

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, February 28th, at 11:50 a.m.

PRESENT: Vice Governor Platt  
 Mr. Hamlin  
 Mr. Miller  
 Mr. Crissinger  
 Mr. Hoxton, Secretary.

Minutes of the meeting of the Federal Reserve Board held on February 27th were read and on motion approved.

The Vice Governor reported the reserve positions of the several Federal Reserve banks as at close of business February 26th.

Letter dated February 21st, from the Chairman of the Federal Reserve Bank of St. Louis, submitting details of a bid for the erection of the building for the Little Rock Branch, and requesting advice as to whether or not the Board approves the acceptance of this bid.

Action postponed until next Tuesday, March 6th, when a full meeting of the Board may be held.

Letter dated February 19th, from the Assistant Federal Reserve Agent at San Francisco, transmitting with favorable recommendation, the application of the Mercantile Trust Company of San Francisco to take over the Savings Bank of Santa Rosa and operate a branch on the premises now occupied by that bank.

Approved, Mr. Crissinger voting "no". Thereupon there ensued a discussion upon the question of approving this application in view of the telegram transmitted to Mr. Perrin on February 24th, wherein it was stated that the Board will not approve further branches for California banks now having numerous branches until the examination problem is settled.

Mr. Hamlin moved to reconsider the action just taken approving the application of the Mercantile Trust Company. By agreement, Mr. Hamlin's motion to reconsider was ordered laid over until tomorrow.

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Letter dated February 20th, from the Federal Reserve Agent at San Francisco, advising of arrangements which have been made with the Superintendent of Banks for an examination of the Mercantile Trust Company of San Francisco, and an examination of the Security Trust and Savings Bank of Los Angeles.

Ordered referred to the General Counsel to draft a reply.

Telegram dated February 26th, from the Chairman of the Federal Reserve Bank of San Francisco as follows: "Referring to your telegram 24th stating that Board will not approve further branches for the California banks now having numerous branches until the examination problem is settled, does the Board intend that the term "branches" shall be interpreted as including also a branch de novo or a so-called receiving and paying station in the city of a California bank's head office or in a city in which it has already established a branch or branches."

Ordered laid over.

Letter dated February 21st, from the Chairman of the Federal Reserve Bank of San Francisco, replying to the Board's telegram of February 20th, requesting Mr. Perrin to report as to the grounds upon which he thought the Board should approve the establishment in Los Angeles of additional branches of the Bank of Italy and to report as to whether the California Superintendent of Banks knows of the present plan of the Bank of Italy with respect to the Commercial National Bank of Los Angeles and its three branches.

Noted.

Letter dated February 20th, from Mr. William G. McAdoo, Counsel for the Bank of Italy, San Francisco, advising of the receipt of the Vice Governor's

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telegram of February 15th, regarding the Bank of Italy and the Commercial National Bank of Los Angeles, and advising that in conformity therewith the Bank of Italy, through its Stockholder's Auxiliary Corporation, has purchased the Commercial National Bank of Los Angeles and that formal application will be made for the incorporation of the Commercial National Bank and its branches as branches of the Bank of Italy.

Noted.

Memorandum dated February 26th, from the Assistant Counsel, Mr. Freeman, submitting draft of a letter dated February 27th, addressed to Messrs. Monroe and Lemann, New Orleans, La., with reference to Interlocking Directorates in the Federal International Banking Company of New Orleans.

Approved.

Letter dated February 19th, from the Governor of the Federal Reserve Bank of New York, regarding suggestions for topics for consideration at the Conference of the Governors of Federal Reserve banks.

Noted, and referred to the Vice Governor.

Upon motion, the Board approved the bond of Mr. Ward Albertson, Assistant Federal Reserve Agent at Atlanta, Georgia, in the sum of \$100,000.

Mr. Crissinger stated that a serious situation had arisen with respect to the condition of the Merchants National Bank of Raleigh, North Carolina, and that the Federal Reserve Bank of Richmond was collecting over the counter items drawn upon that bank.

Upon motion, the Vice Governor was requested to telephone to the Governor of the Federal Reserve Bank of Richmond with a view to ascertaining if something helpful can not be done by the Richmond Bank through which the situation in Raleigh may be pre-



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vented from reaching a point which might result in the failure of the Merchants National Bank and certain state banks connected with it.

REPORTS OF COMMITTEE NO. 1

Dated February 27th, Recommending action on applications for changes in stock as set forth in the Auxiliary Minute Book of this date.  
Approved.

Dated February 28th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.

The meeting adjourned at one o'clock.

*D. W. Houston*  
Secretary.

Approved:

*Ernest Platt*  
Vice Governor.