

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, February 20, 1930, at 11:00 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on February 18th were read and approved.

Telegram dated February 19th from the Chairman of the Federal Reserve Bank of Philadelphia and the Assistant Federal Reserve Agent at St. Louis, both advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Report of Executive Committee on letter dated February 19th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner Andrew M. Douglas, assigned to the Second Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Report of Committee on District #4, recommending the appointment of Mr. James Rae as director of the Pittsburgh Branch for the unexpired portion of the term of Mr. Joseph B. Shea, deceased, ending December 31, 1931. The Governor stated that he concurs in the Committee's recommendation but that inasmuch as the Chairman of the Board is a resident of Pittsburgh he thought it would be well to make the appointment subject to his approval.

Upon motion, Mr. Rae was appointed director of the Pittsburgh Branch for the unexpired term ending December 31, 1931, subject to concurrence by the Chairman of the Board.

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Letter dated February 18th from the Acting Secretary of the Open Market Investment Committee, transmitting copy of the minutes of the meeting of the Committee held in Washington on January 28th and 29th.

Ordered circulated.

Letter dated February 18th from the Governor of the Federal Reserve Bank of New York, transmitting the regular monthly compilation of the amount of short-term funds held in New York for foreign account as of January 31st, aggregating \$2,514,093,000.

Ordered circulated.

Joint report of the Committee on Research and Statistics and the Committee on Salaries and Expenditures, regarding budgets submitted by the Federal Reserve Agents for the statistical and analytical functions at their respective banks during the year 1930; the Committees recommending approval of the individual budgets as set out below, aggregating \$484,601.00:

Boston	-	\$ 43,525
New York	-	131,367
Philadelphia	-	45,210
Cleveland	-	37,120
Richmond	-	15,861
Atlanta	-	11,220
Chicago	-	59,140
St. Louis	-	19,175
Minneapolis	-	18,300
Kansas City	-	22,920
Dallas	-	20,719
San Francisco	-	60,044

Approved.

Memorandum dated February 20th from the Governor, referring to the permission granted him at the meeting on February 12th, at his request, to refer to all Federal Reserve banks the question raised by the Deputy Governor of the Federal Reserve Bank of Kansas City as to permitting nonmember country cor-

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respondents of city member banks to use cash letter forms of the city bank, list their items thereon, endorsing same with a double endorsing stamp, and forward the letters to the city bank which in turn transmits them to the Federal Reserve bank without any clerical action other than picking up the total of the letter. The Governor stated that after further consideration he decided to postpone referring the question to the other Federal Reserve banks, at least until after further correspondence with the Kansas City bank regarding it.

Noted, without objection.

Memorandum dated February 8th from Counsel, submitting, in accordance with the action taken by the Board on February 6th, drafts of letters to the Chairmen of the Banking and Currency Committees of the Senate and House of Representatives enclosing and recommending a proposed amendment to Section 13 of the Federal Reserve Act to increase from fifteen to ninety days the maximum maturity of advances which Federal Reserve banks are authorized to make to member banks on their promissory notes secured by eligible paper.

The Governor suggested that the Board recommend a further amendment of Section 13 so as to permit Federal Reserve banks to make advances to member banks, for a period not exceeding fifteen days, on their promissory notes secured by debentures of the Intermediate Credit Banks having not more than six months to run. He called attention to the fact that such six months' debentures are eligible for purchase by Federal Reserve banks and stated there would seem to be no reason why they should not be eligible as collateral to fifteen day notes.

He also suggested that while the Section is being amended, it would be

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well to state therein that fifteen day notes may be collateralled by Treasury bills, as well as bonds or notes of the United States, as provided by recent legislation.

After some discussion, Mr. James moved that the proposed letters to the Chairmen of the Banking and Currency Committees of the Senate and House of Representatives be changed so as to recommend also the amendments to Section 13 suggested by the Governor, and that the revised letters be submitted to the Board.

Mr. James' motion, being put by the Chair, was carried, the members voting as follows:

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

Memorandum from Counsel dated February 18th, with regard to an agreement executed by the Assistant Federal Reserve Agent and the Governor of the Federal Reserve Bank of Cleveland, covering the custody of unissued Federal Reserve notes at the Pittsburgh Branch recently authorized by the Board; Counsel expressing the opinion that the agreement should be signed by the Federal Reserve Agent himself, that it should disclose that the Governor of the bank has been authorized by his board of directors to enter into the contract and pointing out that to be in accord with the Board's approval of the arrangement the agreement should provide that the dispatch of the message giving the control combination should be considered as a delivery to the Federal Reserve bank of the amount of notes shown by the records of the joint custodians to have been placed in the released chest or chests. He submitted draft of a letter to the Federal Reserve Agent transmitting and requesting execution of a new agreement covering these points.

