

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, March 17, 1930 at 11:30 a.m.

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

PRESENT ALSO: Dr. Goldenweiser, Director, Division
 of Research and Statistics.

Dr. Goldenweiser submitted a revision of the draft of the Board's Annual Report for 1929, amended in accordance with the action taken by the Board at the meeting on February 21st.

At the request of the Governor, the Assistant Secretary read to the Board the protest incorporated by the Governor in the minutes of February 21st against including in the report the statement approved at that meeting.

A detailed discussion ensued, at the conclusion of which Mr. Miller moved that the Annual Report in the revised form submitted by Dr. Goldenweiser at this meeting, and with some further amendments agreed upon during the discussion, be approved and sent to the printer.

Mr. Platt moved, as a substitute, that the Annual Report in the form originally submitted by Dr. Goldenweiser, be approved and sent to the printer.

Mr. Platt's substitute motion, being put by the Chair, was lost, the members voting as follows:

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

Mr. Miller's motion was then put by the Chair and carried, the members voting as follows:

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

3/17/30

-2-

The Assistant Secretary called attention to the proposed section for the Annual Report on the subject of legislation recommended by the Board, submitted separately by General Counsel, which has not yet been acted upon.

Upon recommendation of the Law Committee the section, with certain changes set out in a memorandum addressed to the Law Committee by Counsel under date of February 25, 1930, was approved for incorporation in the report.

The Governor then submitted, for the information of the Board, copy of a letter which he addressed to the Secretary of the Treasury under date of March 14th giving information in the possession of the Board relative to the proposed Bank for International Settlements; the information having been requested by the Secretary of the Treasury because of a letter addressed to him under date of March 10, 1930 by the Chairman of the Committee on Banking and Currency of the House of Representatives, enclosing copy of H. Res. 171 which was unanimously reported by the Banking and Currency Committee to the House of Representatives on March 7, 1930.

Noted, with approval.

At 1:15 p.m., the meeting recessed and reconvened at 2:45 p.m., the same members being present as attended the morning session, with the exception of Mr. Platt.

The minutes of the meeting of the Federal Reserve Board held on March 13th were read and approved.

The Governor reported that, in accordance with authority granted him by the Board, he had approved a discount rate of 4% on all classes of paper of all maturities established by the Executive Committee at the Federal Reserve Bank of Cleveland, under authority of the board of directors of the bank, effective March 15, 1930.

Formally approved.

3/17/30

-3-

Letter dated March 12th from the Chairman of the Federal Reserve Bank of Dallas, advising of the establishment on that date of the following rates for purchases of bankers acceptances:

1 to 15 days	-	3 1/4%
16 to 120 days	-	3 3/8%
121 to 180 days	-	3 5/8%
Repurchase	-	3 1/4%

Without objection, noted with approval.

Telegram dated March 13th from the Deputy Governor of the Federal Reserve Bank of New York, advising that bill dealers had again reduced rates by 1/8% as a result of an improved investment demand and a smaller supply of new bills in the market, and that the following schedule of buying rates for bankers acceptances, effective March 14th, had been established at the New York bank:

1 to 120 days	-	3 1/4%
121 to 180 days	-	3 5/8%
Repurchase	-	3 1/4%

Without objection, noted with approval.

Telegram dated March 14th from the Governor of the Federal Reserve Bank of Boston and letter dated March 14th from the Secretary of the Federal Reserve Bank of Cleveland, advising of the establishment on that date of the following rates for purchases of bankers acceptances:

1 to 120 days	-	3 1/4%
121 to 180 days	-	3 5/8%
Repurchase	-	3 1/4%

Without objection, noted with approval.

Telegram dated March 14th from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment on that date of the following schedule of buying rates for bankers acceptances:

3/17/30

-4-

1 to 120 days	-	3 3/8%
121 to 180 days	-	3 3/4%

Without objection, noted with approval.

