

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, October 7, 1926, at 3:40 p.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary
PRESENT ALSO: Mr. Wyatt, General Counsel

The Secretary referred to the action of the Board at its meeting yesterday in approving an application for permission to exercise general fiduciary powers, effective if and when the bank is authorized by the Comptroller of the Currency to commence business, filed on behalf of the Merchants National Bank and Trust Company of Los Angeles, to be formed through a consolidation of the Merchants National Bank and the Hellman Commercial Trust and Savings Bank, N. A., both of Los Angeles. The Secretary stated that the Board was now advised that the consolidation would be effected under the title "The Merchants National Trust and Savings Bank of Los Angeles", and recommended that the Board's approval of the application for trust powers on behalf of the bank be amended accordingly.

Upon motion, it was voted to authorize The Merchants National Trust and Savings Bank of Los Angeles to exercise general fiduciary powers, effective if and when the Comptroller of the Currency authorizes it to commence business.

The Governor presented the following reply from the Chairman of the Federal Reserve Bank of Richmond to the Board's telegram of October 6th, with reference to that bank's policy concerning advances on paper secured by cotton:

"Your wire yesterday considered carefully at our Board meeting today. We have heard of no pressure on bankers to lower rediscount rate of Federal Reserve Bank. We now have no loans on this year's cotton crop. We have had no occasion to call for additional collateral on cotton loans already made. Our policy has always been to lend freely on cotton, calling it to the attention of member banks when loans are not adequately secured. Generally speaking we think loans on cotton should be made on a basis of not more than eighty per cent of market value. We cannot safely change our policy of requiring periodical liquidation from member banks but those banks already borrowing heavily from us will be permitted to liquidate present indebtedness by the substitution of cotton paper. Our Board has no objection to your publishing this if you desire."

Question was raised regarding the statement contained in the above telegram that "we have heard of no pressure on bankers to lower rediscount rate of Federal Reserve Bank", in view of the fact that the Board's telegram inquired only regarding pressure to lower rediscounts secured by cotton.

The Secretary was instructed to communicate with the Chairman of the Federal Reserve Bank of Richmond regarding this statement in his telegram.

The Governor then stated that the meeting was called for the purpose of presenting to the Board, in accordance with its action this morning, formal notices, prepared by Counsel, to the Federal Reserve Bank of Atlanta and Mr. Joseph L. Campbell, Deputy Governor of the bank, advising both the bank and Mr. Campbell of the Board's action taken at this morning's meeting in removing him from the office of Deputy Governor of the Federal Reserve Bank of Atlanta and the causes for such removal. He also stated that in accordance with the suggestion made by the members of the Board at the meeting this morning, he had, immediately following the meeting, advised Mr. Campbell informally over the telephone of the Board's action, and in response to an inquiry made by Mr. Campbell as to the length of time he would have to

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consider the question of resigning his position, advised him that he felt that the Board should have his decision by not later than 3 o'clock today. He then read to the Board the following telegram from Mr. Campbell:

"Atlanta Ga 214P Oct 7 1926

D. R. Crissinger (Personal)

Federal Reserve Board Washington

In as much as my Board exonerated me and it meets tomorrow I respectfully request that you defer action until I can confer with them

D L Campbell

354p"

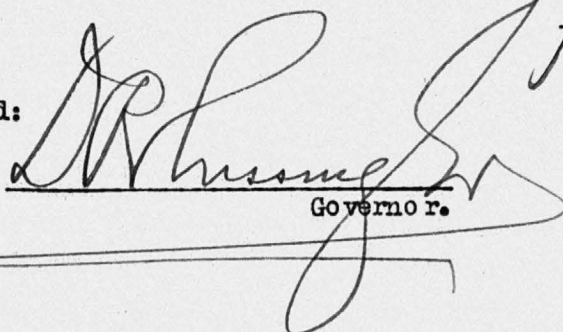
Counsel then presented the forms of notices, which were made the subject of discussion, during which suggestions for changes were made.

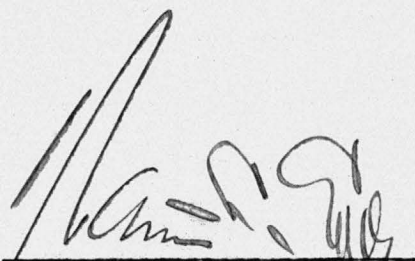
During the discussion, Governor Crissinger left the meeting.

The members of the Board remaining then requested Counsel to resubmit to the Board at a meeting to be held tomorrow for that purpose, revised forms of notices, revisions to be made along the lines of the suggestions and discussion which had taken place.

The meeting adjourned at 5:25 p.m.

Approved:


Governor.


Secretary.