

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, September 2, 1926 at 10:45 a.m.

PRESENT: Governor Crissinger
Mr. Miller
Mr. James
Mr. Noell, Assistant Secretary
Mr. McClelland, Assistant Secretary
PRESENT ALSO: Mr. Cunningham

Matter approved on initials yesterday, namely, application of the Murray Hill Trust Company, New York City, for membership in the Federal Reserve System and for 1200 shares of stock in the Federal Reserve Bank of New York; the application having been approved subject to the conditions contained in the Board's Regulation H.

Formally approved.

Matter approved on initials on August 30th, namely, telegram dated August 28th from the Federal Reserve Agent at San Francisco, recommending approval of an application filed by the Hellman Commercial Trust and Savings Bank, Los Angeles, for permission to exercise fiduciary powers if and when converted into a national banking association; also application on behalf of the Hellman Commercial Trust and Savings Bank, N. A. for original stock (2,160 shares) in the Federal Reserve Bank of San Francisco, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Letter dated August 26th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that day made no

9/2/26

-2-

change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated September 1st from the Deputy Governor of the Federal Reserve Bank of New York, advising of an increase from $3 \frac{3}{8}\%$ to $3 \frac{1}{2}\%$ in the bank's effective buying rate for bankers acceptances maturing within fifteen days.

Noted, with approval.

Telegram dated September 1st from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated September 1st from the Chairman of the Federal Reserve Bank of Atlanta, advising that the Executive Committee of the bank on that day established the following rates for purchases of bankers' acceptances:

1 to 45 days	-	$3 \frac{1}{2}\%$
46 to 120 days	-	$3 \frac{3}{4}\%$
121 to 180 days	-	4%

Noted, with approval.

Telegram dated August 27th from the Chairman of the Federal Reserve Bank of Chicago, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated September 1st from the Chairman of the Federal Reserve Bank of Chicago, advising that the Executive Committee of the bank on that day established a rate of $3 \frac{1}{2}\%$ for purchases of bankers' acceptances maturing within fifteen days.

9/2/26

-3-

Noted, with approval.

Telegram dated September 1st from the Chairman of the Federal Reserve Bank of St. Louis, advising of the establishment of the following rates for purchases of bankers' acceptances:

1 to 15 days	-	3 3/8%
16 to 60 days	-	3 1/2%
61 to 120 days	-	3 3/4%
121 to 180 days	-	4%

Noted, with approval.

Telegram dated August 26th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors of the bank on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Memorandum dated August 30th from the Chief of the Gold Settlement Division, approved by the Assistant Secretary, recommending that Mr. A. L. Houghton, an employee of the Division, be granted leave without pay for the period September 9th to 16th, inclusive, or such portion of that period as he is absent from duty.

Approved.

Letter dated August 25th from the Governor of the Federal Reserve Bank of Atlanta, stating that the First National Bank of Miami, Fla. has been advised of the discontinuance of the revolving currency fund on October 15, 1926, and that meanwhile a collateral margin of not less than 50% will be maintained against the fund.

Noted.

9/2/26

-4-

Letter dated August 30th from the Chairman of the Federal Reserve Bank of New York, advising of the resignation, effective September 30th, of Mr. Adolph J. Lins, Manager of their Credit Department.

Noted.

Letter dated August 26th from the Chairman of the Federal Reserve Bank of New York, advising that control of the Washington Trust Company, Newark, N. J., a non-member bank, has been sold to parties interested in the Broad and Market National Bank of Newark.

Noted.

Letter dated August 28th from the Chairman of the Federal Reserve Bank of New York, advising that the Midwood Trust Company of Brooklyn, N. Y. has received authorization from the New York State Banking Department for the opening of a branch office at the corner of Flatbush and Flatlands Avenues, Brooklyn, which it is expected will be opened for business on September 7th.

Noted.

Telegram dated August 26th from the Federal Reserve Agent of the Federal Reserve Bank of St. Louis, stating he is advised that the Wood and Huston Bank, Marshall, Mo., a member bank, has absorbed the Napton Stock Bank, Napton, Mo.; together with letter from the Federal Reserve Agent dated August 30th enclosing a communication from the President of the Wood and Huston Bank, stating that the institution has merely assumed the deposit liabilities of the Napton Stock Bank, the stockholders of which intend to apply for dissolution.

