

Upon call of the Governor, a meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Friday, July 31, 1925 at 11:05 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. James
Mr. Eddy, Secretary

Matter approved on the initials of two members of the Executive Committee on July 30th, namely, telegram dated July 30th from the Federal Reserve Agent at Dallas, recommending approval of an application of the National Bank of Commerce, Hugo, Oklahoma, for original stock (33 shares) in the Federal Reserve Bank of Dallas, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Letter dated July 25th from the Federal Reserve Agent at San Francisco, advising that the Mercantile Trust Company of California has received permission from the Superintendent of Banks to move its branch at 498 Haight Street, San Francisco, to a temporary location at 501 Haight Street, to permit the remodeling of the premises at the former address.

Noted.

Letter dated July 29th from the Federal Reserve Agent at Boston, advising of negotiations under way by the Merrill Trust Company of Bangor, Maine, to purchase the Frontier National Bank of Eastport, Maine, with the idea of consolidating it and maintaining it as a branch; the Federal Reserve Agent submitting his recommendation that the bank's application for permission of the Board to effect the consolidation be approved when submitted, and

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stating that the opening of the branch will also have the approval of the banking commissioner of Maine.

Noted.

Letter dated July 30th from the Federal Reserve Agent at New York, advising that during part of his vacation, which begins on August 1st, his Assistant Federal Reserve Agent will also be absent from the bank and requesting that during the absence of both, his signature per H. M. Stillman, Chief Examiner, be accepted on routine reports to the Board.

Upon motion by Mr. Platt, it was voted to interpose no objection; Mr. James voting "no".

Letter dated July 27th from the Chairman of the Federal Reserve Bank of Dallas, transmitting letter addressed to him by Prof. H. H. Preston requesting that there be furnished him for use of a class in banking at the University of Texas, copies of the Federal Reserve Act and the Regulations of the Federal Reserve Board and stating that he will soon call at the bank to discuss certain information which he desires in connection with a nation-wide study of bank failures in which he is assisting and which is being conducted under the supervision of Prof. H. Parker Willis of Columbia University; the Federal Reserve Agent inquiring whether there is any objection to furnishing Prof. Preston with the documents in question and stating that as soon as he ascertains the exact nature of the information desired, he will submit the matter to the Board for a ruling as to the propriety of furnishing same.

After discussion, it was voted to interpose no objection to the Federal Reserve Bank of Dallas furnishing Prof. Preston with copies of the Federal Reserve Act and the Board's Regulations, but to

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advise the Chairman of the Federal Reserve Bank that in the opinion of the Board the bank should not undertake any participation or render any assistance to those outside of the Federal Reserve System in the conduct of any investigation similar in nature to the one being conducted by the System for its own purposes and that the information desired by Professors Willis and Preston should be obtained from the Comptroller of the Currency with respect to national banks and from the State Banking Authorities with respect to both member and non-member state banks.

Letter dated July 29th from the Assistant Federal Reserve Agent at Atlanta, advising that the Peoples Bank and Trust Company of Bell Buckle, Tennessee, by amendment to its charter, has reduced its capital stock from \$30,000 to \$15,000, which is below the legal requirement for a member bank, and suggesting that it will be in order for the Board to take steps to have the bank forfeit its membership in the System, in accordance with previous correspondence on the subject.

Upon motion, it was voted to refer the above matter to Counsel for the formulation of steps necessary to secure forfeiture of membership by the bank.

Letter dated July 28th from the Assistant Federal Reserve Agent at St. Louis, enclosing copy of a report of examination of the Security Bank and Trust Company, Helena, Arkansas, made by the state examiners with the assistance of an examiner of a Federal reserve bank, in which certain violations of law were disclosed and stating that a representative of the Department of Justice who is working on the case has requested that he be furnished with a copy of the report.

The Secretary called attention to the position previously taken by the Board that information contained in reports of examination should not be disclosed

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by Federal reserve banks, except upon a valid order of a court of competent jurisdiction.

Upon motion, it was voted that the Board should follow the same policy in the present case.

Matter referred to the Law Committee on July 29th and approved by that Committee, namely, memorandum from Counsel dated July 28th, with reference to letter dated July 16th from the Deputy Governor of the Federal Reserve Bank of Atlanta inquiring as to the eligibility for re-discount by Federal reserve banks of notes secured by warehouse receipts covering cotton-seed; Counsel submitting draft of a reply stating that the eligibility of notes for rediscount does not depend upon the existence or character of collateral security but upon the purpose for which the notes are drawn or the purpose for which their proceeds are used, but stating that a banker's acceptance based upon the storage of cotton-seed or a bill of exchange, payable at sight and drawn to finance the domestic shipment of cotton-seed, if otherwise eligible under the Federal Reserve Act and the Board's Regulations, may be rediscounted at a Federal reserve bank, provided that the cotton-seed upon which the instrument is based is stored under proper conditions.

Upon motion, the proposed letter was approved.

Letter dated July 30th from the Federal Reserve Agent at Boston, transmitting and recommending approval of an application of the Union Trust Company, Providence, Rhode Island, for an extension until November 1, 1925, of the time in which the bank may open the branch at Woonsocket, Rhode Island, approved by the Board on February 10th.

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Upon motion, the extension requested was granted.

REPORTS OF STANDING COMMITTEES:

Dated, July 29th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, July 31st, Recommending action on application for fiduciary powers, as set forth in the Auxiliary Minute Book of this date.

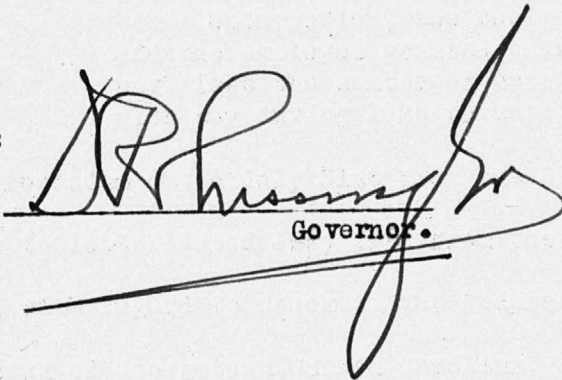
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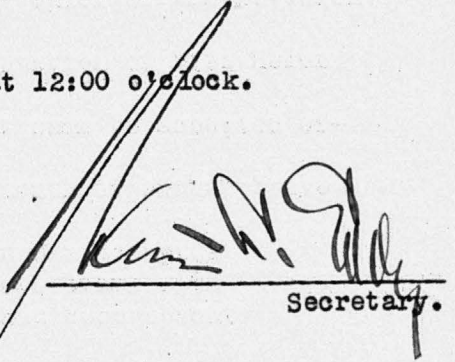
Dated, July 31st, Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 12:00 o'clock.

Approved:


Governor.


Secretary.