

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, August 30, 1930 at 11:00 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on August 19th were read and approved.

Telegram dated August 27th from the Chairman of the Federal Reserve Bank of Boston, letters dated August 21st and 28th from the Assistant Secretary of the Federal Reserve Bank of New York, telegram dated August 22nd from the Chairman of the Federal Reserve Bank of Chicago, telegram dated August 28th from the Chairman of the Federal Reserve Bank of Kansas City and telegram dated August 21st from the Chairman of the Federal Reserve Bank of San Francisco, all 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.

Telegram dated August 25th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the establishment of the following schedule of rates for purchases of bankers acceptances:

1 to 75 days	-	1 7/8%
76 to 90 days	-	2%
91 to 120 days	-	2 1/8%
121 to 180 days	-	2 3/8%
Repurchase	-	2%

Without objection, noted with approval.

Bonds in the amount of \$50,000 each, executed by Mr. Royal W. Gilson

8/30/30

-2-

94

under date of August 11, 1930, and Mr. William D. McRae under date of August 25, 1930, covering their service as Acting Assistant Federal Reserve Agents at the Federal Reserve Bank of Boston.

Approved.

Matter approved on initials on August 25th, namely, application for general trust powers filed on behalf of The National Bank and Trust Company of Connellsville, Pa., effective if and when it is authorized by the Comptroller of the Currency to commence business with a paid-in capital of at least \$125,000.

Formally approved.

Matters approved on initials on August 19th, namely, letters dated August 18th and 19th from the Comptroller of the Currency, recommending approval of salaries of \$3,000 per annum for National Bank Examiner William M. Taylor, assigned to the Fifth Federal Reserve District, and \$3,600 per annum for National Bank Examiner John H. Pole, assigned to the Second Federal Reserve District.

Formally approved.

Matter approved on initials on August 22nd, namely, letter dated August 20th from the Comptroller of the Currency, recommending an increase from \$7,500 to \$10,000 per annum in the salary of Mr. I. I. Chorpening, recently appointed Chief National Bank Examiner for the Fifth District.

Formally approved.

Matter approved on initials on August 27th, namely, letter dated August 27th from the Comptroller of the Currency, recommending approval of increases in the salaries of National Bank Examiners John H. Pole

8/30/30

-3-

95

from \$3,600 to \$6,600 per annum, A. P. Luscombe from \$4,200 to \$7,200 per annum, and Karl E. Prickett from \$6,500 to \$9,500 per annum. The Assistant Secretary reported that these increases are incident to the detail of the examiners to examine foreign branches of national banks and are to cover their increased expenses.

Formally approved.

Memorandum dated August 27th from the Assistant Secretary, recommending that the probationary appointment of Mr. Robert K. Thompson, as stenographer in his office, which expires at the close of business September 1st, be made permanent with salary at the rate of \$1600 per annum.

Approved.

Letter dated August 25th from the Comptroller of the Currency, recommending increases from \$1,200 to \$1,380 per annum in the salaries of Mrs. Henrietta T. Brinker, Mrs. Janet Oliphant, Mrs. Mary White and Mrs. Maude Williams, money counters in the Federal Reserve Issue and Redemption Division, effective September 1st.

Approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Chicago, of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the period July 25th to August 21st, 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.

Approved.

Letters dated August 22nd from the Governor of the Federal Reserve

8/30/30

-4-

Bank of Chicago and August 23rd from the Chairman, advising of a reorganization of the official staff of the bank whereby effective October 1, 1930 (1) the title of Controller is abolished and Messrs. O. J. Netterstrom, Wm. C. Bachman and B. A. Jones, at present holding that title, are designated as Assistant Deputy Governors; (2) Mr. E. A. Delaney, at present Manager of the Credit Department, is also appointed Assistant Deputy Governor; (3) Mr. Arthur L. Olson, now Assistant Controller in charge of loans for the State of Illinois, is given the title Manager, Loan Division; and (4) Mr. George L. Prugh, formerly of the Bank Relations Department and in charge of the department of claims against closed banks, is given the title Manager, Loan Division.

Noted, no changes in salaries being involved.

Draft of letter to Mr. B. K. Patterson, Vice President, Guardian Detroit Union Group, Inc., Detroit, Michigan, with regard to interlocking bank directorates of Mr. Robert O. Lord, who desires to continue serving until the end of the year five institutions with which he is connected, although the Board can not legally permit him to serve as director of more than three of the banks.

