., and as director of the Union Trust Company, Rochester, N. Y.

Recommendation approved.

The meeting adjourned at one o'clock.

*C. W. McClelland*

Assistant Secretary.

Approved:

*Raymond*

Governor.