

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, October 15, 1930, at 11:00 a. m.

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

The minutes of the meeting of the Federal Reserve Board, held on October 13th were read and approved as amended.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of New York and Cleveland of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of September 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.

Report of Executive Committee on letter dated October 10th from the Federal Reserve Agent at Chicago, submitting, with the favorable recommendation of the Executive Committee of that bank, a request of the Standard National Bank, Chicago, Illinois, an outlying institution, for a reduction in its reserve requirements under Section 19 of the Federal Reserve act from 13% to 10% of demand deposits; the Board's Executive Committee also recommending approval.

Upon motion, the application was approved,
all Members present voting in the affirmative.

The Assistant Secretary then submitted, with the approval of the Governor, to whom the matter was referred at the meeting on October 1st, a memorandum dated October 7th from the Chief of the Division of Bank Operations with regard to an agreement entered into between the Federal Reserve Agent at

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Atlanta and the Governor of that bank regarding the custody at the New Orleans Branch of unissued Federal Reserve notes and gold coin and/or certificates held as collateral against Federal Reserve notes; the memorandum stating that the plan as regards Federal Reserve notes corresponds with that approved by the Board for the Pittsburgh, Cincinnati and Jacksonville branches, and as the New Orleans Branch is an important one and a considerable distance from the head office, it would seem highly desirable to have a supply of unissued notes kept at this branch, and further that the keeping of a portion of the gold collateral held by the Federal Reserve agent against outstanding notes under triple control in the vaults of the New Orleans Branch might at times be of material advantage to the branch and the community it serves, and, as Counsel for the Board has stated that there is no legal objection to such a plan, it would seem there is ample justification for its authorization by the Board.

After discussion, upon motion, it was voted to approve the custody at the New Orleans Branch of a stock of unissued Federal Reserve notes up to \$10,000,000 and gold and/or gold certificates up to \$2,000,000, under the agreement submitted by the Federal Reserve Agent at Atlanta.

Memorandum dated October 14th from the Board's Examiner in Charge with regard to the analysis of report of a recent examination of the Anson State Bank, Anson, Texas, which discloses a very unsatisfactory condition, and in transmitting which, in reply to the question whether the examination reveals a condition that would warrant the Federal Reserve Board taking action to discontinue the membership of the bank, the Federal Reserve Agent at Dallas, whose conclusion is concurred in by the Governor, states that based on the actual condition of the bank, the answer would have to be in the affirmative, but that the Board might wish to take into consideration several other factors mentioned; the Board's Examiner suggesting, in view of the circumstances that

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no action be taken by the Board at this time, but that the Federal Reserve Agent be requested to keep the Board advised as to developments and have an examiner participate in the next examination of the bank.

Upon motion, the suggestion of the Board's Examiner was approved and a letter to the Federal Reserve Agent at Dallas, advising accordingly, was ordered transmitted.

The Governor then presented a letter dated October 14th from the Governor of the Federal Reserve Bank of New York advising of considerations which led the directors of that bank at their meeting last Thursday to authorize the purchase of up to £5,000,000 sterling, as and when appropriate opportunity afforded, the funds so obtained to be received by the Bank of England on deposit at interest with the understanding that sterling bills will be acquired for the account of the New York bank if and when the London bill market will permit of such buying; the letter stating that £200,000 was purchased on Friday, October 10th, which has already been invested in bills; that a further £500,000 was bought on October 14th and that further additional purchases will probably be made during the next few days, with the bank watching developments as it proceeds.

In his letter, the Governor of the New York bank also stated that it is the intention to offer participations in these sterling purchases, whether employed at interest or in sterling bills, to the other Federal Reserve banks.

Mr. Miller suggested that the question of the expediency of the policy involved in the action of the New York directors and the extent to which purchases of sterling should be authorized, be discussed at a meeting of the Board to be held tomorrow. He also called attention to consideration given by the Board in 1927 as to the authority and responsibility of the Board in connection with the purchase and sale of bills of exchange and acceptances abroad.

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REPORTS OF STANDING COMMITTEES:

- Dated, October 13th 15th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, October 10th 11th Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

The meeting adjourned at 12:30 p. m.

C. W. McClelland
Assistant Secretary

Approved:

Agnew
Governor