Approved.

Memorandum from Counsel dated August 29th, submitting draft of letter to Deputy Governor Gilbert of the Federal Reserve Bank of Dallas, in response to an inquiry from him, holding that a note of an insurance agency, the proceeds of which are used in carrying accounts covering premiums due on insurance sold, is ineligible for rediscount at a Federal Reserve bank.

Upon motion, the proposed reply was approved.

8/30/30

Memorandum from Counsel dated August 18th, submitting draft of letter to the Federal Reserve Agent at Cleveland, advising that the Federal Reserve Board will interpose no objection to the establishment of a supply of unissued Federal Reserve notes at the Cincinnati Branch for use in emergencies, under a triple control arrangement the same as that now existing at the Pittsburgh Branch.

Upon motion, it was voted to interpose no objection to the arrangements and the letter submitted by Counsel was approved.

Memorandum from Counsel dated August 22nd, submitting draft of letter to Assistant Federal Reserve Agent Fletcher at Cleveland, advising that in the opinion of the Board a certificate of deposit, described in a letter from him dated August 18th, may be classified as a time deposit until such time as thirty days' written notice of withdrawal is given, provided that it complies with all the relevant requirements of Regulation D.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated August 27th, with regard to a revised power of attorney from the Federal Reserve Bank of Atlanta to Messrs. Henry C. Frazer and A. H. Alston, as Managers of the Havana Agency, including a revocation of the former power of attorney to Messrs. L. L. Magruder and Henry C. Frazer; Counsel advising that he knows of no objections to the new power of attorney, as except for necessary and appropriate changes it is in substantially the same form as that executed in 1927 and under which the Havana Agency has been managed since that time.

Noted.

8/30/30

-6-

Letter dated August 21st from Deputy Governor Rounds of the Federal Reserve Bank of New York, advising of conditions and operations in the bond and bill markets during the preceding week.

Noted.

Letter dated August 18th from the Secretary of the Federal Advisory Council, advising that the next meeting of the Council will be held in Washington on Tuesday, September 16th, and asking to be advised of topics which the Board desires to have discussed at the meeting.

Referred to the Executive Committee.

Report of Executive Committee on letter dated August 19th from the Assistant Federal Reserve Agent at New York, recommending approval of a reduction from \$1,200,000 to \$600,000 in the capital of the United States Trust Company of Newark, N. J., which was effected without first securing the permission of the Board as required by one of the bank's conditions of membership; the Committee submitting a divided report, the Governor and Vice Governor recommending approval, and Mr. James noting that he will vote "no" on the application. A discussion ensued relative to Mr. James' position that when a condition of membership imposed upon a State bank is violated by the institution, even though through inadvertence, the Board should take some action to impress upon the member bank the importance of future compliance with its conditions of membership and not overlook disregard of the conditions which have the same status as the regulations of the Board.

At the conclusion of the discussion, the Assistant Secretary was directed to prepare and submit to the Board at a later meeting draft of a letter along the lines of the discussion.

8/30/30

-7-

Letter dated August 20th from the Federal Reserve Agent at Chicago, reporting continual reserve deficiencies on the part of the Sioux National Bank, Sioux City, Iowa; the Agent stating that because of conditions existing in Sioux City the officers of the Federal Reserve bank feel that if they should go so far as to write the directors of the national bank they might precipitate something and possibly embarrass the National Examiners in their efforts to correct the situation.

Noted, with approval.

Matter approved on initials on August 20th, namely, telegram to the Federal Reserve Agent at San Francisco, with regard to permitting the Federal Intermediate Credit Bank of Berkeley to review report of the last examination of the Commercial Security Bank, Ogden, Utah; the telegram stating that the Board has no objection, providing the Agent first obtains a resolution of the board of directors of the member bank authorizing the action.

Formally approved.

Memorandum from Counsel dated August 21st, submitting drafts of letters to the Attorney General and the Federal Reserve Agent at Philadelphia, with regard to a possible violation of the criminal provisions of Section 5209 of the Revised Statutes by an Assistant Treasurer of the Lansdale Title and Trust Company of Lansdale, Pa.; it appearing that on the date of a recent examination the cash of the member bank contained a personal check of the Assistant Treasurer for an amount in excess of his deposit balance.

