

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, May 14, 1930 at 11:00 o'clock.

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 May 9th were read and approved.

Matter approved on initials on May 14th, namely, application of the Security National Bank, Huron, South Dakota, for original stock (150 shares) in the Federal Reserve Bank of Minneapolis, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Telegrams dated May 9th from the Secretary of the Federal Reserve Bank of Atlanta and the Chairman of the Federal Reserve Bank of Chicago, both 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.

Telegram dated May 9th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the board of directors at a meeting on that date made no change in the bank's existing schedule of rates of discount and purchase except to establish, subject to the approval of the Board, a minimum buying rate of $2\frac{1}{2}\%$ for the purchase of bankers acceptances.

Upon motion, a minimum buying rate of $2\frac{1}{2}\%$ was approved for the Cleveland bank.

5/14/30

-2-

Telegram dated May 9th from the Secretary of the Federal Reserve Bank of Minneapolis and letter dated May 9th from the Federal Reserve Agent at Dallas, advising of the establishment of the following rates for purchases of bankers acceptances:

1 to 60 days	-	2 1/2%
61 to 120 days	-	2 5/8%
121 to 180 days	-	3%
Repurchase	-	2 5/8%

Without objection, noted with approval.

Letter dated May 8th from the Federal Reserve Agent at Kansas City, advising of the establishment of the following schedule of rates for purchases of bankers acceptances:

1 to 60 days	-	2 1/2%
61 to 120 days	-	2 5/8%
121 to 180 days	-	3%

Without objection, noted with approval.

Memoranda dated May 10th from the Director of the Division of Research and Statistics, recommending the appointment of Mr. George W. Terborgh for a period of one year at a salary of \$3,500, effective July 16, 1930.

Upon recommendation of the Committee on Research and Statistics, the appointment was approved.

Report of Committee on District #10 recommending the appointment of Mr. Wayland W. Magee as Class C Director of the Federal Reserve Bank of Kansas City for the unexpired portion of the term of Mr. Edward M. Brass, deceased, ending December 31, 1930, and the appointment of Mr. Daniel M. Hildebrand for the unexpired portion of Mr. Magee's term as director of the Omaha Branch, ending December 31, 1930.

Upon motion, Mr. Magee was appointed Class C

5/14/30

-3-

Director of the Kansas City Bank for the unexpired term ending December 31, 1930.

Upon motion, subject to the resignation of Mr. Magee, Mr. Hildebrand was appointed director of the Omaha Branch for the unexpired term ending December 31, 1930.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Kansas City and San Francisco of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of April, 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, as well as approval of the action of the Richmond directors in authorizing the continuance of the payment of full salary to Miss Helen Faulhaber through May 31, 1930.

Approved.

Reports of Committee on Examinations on letters dated May 8th and 10th from the Federal Reserve Agent at Cleveland, requesting permission to make the usual credit investigation, without charge to the member banks, of the Commonwealth Trust Company, Pittsburgh, Pa., and the First State Bank, Newton Falls, Ohio, at the time those institutions are under examination by State authorities; the Board's Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated May 9th from the Assistant Federal Reserve Agent at Cleveland, recommending approval of a request of the Toledo Trust Company, Toledo, Ohio, for permission to purchase the assets and assume the liabilities of the Union Trust and Savings Bank of

5/14/30

-4-

441

Toledo, a nonmember; the Board's Committee also recommending approval.

Approved.

Memorandum dated May 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 April and for the four months ending April 30th.

Ordered circulated.

Report of Committee on Salaries and Expenditures on letter dated May 9th from the Deputy Governor of the Federal Reserve Bank of New York, requesting authority to change the personnel classification plan of the bank by the abolition of a position entitled Junior Clerk, G5, in the Collection Department, Coupon Collection Division - Receiving and City Section; the Committee recommending approval.

Approved.

Letter dated May 9th from the Federal Reserve Agent at Chicago, with reference to notice of intention to withdraw from the System filed by the Farmers State Bank, Ellsworth, Iowa, on April 24, 1930; the Agent recommending, for reasons stated, that under the amendment of April 17, 1930 to Section 9 of the Act, the Board waive the requirement of a six months' notice and authorize cancellation of the membership in question upon liquidation of its indebtedness to the Federal Reserve Bank.

The recommendation of the Federal Reserve Agent being concurred in by the Board's Committee on Examinations was approved.