Telegram dated March 14th from the Secretary of the Federal Reserve Bank of Chicago, telegram dated March 13th from the Governor of the Federal Reserve Bank of St. Louis and letter dated March 14th from the Secretary of the Federal Reserve Bank of Kansas City, all advising of the establishment effective March 14th of the following rates for purchases of bankers acceptances:

1 to 120 days	-	3 1/4%
121 to 180 days	-	3 5/8%

Without objection, noted with approval.

Telegram dated March 14th from the Federal Reserve Bank of New York, advising that on that date dealers again reduced their rates on bills by 1/8% to 3 1/4% bid - 3 1/8% asked on maturities up to 120 days and to 3 3/8% bid - 3 1/4% asked on five and six months' bills, with endorsed bills 1/8% less; the Federal Reserve bank advising that its rates remain unchanged.

Noted.

Telegrams dated March 17th from the Deputy Governors of the Federal Reserve Banks of New York and Boston, the Chairman of the Federal Reserve Bank of Chicago and the Governor of the Federal Reserve Bank of St. Louis, all advising that effective today their buying rate on bills maturing up to 45 days has been reduced by 1/8%, with other rates remaining unchanged, as follows:

1 to 45 days	-	3 1/8%
46 to 120 days	-	3 1/4%
121 to 180 days	-	3 5/8%

Without objection, noted with approval.

Telegram dated March 17th from the Assistant Federal Reserve Agent at Richmond, advising of the establishment, effective tomorrow, of the following

3/17/30

-5-

schedule of rates for purchases of bankers acceptances:

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

Without objection, noted with approval.

Telegrams dated March 14th from the Secretary of the Federal Reserve Bank of Atlanta, and March 13th from the Chairman of the Federal Reserve Bank of Kansas City, 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.

Memorandum dated March 18th from the Director of the Division of Research and Statistics, recommending that the probationary appointment of Miss Edith Barker as statistical clerk in the Division, which will expire on March 19th, be made permanent.

Approved.

Memorandum dated March 17th from the Director of the Division of Research and Statistics, recommending the appointment of Mrs. Joyce W. Moss as statistical clerk in the Division, effective March 18, 1930, at an annual salary of \$1680..

Approved.

Report of Executive Committee on letter dated March 12th from the Comptroller of the Currency, recommending approval of a salary of \$2,700 per annum for National Bank Examiner Jefferson S. McClain (junior grade), assigned to the Sixth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

3/17/30

-6-

Report of Executive Committee on letter dated March 14th from the Comptroller of the Currency, recommending approval of a salary of \$6,000 per annum for National Bank Examiner Claud DeBaun, assigned to the Second Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Boston, Minneapolis and Richmond, of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of February where the total of such absences since January 1, 1930 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved, including payment of full salary up to April 1, 1930, authorized by the Richmond directors for Miss Helen Faulhaber.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 13th from the Chairman of the Federal Reserve Bank of Richmond, advising of readjustment of the official personnel of the Baltimore Branch, due to the resignation of Cashier M. F. Reese and Assistant Cashier Thomas I. Hays; the letter requesting approval of an increase from \$4,500 to \$5,000 per annum in the salary of Assistant Cashier John R. Cupit, being promoted to the position of Cashier, an increase from \$3,600 per annum to \$3,900 per annum in the salary of Mr. John A. Johnston, Manager of the Accounting Department, being promoted to the position of Assistant Cashier and an increase from \$3,420 per annum to \$3,900 per annum in the salary of Mr. Frank W. Wrightson, Manager of the Discount and Collection Departments, also being promoted to the position of Assistant Cashier.

3/17/30

-7-

Upon recommendation of the Committee, on motion, the proposed salaries were approved.

Letter dated March 15th from the Chairman of the Federal Reserve Bank of Richmond, advising of the resignation of Mr. W. J. Roddey, one of that bank's appointees to the directorate of the Charlotte Branch.

Noted.

Letter dated March 14th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the board of directors of the bank has voted to hold its next regular meeting at the New Orleans Branch on April 11th and 12th unless objection is interposed by the Board.

