

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 19, 1930 at 11:30 a.m.

PRESENT: Vice Governor 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 March 17th were read and approved, as amended.

Application of the First National Bank of Fortville, Indiana, for general fiduciary powers, recommended by the Executive Committee of the Federal Reserve Bank of Chicago, but with a divided report thereon by the Board's Law Committee; Mr. Hamlin recommending approval but Mr. Platt refusal, due to the small capital and general condition of the bank.

After discussion, regarding the condition of the applicant, the application was referred to the Vice Governor with the request that he secure from the Chicago directors further information in support of their favorable recommendation.

The Vice Governor presented a telegram just received from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the board of directors of the bank at a meeting today voted to establish a rediscount rate of 4% on all classes of paper of all maturities, effective the first business day following that on which approved by the Board.

Upon motion, the rate of 4% established by the Philadelphia directors was approved effective tomorrow, March 20th.

Letter dated March 14th 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 120 days	-	3 1/4%
121 to 180 days	-	3 5/8%
Repurchase	-	3 1/4%

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Without objection, noted with approval.

Letter dated March 18th from the Secretary of the Federal Reserve Bank of Cleveland, advising of the establishment on March 17th of the following rates for purchases of bankers acceptances:

1 to 45 days	-	3 1/8%
46 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 18th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the establishment on that date of the following rates for purchases of bankers acceptances:

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

Without objection, noted with approval.

The Assistant Secretary called attention to the fact that the above telegram advises of the establishment by the San Francisco directors of a minimum buying rate on bankers acceptances of 3%.

Upon motion, a minimum buying rate of 3% was approved for the San Francisco bank, Mr. Platt voting "no".

Telegram dated March 18th from the Deputy Governor of the Federal Reserve Bank of New York, advising of a further reduction of 1/8% in rates of bill dealers to 3 1/8% bid - 3% asked on maturities up to 120 days and 3 1/4% bid - 3 1/8% asked on five and six month maturities, with endorsed bills 1/8% lower; the telegram stating that the Federal Reserve bank rates remain unchanged.

Noted.

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Telegrams dated March 19th from the Deputy Governor of the Federal Reserve Bank of New York and the Deputy Governor of the Federal Reserve Bank of Boston, advising that following the reduction yesterday in dealers rates and in order to bring Federal Reserve bank rates nearer to the market, their schedules of rates for purchases of bankers acceptances are being reduced to the following:

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

Without objection, noted with approval.

Telegrams dated March 19th from the Chairman of the Federal Reserve Bank of Chicago and the Governor of the Federal Reserve Bank of St. Louis, advising of the establishment of the following rates for purchases of bankers acceptances:

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

Without objection, noted with approval.

A general discussion of the credit situation developed during which it was the consensus of opinion that there is danger that the present policy of the Federal Reserve System will result in too much ease in the money market. The members generally expressed the opinion that no further reduction should be approved in the minimum buying rate on bankers acceptances, which is now at 3% and down to which effective rates on short maturities of bills have been reduced.

Memorandum dated March 17th from the Director of the Division of Research and Statistics, recommending that the probational appointment of

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Miss Ella V. Williams, as an assistant draftsman in the Division, which will expire on April 27th, be made permanent at her present salary of \$1,620 per annum.

Approved.

Report of Committee on District #8, concurring in a recommendation of the Assistant Federal Reserve Agent at St. Louis that Mr. Francis P. Maguire, Chief Clerk in the Federal Reserve Agent's Department, be designated as Acting Assistant Federal Reserve Agent, without change in salary, to succeed Mr. W. L. Gregory, resigned.

Upon motion, Mr. Maguire's designation as Acting Assistant Federal Reserve Agent was approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of San Francisco of employees for whom the directors of that bank 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.

Upon recommendation of the Committee, the salary payments involved in the leaves of absence authorized by the San Francisco directors were approved.

Reports of Committee on Examinations on letters from the Federal Reserve Agent at Cleveland, requesting permission to make the usual credit investigation, without charge, of the Hubbard Banking Company, Hubbard, Ohio, and the Firestone Park Trust and Savings Bank, Akron, Ohio, at the time the institutions are under examination by State authorities.

Upon recommendation of the Committee, credit investigations of the institutions named by a representative of the Federal Reserve Agent were approved.

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Reports of Committee on Salaries and Expenditures on changes in the personnel classification plans of the Federal Reserve Banks of Atlanta and New York, submitted in letters dated March 14th from the Secretary of the Atlanta bank and March 15th from the Deputy Governor of the Federal Reserve Bank of New York.

Upon recommendation of the Committee, the changes were approved as submitted.

Drafts of letters, prepared by Counsel, to the Chairman of the General Committee on Bankers Acceptances and to the Governors of all Federal Reserve banks, advising of the Board's action of March 13th in disapproving a ruling recommended by the Committee that drafts drawn against readily marketable staples during the time they are in the hands of an independent processor or converter are eligible for acceptance by member banks.

Approved.

Draft of letter to the Chairman of the Federal Reserve Bank of Philadelphia, advising that in accordance with a recommendation made by him, the Board will not take action looking to forfeiture of the membership of the Bank of Auburn, Auburn, Pa., but with the understanding that the Bank of Auburn will eliminate from its assets 190 shares of stock in the National City Bank of New York, acquired without the Board's approval, no objection will be made to the institution's carrying the stock for a reasonable time.

Upon recommendation of the Committee on Examinations, the letter was approved.

Memorandum from Counsel dated March 15th, submitting drafts of letters to the Attorney General of the United States and to the Federal Reserve Agent at San Francisco, regarding a possible violation of law some years ago by Mr.

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C. J. Shepherd, through his acceptance, while employed as Manager of the Los Angeles Branch, of a commission for obtaining a credit at a commercial bank for Mr. L. A. Banks.

Upon motion, the letters were approved.

REPORTS OF STANDING COMMITTEES:

Dated, March 18th, Recommending a change in stock at a Federal Reserve Bank as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

Dated, March 19th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

The meeting adjourned at 1:15 p.m.

C. W. McCalland

Assistant Secretary.

Approved:

Edmund Platt

Vice Governor.