Letter dated May 8th from the Federal Reserve Agent at Minneapolis, transmitting notice of intention to withdraw from the Federal Reserve System

5/14/30

-5-

received from the Ihlen State Bank, Ihlen, Minn. on April 29, 1930 and recommending, for reasons stated, that the Board waive the usual six months' notice under the amendment of April 17, 1930 to Section 9 of the Act and permit the immediate withdrawal of the bank in question.

The recommendation of the Federal Reserve Agent being concurred in by the Board's Committee on Examinations was approved.

Letter dated May 8th from the Federal Reserve Agent at Dallas, reporting continuous reserve deficiencies by the First National Bank of Lometa, Texas for ten consecutive months ending March 31, 1930; the Agent reviewing communications with the President of the institution regarding its reserve deficiencies and recommending that no steps be taken by the Board, in accordance with Regulation D, as it is believed that the failure of the bank to maintain its reserves has been due to its inability to do so rather than intentional or wilful neglect.

Upon motion, the recommendation of the Federal Reserve Agent was noted with approval.

Draft of telegraphic reply, approved by the Committee on Examinations, to letter dated May 7th from the Federal Reserve Agent at San Francisco, submitting report of a recent examination of the Farmers Commercial and Savings Bank, Oakley, Idaho and recommending, with the concurrence of his Executive Committee, that notice be given the bank to the effect that, unless its assets are immediately placed in a satisfactory condition and violations of membership conditions, laws and regulations are discontinued in the future, a hearing will be called at which the directors of the bank will be asked to appear and show cause why its membership in the System should not be cancelled;

5/14/30

-6-

the proposed telegram advising that the Board would not care to conditionally cite the bank to show cause why its membership should not be forfeited, that the Federal Reserve Agent may, if he considers it advisable, address a letter to the bank advising that unless its assets are immediately placed in satisfactory condition and violations discontinued he will recommend to the Board that it institute proceedings, that from the last report of examination it would appear that action is justified at this time and that the Board will act on a definite recommendation.

Upon motion, the telegram submitted by the Committee was approved.

Letter dated May 12th from the Secretary of the Federal Reserve Bank of Atlanta, advising of an amendment to Article 1 of Section 5 of the by-laws of the bank relative to the membership of its discount committee.

Noted.

Memorandum dated May 7th from Counsel, submitting a revision of the Board's Regulation L, amended so as to conform to the Act of March 2, 1929, exempting from the provisions of the Clayton Act joint stock land banks and other banking institutions which do no commercial banking business; Counsel recommending that Regulation L, as amended, be adopted by the Board and reprinted.

Upon motion, Regulation L in the amended form submitted with Counsel's memorandum was adopted, effective immediately, and ordered printed, along with a copy of Section 8 of the Clayton Act, as amended.

Letter dated May 7th from the Chairman of the Federal Reserve Bank of New York, with regard to conditions and operations in the bill and Government securities markets during the preceding week.

5/14/30

-7-

Noted.

Memorandum from Counsel dated May 14th, submitting draft of letter to Messrs. Rushmore, Bisbee and Stern, New York City attorneys for "The Chase Bank", proposed to be organized under Section 25 (a) of the Federal Reserve Act (1) authorizing service as directors and officers of "The Chase Bank" by certain directors and officers of the Equitable Trust Company and the Chase National Bank, effective if and when the respective institutions invest in the stock of "The Chase Bank"; (2) advising that under the Board's Regulation K no further permission from the Board is necessary for "The Chase Bank" to purchase the stock of the Union Provinciale Immobiliere, a French corporation now owned by the Equitable Trust Company, in which is vested the title to the real estate and building in Paris occupied by the branch of the Equitable Trust Company; and (3) approving an investment by "The Chase Bank" of not to exceed \$1,500,000 in the stock of the Union Provinciale Immobiliere - more than 10% of the capital stock of "The Chase Bank".

After discussion, upon motion, the actions referred to in the proposed letter were approved and it was ordered transmitted, Mr. Cunningham voting "no".

Memoranda dated May 5th addressed to the Governor by the Board's Examiner in Charge, with regard to the necessity for an independent audit of the Gold Settlement Fund and setting forth a procedure to supplement, through the Division of Examination, the existing routine audit of the fund.

Upon motion, the matter was referred to the Governor with power.

At this point, Governor Harrison of the Federal Reserve Bank of New York entered the room and engaged with the members of the Board in a general dis-

5/14/30

-8-

cussion regarding the depressed business situation in this country and the world generally.