Noted, without objection.

The Assistant Secretary presented copy of a circular letter issued by the Stockholders Association of the Federal Reserve Bank of Richmond, calling a meeting of the stockholders to be held at the Richmond bank on Friday, April 11th.

Noted.

Memorandum dated March 13th from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of February and for the two-month period ending February 28th.

Ordered circulated.

Report of Committee on Salaries and Expenditures on letter dated February 21st from the Deputy Governor of the Federal Reserve Bank of New York, requesting approval of changes in the bank's personnel classification plan by the creation of new positions of Senior Clerk, G 2, in the Note Issues Division of the Note Issues Department and Senior Clerk, G 4, in the Federal

3/17/30

-8-

Section, Transit Division of the Check Department; the Board's Committee recommending approval.

Approved.

Memorandum dated March 13th from Assistant Counsel, submitting draft of letter to the Attorney General, transmitting copy of the letter addressed to the Board by the Chairman of the Federal Reserve Bank of Philadelphia, with reference to the termination of the services of Mr. Frank W. LaBold, as Assistant Cashier of the bank and indicating a possibility of a violation of the criminal provisions of the Federal Statutes; Counsel also submitting draft of a letter to the Chairman of the Philadelphia bank, advising of this reference to the Attorney General and requesting that he report the matter to the local United States Attorney.

Upon motion, the letters submitted by Counsel were approved.

Memorandum dated March 11th from the Director of the Division of Research and Statistics and the Chief of the Division of Bank Operations, advising that it is proposed to publish in the Board's Annual Report, as a part of a general classification of loans and investments of member banks, the figures of Street loans reported by member banks on call dates; the memorandum stating that these figures have never been published before, but there appears to be no good reason for not including them in the Annual Report tables as it makes it possible to compare loans to customers with open market loans.

Upon recommendation of the Governor, publication of the figures in the Annual Report was approved.

3/17/30

-9-

Upon motion, the Assistant Secretary was directed to inquire of Messrs. Smead and Goldenweiser whether there is any objection to publication of these figures quarterly as they are compiled from member bank call reports.

Letter dated March 12th from the Chairman of the Federal Reserve Bank of New York, advising that during the preceding week there was an increase of \$26,750,000 in holdings of Government securities in the Open Market Investment Account, that the investment account of the New York bank remained unchanged for the week and that sales contracts on Governments are still at a minimum being \$2,000,000 at the close of business March 12th; the letter also stating that on the operations of the New York bank the System's bill portfolio will show a decline of about \$11,000,000 for the week - a decrease in bills bought outright of \$16,600,000 being offset by a \$3,200,000 increase in sales contracts and an increase of \$2,500,000 in bills held in Foreign Suspense Account.

Noted.

Memorandum dated March 13th from Counsel, submitting draft of letter to the Chairman of the Banking and Currency Committee of the Senate, for the signature of the Secretary of the Treasury, regarding H. R. 9046, a bill to amend Section 13 of the Federal Reserve Act so as to permit a member bank to rediscount with a Federal Reserve bank the same amount of paper of a single borrower as a National bank is permitted to acquire under the provisions of Section 5200 of the Revised Statutes; the letter stating that the Federal Reserve Board has heretofore approved the enactment of an amendment similar to the one contained in H. R. 9046 and, along with the Treasury Department, recommends that the present bill be enacted into law.

Upon motion, the letter was approved.

3/17/30

Memorandum from Counsel dated March 14th, with regard to a recent decision of the Comptroller General of the United States, the apparent effect of which is that Federal Reserve banks in handling matters for the Federal Farm Board as fiscal agent of the United States must look to the borrowers from the Federal Farm Board rather than to the Farm Board itself for reimbursement for any expenses incurred by the Reserve banks in connection therewith, except, however, that in cases where necessary the banks may be given authority to deduct the amount of any such expenses as the money is advanced under the loan. With his memorandum, Counsel submitted draft of a letter to all Federal Reserve banks, suggesting that if it is felt that this decision will cause any considerable trouble or inconvenience or put upon the Federal Reserve banks some burden which they should not reasonably be asked to assume, the banks submit such comments as they may have to the Federal Reserve Board or directly to the Federal Farm Board to see what, if anything, should or may be done to correct the situation.