Noted.

9/2/26

-5-

Report of Committee on Examinations on letter dated August 25th from the Federal Reserve Agent at Cleveland, recommending approval of an application of the Lake Erie Trust Company, Cleveland, for permission to establish a branch at the southeast corner of Superior Avenue and Addison Road; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated August 30th from the Federal Reserve Agent at New York, transmitting and recommending approval of an application of the First Trust and Deposit Company, Syracuse, N. Y. for permission to purchase the assets of the Eastwood Bank, Eastwood, N. Y. and thereafter operate it as a branch; the Committee also recommending approval.

Approved.

Letters dated August 27th, 28th and 26th, respectively, from Mr. J. L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta, Mr. Oscar Newton, Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, and Mr. E. R. Black, Chairman of a Directors' Committee of the Federal Reserve Bank, acknowledging receipt of advice that the hearing to be afforded Mr. Campbell under the Board's Resolution of June 9, 1926 has been fixed for Thursday, September 9th at 10:00 o'clock a.m.

Noted.

Letter dated August 28th from the Secretary of the Federal Reserve Bank of Atlanta, requesting approval of an amendment to Section 3 of Article I of the By-laws of the bank to change the hour of meetings of the board of

9 /2/26

-6-

directors from 11:00 o'clock to 10:00 o'clock a.m. on the second Friday of each month.

Approved.

Letter dated August 24th from the Controller of Administration of the Federal Reserve Bank of Chicago, advising of payment in the amount of \$75 made to Mr. H. C. Korf, attorney at Newton, Iowa for services in connection with a foreclosure at that place growing out of a claim against the Merchants National Bank of Grinnell, Iowa.

Noted, with approval.

Letter dated August 30th from the Federal Reserve Agent at New York, referring to the Board's action of August 12th in approving an application of the Citizens National Bank of Englewood, N. J. for permission to exercise fiduciary powers on condition that the bank increase its capital at least \$100,000 within the next six months; the Federal Reserve Agent transmitting and recommending approval of an application of the bank for an extension to one year of the time in which it may effect the increase in capital.

Following a discussion during which the members present expressed varying opinions as to the application, it was voted to refer same to a meeting of the Board for action.

Memorandum dated August 28th from the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of July and during the seven month period ending July 31st.

Ordered circulated.

Report of Committee on Examinations on letter dated August 28th

9/2/26

-7-

from the Federal Reserve Agent at Chicago, transmitting and recommending approval of an application of the Gilbert Savings Bank, Gilbert, Iowa, for approval of its action in reducing its capital from \$50,000 to \$25,000 and transferring the amount of the reduction to surplus; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on memorandum dated August 27th from the Comptroller of the Currency, with reference to application of the First National Bank of Chatham, Va. for permission to reduce its capital from \$50,000 to \$25,000 which was approved by the Federal Reserve Board on August 23rd on condition that the bank first pay its liability to the Federal Reserve bank; the Comptroller now recommending that the reduction be approved on condition that the amount thereof be retained in the surplus or undivided profits account in order to provide for any losses developing in doubtful paper, and that no money be returned to shareholders.

Approved.

Memorandum from the Division of Bank Operations dated August 25th, submitting letter dated August 12th from the Governor of the Federal Reserve Bank of Dallas, enclosing budget of estimated expenses for that bank and its branches for the period July 1, 1926 to December 31, 1926, inclusive; together with recommendation of the Chairman of the Board's Committee on Salaries and Expenditures that the budget be "noted with approval".

Noted, with approval.

9/2/26

-8-

Letter dated August 30th from the Vice President of the First American Bank and Trust Company, West Palm Beach, Florida, replying to a letter addressed to him in accordance with action at the meeting of the Board on August 23rd directing the discontinuance of the use of checks printed for the former First National Bank of West Palm Beach which bear the notation "Member Federal Reserve System"; the reply stating that the bank is not using checks printed for the former First National Bank and has not done so since the surrender of their national charter.