After discussion, upon motion, it was voted not to dispatch the letter to the Attorney General.

Report of Examination of the Federal Reserve Bank of Kansas City and its branches, made as at the close of business June 26, 1930.

8/30/30

-8-

100

Referred to Committee on Examinations and
Committee on District #10.

The Governor then advised the Board formally of his resignation, and its acceptance by the President effective September 1st, as evidenced by the following letters:

"August 27, 1930.

My dear Mr. President:

For sometime it has been necessary for me to consider accepting a more remunerative position. As you know, the law does not permit me to accept employment with a member bank where my experience would naturally lead me. In addition the time for leaving has been a factor because I have felt that I was not in a position to accept employment elsewhere, regardless of how attractive an offer might be, when the credit conditions of the country were strained or disturbed. Obviously, these factors have limited the opportunities.

Now, however, it is clearly evident that the credit structure of the country is in an easy and exceptionally strong position, and an opportunity has come to me from the Directors of the Federal Reserve Bank of Boston, that is, they have honored me by offering to me the Governorship of that bank, a responsibility that I am very anxious to undertake and feel that I should. I, therefore, am tendering my resignation as Governor and a Member of the Federal Reserve Board to become effective as soon as accepted by you.

I am taking this action with many regrets because I have thoroughly enjoyed the three years that I have been a Member of the Board, and that I have profited greatly in experience, associations and friendships there can be no doubt. I am most grateful to everyone who has made it possible for me to accumulate such valued assets, and I particularly take this opportunity to thank you for the many things you have done, both officially and privately. You have been most considerate on all occasions and I am deeply indebted to you.

I am, Mr. President

Yours respectfully,

R. A. Young,
Governor. "

8/30/30

-9-

101

"August 27, 1930.

Honorable Roy A. Young,
Governor, Federal Reserve Board,
Treasury Department,
Washington, D. C.

My dear Governor Young:

I have your letter of August 27, tendering your resignation as Governor and Member of the Federal Reserve Board. The reasons for this action on your part which you have explained to me in person and which you mention in your letter are sufficiently compelling to forbid my insisting that you remain, much as I am tempted to do so. You have made a great sacrifice during the last three years and I do not believe that I ought to ask you to continue to do so.

You have the right to feel that you have rendered real public service. You brought to the position of Governor sound banking judgment based on many years of experience and a comprehensive knowledge of financial, industrial and agricultural conditions throughout the country and of our national banking system. In very difficult times you have performed the important duties of your office with excellent judgment, tact and courage, and I shall find it difficult to replace you. I wish to express not only my own appreciation of your devoted public service, but my conviction that your resignation will be received with regret by the country as a whole. It is my understanding that you wish your resignation to be effective September 1st, which is agreeable to me.

With best wishes for your future success and happiness, believe me,

Yours faithfully,

(S) Herbert Hoover "

"August 27, 1930.

My dear Governor Young:

I regret extremely, not only from the standpoint of the Federal Reserve System, but from a personal one, that you feel compelled to tender your resignation as Governor of the Federal Reserve Board. You have conducted the very responsible duties of your office with a high degree of skill, sometimes under extremely difficult circum-

8/30/30

-10-

"stances, and your three years of service have been of very distinct benefit to the Federal Reserve System. Our personal relations have been the pleasantest possible, and you will carry away with you from Washington not only the respect but the affection of your associates on the Board.

Wishing you all success in the future, believe me,

Very sincerely yours,

(S) A. W. Mellon,
Secretary of the Treasury."

REPORTS OF STANDING COMMITTEES:

- Dated, August 21st, Recommending changes in stock at Federal Reserve banks
22nd, as set forth in the Auxiliary Minute Book of this date.
23rd, Recommendations approved.
25th,
26th,
27th,
29th, 30th
- Dated, August 26th, Recommending action on applications for fiduciary powers
27th, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, August 20th, Recommending approval of the application of Mr. R. Douglas
Stuart for permission to serve at the same time as director
of The First National Bank of Chicago, Chicago, Ill., and
as director of the First National Bank of Lake Forest, Ill.
Approved.

The meeting adjourned at 12:00 o'clock noon.

E. W. Woodland
Assistant Secretary.

Approved:

Raymond
Governor.