Upon motion, the letter to all Federal Reserve banks was approved and ordered transmitted.

Report of Committee on Examinations on reviews received from the various Federal Reserve Agents as of December 31, 1929, covering outlying banks in reserve and central reserve cities in their respective districts which have been granted the privilege of carrying reduced reserves; the Committee concurring in the recommendation of the Federal Reserve Agents that no change be made in the present requirements of the various banks.

Upon motion, the recommendation was approved.

Memorandum from Counsel dated March 14th, submitting draft of reply to letter from Mr. Ralph W. Stansbury of Stansbury and Company, Chicago,

3/17/30

-11-

Illinois, advising that certain stockholders of the First Federal Foreign Banking Corporation, represented by him, do not wish to make a proposed exchange of First Federal Foreign Banking Corporation stock for stock in the Bush Service Corporation, but wish either that the First Federal Foreign Banking Corporation may continue in operation in an economical and profitable manner or that it be liquidated in such manner as to return the maximum amount possible to the stockholders; the proposed reply pointing out that although the Board is vested with supervisory powers over the First Federal Foreign Banking Corporation, it can not take part in the actual management thereof; that the matter of liquidation under the law is in the hands of the stockholders and the Federal Reserve Board can not require a liquidation, except that the charter may be forfeited in a suit brought for that purpose in case of violation of law and that the matter of the rights of the minority stockholders with reference to the exchange of their stock for that of the Bush Service Corporation and other similar questions, are matters upon which the Federal Reserve Board, as a public administrative body, can not undertake to advise.

After discussion, upon motion, the proposed letter was referred to the Governor with power.

Memorandum dated March 14th from the Examiner in Charge, with regard to the matter referred to him at the meeting on March 6th, namely, request of the First Federal Foreign Banking Corporation for permission to cancel such of its 5% five-year secured gold notes as may be acquired in the market or through redemption, provided that at all times collateral is maintained with the trustee having a market value of at least 125% of the principal amount of notes outstanding. In his memorandum, the Examiner in Charge

3/17/30

-12-

recommended that the permission requested be granted, pointing out incidentally that the matter of improving the quality of the collateral pledged to secure the Corporation's notes was recently discussed with it and this collateral was materially strengthened on March 13th by the withdrawal of criticizable securities approximating \$208,000 and the substitution therefor of listed bonds amounting to approximately \$211,000.

After discussion, upon motion, the permission requested by the Corporation was granted.

Memorandum dated March 14th from the Examiner in Charge, advising that the semi-annual report of condition of the First Federal Foreign Banking Corporation as at the close of business December 31, 1929, and a subsequent inspection of the security accounts of the Corporation, disclosed that the Corporation was holding in its investment account stocks of certain domestic corporations; the memorandum stating that the Corporation has explained the purchase of the stocks as being due to a misunderstanding, and that all such stocks remaining in the portfolio of the Corporation were promptly disposed of when the matter was called to their attention.

Noted.

Memorandum from Counsel dated March 15th, submitting draft of letter to the Assistant Federal Reserve Agent at St. Louis, regarding the proposed membership of the DeWitt Bank and Trust Company, DeWitt, Arkansas, and the possibility of imposing upon the bank a condition of membership that within one year it will reduce to its legal loan limit of \$15,000 a note of the Home Bank of DeWitt, amounting to \$80,000 and secured by assets taken over from that institution; the proposed reply advising that in case the membership committee of the Federal Reserve Bank of St. Louis recommends such a

3/17/30

-13-

condition, the Board does not now know of any reason why it should not be imposed, but that the Board can not determine finally what conditions will be imposed on the DeWitt Bank and Trust Company until the application has been presented and considered by it.