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Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated February 18th, with regard to a bill in equity filed against the Federal Reserve Bank of Atlanta and the Receiver of the First National Bank of Dublin, Ga., in the United States District Court for the Northern District of Georgia, by depositors of the First National Bank, asking for the return to the Receiver of certain real estate mortgages and bonds having an aggregate value of \$1,225,259, which the Federal Reserve bank holds as collateral to the indebtedness of the national bank - amounting originally to \$610,408 but reduced by December 3, 1929 to \$289,933; Counsel recommending that special counsel be not retained to represent the System as a whole in this case unless it is lost in the trial court and it becomes necessary to appeal it, and also, that he be authorized to confer with counsel for the Federal Reserve Bank of Atlanta in reference to the case and to attend the trial in order to keep in close touch with all developments.

After discussion, upon motion, it was voted to approve Counsel's recommendations.

Report of Committee on Examinations on letter dated February 13th from the Federal Reserve Agent at Philadelphia, transmitting an application of the Bank of Auburn, Auburn, Pa., which the Board on February 10th, 1929 authorized to hold ten shares of stock in the National City Bank of New York acquired without prior approval by the Board, as required by Condition No. 3 of its membership, to hold an additional 190 shares acquired by the bank since that time, also without securing the Board's permission; the Committee recommending that the Board support the position of the Pennsylvania banking authorities that no

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additional stocks are to be purchased until the consent of the Department has been obtained, and that the stocks now held must be disposed of without undue delay. Discussion ensued during which the Governor pointed out that not only might action by the Board, compelling the Bank of Auburn to dispose of the stock acquired result in difficulty for the institution, but that the violation of its conditions of membership is the second on the part of the bank. He suggested that the Board should cite the bank to show cause why its membership in the Federal Reserve System should not be forfeited.

Mr. Cunningham stated that although he concurred in the recommendation of the Committee on Examinations he would move that the matter be taken up by the Governor with the Federal Reserve Agent at Philadelphia, and inquiry made of the Federal Reserve Agent as to whether, in his opinion, there is any reason why proceedings looking to the cancellation of membership should not be instituted against the Bank of Auburn.

Mr. Cunningham's motion, being put by the Chair, was carried.

The Governor then advised the Board of arrangements being made by him for a meeting of the full Board tomorrow at 11:30 o'clock, at which special consideration will be given to the Annual Report of the Board for the year 1929, the application for the establishment of a Branch Federal Reserve Bank at Wichita, Kansas and a letter from the Deputy Chairman of the Federal Reserve Bank of New York regarding the salary of the Governor of that bank for the year 1930.

REPORTS OF STANDING COMMITTEES:

Dated, February 19th, Recommending changes in stock at Federal Reserve banks
20th, 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 18th, Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

Dated, February 17th, Recommending approval of the application of Mr. J. Clyde Miller for permission to serve at the same time as director and officer of the Monongahela Trust Company of Homestead, Pa., and as director of the First National Bank of Homestead, Pa.

Approved.

Dated, February 17th, Recommending approval of the application of Mr. Ed. Hart for permission to serve at the same time as director of the First National Bank & Trust Company, Muskogee, Okla., and as director of the Citizens National Bank of Okmulgee, Okla.

Approved.

Dated, February 17th, Recommending approval of the application of Mr. G. V. L. Wickerham for permission to serve at the same time as director and officer of the Monongahela Trust Company of Homestead, Pa., and as director of the Hays National Bank of Hays, Pa.

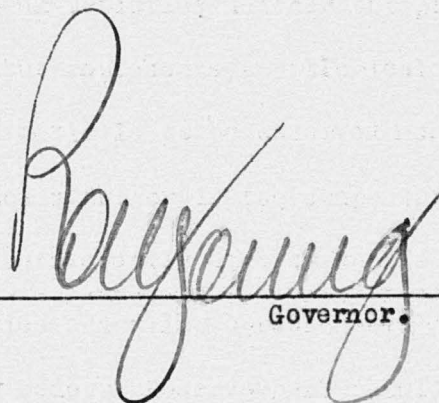
Approved.

Dated, February 18th, Recommending approval of the application of Mr. S. Sloan Colt for permission to serve at the same time as officer of the National City Bank of New York, New York and as director of the Tuxedo National Bank of Tuxedo, New York.

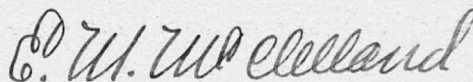
Approved.

The meeting adjourned at 12:15 p.m.

Approved:



 Governor.



 Assistant Secretary.