During this discussion, Mr. Pole joined the meeting.

Governor Harrison stated that the directors of the Federal Reserve Bank of New York have discussed the matter of possible future System policy but do not recommend any action at the present time. He stated that probably the only action which could be considered by the Federal Reserve System, if anything were done, and if conditions at the time justified it, would be to embark upon an open market operation in Government securities. He suggested the advisability of a review of existing conditions through a meeting, in the near future, of the Open Market Policy Conference or the executive committee of the Conference, but no definite commitment on this suggestion was made by any member of the Board.

Governor Harrison then referred to the pending issue of reparations bonds in this country and stated that the procedure contemplated in connection with the issue will probably be as follows: that the private bankers will submit the matter to the State Department, and a clearance having been obtained from the Department, will then advise the Bank for International Settlements, which in turn will make inquiry of the Federal Reserve Bank of New York as to whether it wishes to dissent to the proposed operation; that the New York Bank will prepare its reply, submitting it to the Board with the information that it will be transmitted unless the Board desires to express dissent to the proposed issue.

REPORTS OF STANDING COMMITTEES:

Dated, May 10th, Recommending changes in stock at Federal Reserve banks as 12th, set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, May 10th, Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, May 9th, Recommending approval of the application of Mr. Harris Moriarty for permission to serve at the same time as officer of the American-Traders National Bank of Birmingham, Ala., as director and officer of the Leeds-American National Bank of Leeds, Ala., and as director and officer of the Fairfield-American National Bank of Fairfield, Ala.
Approved.
- Dated, May 9th, Recommending approval of the application of Mr. William J. Olvany for permission to serve at the same time as director of the Forest Hills National Bank of New York, N. Y., as director of the Washington Square National Bank of New York, N. Y., and as director of the Boulevard Bank of New York, N. Y.
Approved.
- Dated, May 9th, Recommending approval of the application of Mr. William P. Wallace for permission to serve at the same time as director of the National Bank of Commerce of Lincoln, Neb., as director and officer of the Wallace National Bank of Exeter, Neb., and as director and officer of the Exeter National Bank of Exeter, Neb.
Approved.
- Dated, May 9th, Recommending approval of the application of Mr. Boyle O. Rodes for permission to serve at the same time as director of the Mississippi Valley Trust Company of St. Louis, Mo., and as director of the Security National Bank, Savings & Trust Company of St. Louis, Mo.
Approved.
- Dated, May 12th, Recommending approval of the application of Mr. F. M. Potthoff for permission to serve at the same time as officer of the First & Tri State National Bank & Trust Company of Fort Wayne, Ind., and as director of the First National Bank in Bluffton, Bluffton, Ind.
Approved.
- Dated, May 12th, Recommending approval of the application of Mr. Almer M. Newhall for permission to serve at the same time as director of the Bank of California, National Association, of San Francisco, Calif., and as director of the First National Bank in San Rafael, Calif.
Approved.
- Dated, May 12th, Recommending approval of the application of Mr. James D. Robinson for permission to serve at the same time as director and officer of the First National Bank of Atlanta, Ga., as director of the Liberty Bank & Trust Company of

5/14/30

-10-

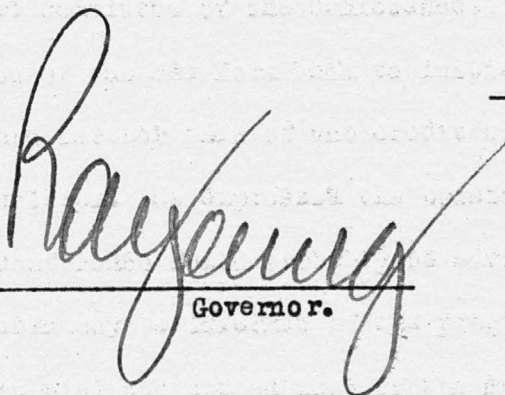
REPORTS OF STANDING COMMITTEES: (Cont'd)

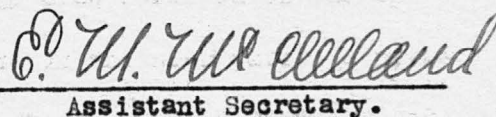
Savannah, Ga., and as director and officer of the Trust
Company of Georgia of Atlanta, Ga.

Approved.

The meeting adjourned at 2:00 P.M.

Approved:


Governor.


Assistant Secretary.