During the discussion which ensued, it was the consensus of opinion that a state institution carrying a note of the kind referred to should not be admitted to membership in the System and that since the DeWitt Bank and Trust Company feels that it can reduce the loan to within the legal limit within a year, it should defer making application for membership until that has been done.

At the conclusion of the discussion, the proposed letter was referred to the Governor with power.

Telegram dated March 17th from the Assistant Federal Reserve Agent at St. Louis, advising that the American Bank and Trust Company of Paris, Arkansas, has requested postponement from March 18th to March 25th of the hearing before the Federal Reserve Agent at St. Louis for the purpose of showing cause why the bank should not be required to surrender its stock in the Federal Reserve bank and forfeit all rights and privileges of membership in the System; the telegram stating that the request is made because of pending negotiations for a consolidation with the First National Bank of Paris, and requesting prompt advice as to whether postponement will be agreeable to the Board.

Upon motion, it was voted to advise that the Board has no objection to the postponement of the Federal Reserve Agent's hearing until March 25th and, accordingly, postpones its own hearing in the case from March 25th to Tuesday, April 1st at 11:00 a.m.

REPORTS OF STANDING COMMITTEES:

Dated, March 14th, Recommending changes in stock at Federal Reserve Banks
17th, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

3/17/30

-14-

REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, March 12th, 13th, 14th, 15th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, March 12th, Recommending approval of the application of Mr. John Gribbel for permission to serve at the same time as director of the Exchange National Bank of Tampa, Fla., and as director of the Philadelphia National Bank of Philadelphia, Pa. Approved.
- Dated, March 13th, Recommending approval of the application of Mr. H. Huggins for permission to serve at the same time as director of the First Galesburg National Bank & Trust Company, Galesburg, Ill., and as director of the Farmers National Bank of Knoxville, Ill. Approved.
- Dated, March 13th, Recommending approval of the application of Mr. Charles F. Mills for permission to serve at the same time as officer of the First National Bank of Boston, Mass., and as director of the Blue Hill National Bank of Milton, Mass. Approved.
- Dated, March 14th, Recommending approval of the application of Mr. Charles W. Wynne for permission to serve at the same time as officer of the Atlantic National Bank of Jacksonville, Fla., as director and officer of the First National Bank of Daytona Beach, Fla., and as director of the Palatka Atlantic National Bank of Palatka, Fla. Approved.
- Dated, March 14th, Recommending approval of the application of Mr. Theodore T. Everitt for permission to serve at the same time as director of the Orange National Bank of Orange, N. J., and as director of the First National Bank of East Orange, N. J. Approved.
- Dated, March 15th, Recommending approval of the application of Mr. Henry Colt for permission to serve at the same time as director of the Pittsfield-Third National Bank & Trust Company of Pittsfield, Mass., and as director of the Housatonic National Bank of Stockbridge, Mass. Approved.
- Dated, March 15th, Recommending approval of the application of Mr. Frank B. Plympton for permission to serve at the same time as director and officer of the Hackensack Trust Company of Hackensack, N. J., and as director of the First National Bank of Oradell, Oradell, N. J. Approved.
- Dated, March 15th, Recommending approval of the application of Mr. W. C. Arkell for permission to serve at the same time as director of the Canajoharie National Bank of Canajoharie,

3/17/30

REPORTS OF STANDING COMMITTEES: (Cont'd)

N. Y., and as director of the Chatham Phenix National Bank & Trust Company of New York City, N. Y.

Approved.

Dated, March 15th, Recommending approval of the application of Mr. John T. Morrissey for permission to serve at the same time as officer of the Federal National Bank of Boston, Mass., as director of the Bancroft Trust Company of Worcester, Mass., and as director of the Middlesex National Bank of Lowell, Mass.

Approved.

The meeting adjourned at 4:00 o'clock.

C. W. McClelland
Assistant Secretary.

Approved:

Ray Young
Governor.