Noted.

Letter dated August 31st from the Comptroller of the Currency, replying to letter addressed to him in accordance with the Board's instructions of August 26th, requesting him to advise the Board of any conditions in a national bank applying for fiduciary powers, other than those already laid down by the Board, which in his opinion would justify refusal of the application.

Referred to the Law Committee.

Letter dated August 28th from the Secretary of the Federal Advisory Council, submitting an additional topic for discussion at the meeting of the Council on September 17th, namely, ruling of the Internal Revenue Bureau, under the Revenue Act of 1926, according to which a tax is imposed upon the discount received by any foreign corporation from American bankers' acceptances.

Noted.

Letter dated August 25th from the Federal Reserve Agent at

9/2/26

-9-

Chicago, advising that Mr. W. C. Schrader will remain as Assistant Federal Reserve Agent at the Detroit Branch at his present salary of \$3,000 per annum, and has taken on certain additional duties which will bring about a reduction of \$1800 in the expenses of the Agent's Department at the Branch.

Noted.

The Governor then referred to the resolutions adopted by the Board on August 12th, with reference to the establishment of a Division in the Board for the purpose of undertaking examinations of state member banks. He stated that under the authority granted by the Board he and Mr. McIntosh, as a committee, had employed as an examiner Mr. H. W. Black, formerly with the National City Bank of New York and former national bank examiner, at a salary of \$7500 per annum, effective September 1st, and that Mr. Black was today taking up his duties, beginning the analysis of reports of examinations of state member banks in Georgia and Florida. The Governor also stated that the committee had in mind the later employment in this work of Mr. Claude Gilbert, now serving as Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta and was also negotiating with three other examiners, namely, Mr. R. M. Hodgson, now a national bank examiner in the Second District, Mr. M. D. Smiley, former national bank examiner and at present an officer of a bank in Appleton, Wis., and Mr. Roy Griffin, former examiner and Vice President of the Mechanics and Metals National Bank of New York City. He stated that Messrs. Smiley and Hodgson were in Washington today at his request.

Thereupon ensued a discussion as to the scope of work to be immediately undertaken by the Board

9/2/26

-10-

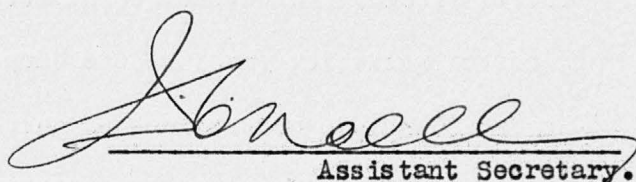
under the resolutions adopted on August 11th and the necessity for the immediate employment of additional examiners.

Following the discussion it was agreed that the committee should defer negotiations pending consideration of the scope of the proposed division at a future meeting of the Board. The Governor referred to the fact that Messrs. Smiley and Hodgson had come to Washington at his request, and upon motion by Mr. James, it was voted that they should be reimbursed for the expenses of their trips.

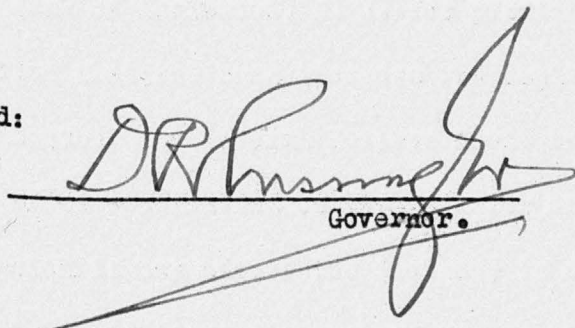
REPORTS OF STANDING COMMITTEES:

Dated, August 26th,	Recommending changes in stock at Federal Reserve Banks
28th,	as set forth in the Auxiliary Minute Book of this date.
30th,	Approved.
September 1st,	
Dated, August 25th,	Recommending action on applications for fiduciary
30th,	powers as set forth in the Auxiliary Minute Book
31st,	of this date.
September 1st,	Approved.

The meeting adjourned at 12:20 p.m.


Assistant Secretary.

Approved:


Governor.