

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, May 27, 1926 at 11:00 o'clock a.m.

PRESENT: Governor Crissinger  
Mr. Platt  
Mr. Hamlin  
Mr. Miller  
Mr. James  
Mr. Cunningham  
Mr. Eddy, Secretary  
Mr. McClelland, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on May 25th were read and approved as amended.

Report of examination of the Federal Reserve Bank of Chicago and its Detroit Branch, made as at the close of business January 2, 1926.

Referred to the Committee on Examinations  
and the Committee on District #7.

Report of examination of the Federal Reserve Bank of Atlanta and its branches and agencies, made as at the close of business January 30, 1926.

Referred to the Committee on Examinations  
and the Committee on District #6.

Memorandum from Counsel dated May 15th, approved by the Law Committee, with reference to an application of the Southern Michigan National Bank, Coldwater, Michigan, for permission to exercise general fiduciary powers; Counsel stating that the application is in proper legal form and there is no legal reason why it should not be approved by the Board, but that there is a question of policy involved in that it has been the practice of the Board in the past to grant national banks in Michigan permission to exercise trust powers if they had the capital required for the organization of trust companies in the state of Michigan, the legislature of which state recently passed a law authorizing state banks to exercise trust powers also, but

5/27/26

-2-

requiring a capital equal to that required for the organization of a trust company plus the capital required for the organization of a state bank. Counsel in his memorandum stated that he knows of no valid reason why the Board should depart from its past practice of requiring national banks located in Michigan applying for permission to exercise fiduciary powers to have only the capital required of trust companies.

After discussion, it was voted that the Board should continue to conform to its past practice in acting upon trust applications of national banks located in the state of Michigan, and also that the Board should approve the application of the Southern Michigan National Bank of Coldwater, Michigan, for permission to exercise general fiduciary powers.

Report of Committee on Examinations on telegram dated May 25th from the Manager of the El Paso Branch of the Federal Reserve Bank of Dallas, advising that the Cochise County State Bank, Tombstone, Ariz., has purchased the assets of the First National Bank of Tombstone; the Committee noting the advice and reporting insufficient information.

After discussion, it was voted to refer the above matter back to the Committee on Examinations with the request that it obtain from the Federal Reserve Agent at Dallas his recommendation and full information regarding the consolidation.

Letter dated May 26th from the Chairman of the Federal Reserve Bank of New York, quoting a letter received from Mr. Theodore F. Whitmarsh, a Class B Director of the Bank, advising he has tendered his resignation as a trustee of the Greenwich Savings Bank of that city and has received written acceptance thereof.

5/27/26

-3-

Noted.

Memorandum dated May 26th from the Chief of the Division of Bank Operations, submitting statements of brokers' loans and borrowings from Federal Reserve bank of individual reporting member banks in New York and Chicago, as of May 19th; the Chief of the Division also submitting summaries of changes in such loans and borrowings since January 6th, the first report date.

Ordered circulated.

Memorandum from Counsel dated May 21st, with reference to H. R. 10,000, a Bill to consolidate, codify and reenact all of the general and permanent laws of the United States in force on December 7, 1925; Counsel stating that the Bill as it passed the House of Representatives contained numerous errors and that it has been favorably reported by the Senate Committee on the Revision of the Laws without any amendments.

Referred to the Governor with power.

Memorandum from Counsel dated May 21st on the matter referred to him at the meeting of May 5th, namely, letter dated April 16th from the Federal Reserve Agent at Atlanta, with reference to a recent report of examination of the Citizens State Bank of Marianna, Fla. which discloses that stock of the bank amounting to \$15,000 was donated to the bank by its cashier in consideration of which \$3,000 of the Cashier's indebtedness to the bank was cancelled; Counsel in his memorandum stating that it seems extremely doubtful whether a forfeiture of the membership of the bank on the ground that its capital has been reduced below the amount required for membership could be legally sustained, but that the Board may, if it desires, forfeit

5/27/26

the membership of the bank after hearing either because of violation of the provisions of law prohibiting a bank from becoming a purchaser of its own stock, or because of the fact that the Citizens State Bank of Marianna has been deficient in its reserves for twenty-four monthly periods out of thirty-two, between the first of January 1925 and the first of May 1926.

After discussion the Secretary was instructed to secure from the Federal Reserve Bank of Atlanta a definite recommendation as to whether or not steps should be taken to forfeit the membership of the bank.

Memorandum from Counsel dated April 5th, with reference to suit brought by the Louisville and Nashville Railroad Company against the Federal Reserve Bank of Atlanta and the American National Bank of Nashville, Tenn., to recover the amount of certain checks handled by the Nashville Branch of the Federal Reserve Bank of Atlanta, which were not collected because of the failure of the drawee bank; Counsel stating that in his opinion the case involves a question of system-wide importance, but that he doubts it involves any question of sufficient difficulty to render it necessary to employ special counsel to participate in the trial on behalf of the Federal Reserve System.

Noted, and ordered circulated.

Matter ordered circulated at the meeting on February 16th, namely, report of the Federal Reserve Agent's Committee on Public Relations, made to the Joint Conference of Governors and Federal Reserve Agents in November 1925, which the Joint Conference voted be recommended to the diligent consideration of each Federal Reserve Bank.

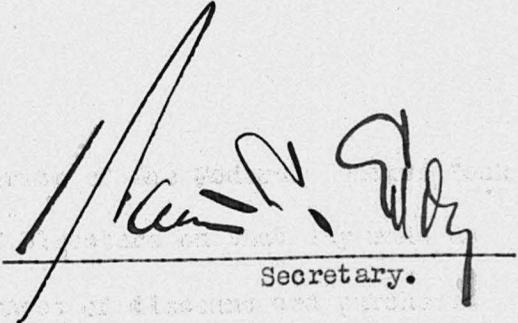
Referred to the Vice Governor for report.

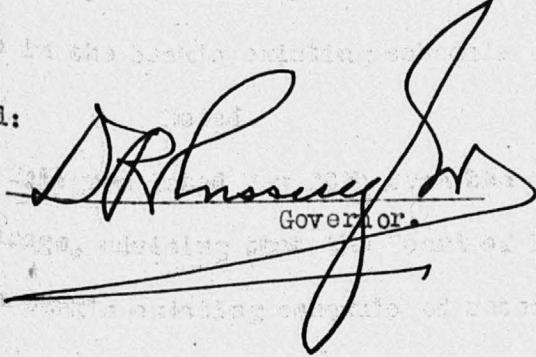
5/27/26 Meeting of the Federal Reserve Board -5-

REPORTS OF STANDING COMMITTEES:

- Dated, May 25th, 26th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, May 27th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, May 25th, Recommending approval of the application of Mr. James T. Monahan for permission to serve at the same time as officer of the Chatham Phenix National Bank and Trust Company, New York City and as director of the First Federal Foreign Investment Trust, New York City.  
Approved.

The meeting adjourned at 11:45 p.m.

  
Secretary.

Approved:   
Governor.