

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 24, 1926 at 11:00 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on November 9th and the afternoon of November 10th were read and approved.

The minutes of the meeting of the Executive Committee held on November 17th were read and upon motion the actions recorded there in were ratified.

The minutes of the meeting of the Federal Reserve Board held on November 19th were read and approved, as amended.

The minutes of the meetings of the Federal Reserve Board held on November 22nd were read and approved.

Telegram dated November 19th from the Chairman of the Federal Reserve Bank of Chicago, advising that the board of directors at their meeting on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated November 20th from the Secretary of the Federal Reserve Bank of Minneapolis, advising that the board of directors at their meeting on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

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Bond of Mr. John G. Fry, Assistant Federal Reserve Agent at the Federal Reserve Bank of Richmond, dated November 20, 1926, in the amount of \$50,000.

Approved.

Memorandum from Counsel, dated November 22nd, on letter dated November 20th from the Cashier of the National City Bank of New York, requesting permission of the Federal Reserve Board under the last paragraph of Section 25 of the Federal Reserve Act for Mr. H. T. S. Green to serve at the same time as Vice President of the National City Bank and as President, General Manager and director of the International Banking Corporation; Counsel stating that inasmuch as the National City Bank has invested in stock of the International Banking Corporation the requirements of Section 25 are complied with, and he knows of no legal reason why the Board should not grant the request made on behalf of Mr. Green.

Upon motion, it was voted to permit Mr. Green to serve at the same time the two institutions referred to.

At this point, Mr. Wyatt entered the meeting and stated that the Board today received from Messrs. Shearman and Sterling, attorneys for the National City Bank of New York, an application on behalf of that bank for permission to establish a branch in the Philippine Islands, with its main office in Manila and with a sub-branch, agency or office in Cebu. He discussed with the Board certain complications in the way of Philippine law and stated that there might be complications because of policies of the War Department of the United States, in view of which the Board might not

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wish to comply with a request of the National City Bank for immediate action on its application.

Following the discussion, Mr. Miller moved that before the Board acts on the application, the Governor address a letter to the Secretary of War advising of the receipt of the application, and stating that before acting upon it the Board requests that it be advised whether the establishment of a branch in the Philippine Islands by a national bank would in any way contravene the laws of the Philippine Islands, or whether he knows of any consideration of policy which would render the granting of such application inadvisable at this time.

Mr. Miller's motion being put by the Chair was carried.

The Governor then submitted draft of a reply to telegram dated November 24th from the Chairman of the Federal Reserve Bank of Chicago, advising that the First National Bank of Britt, Iowa, which cast a vote in the present election of directors, has since closed and inquiring whether this ballot should be counted; the proposed reply stating that every ballot cast in accordance with the law by a member bank which was a going concern at the time the vote was cast must be counted, and no change in the status of the member bank which takes place subsequent to the casting of the ballot can affect the legality of such ballot.

Upon motion, the proposed reply was approved.

Memorandum from Counsel dated November 18th submitting draft of reply to letter from Mr. W. D. Woolwine, with reference to his service upon the directorates of the Merchants National Trust and Savings Bank, The California Bank, and the Security Trust and Savings Bank, all of Los Angeles, California; the proposed reply stating that if he desires to continue upon these three



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directorates it will be necessary for him to make a new application to the Federal Reserve Board.

Upon motion, the proposed letter was approved.

Letter dated November 22nd from the Assistant Federal Reserve Agent at Cleveland, transmitting request of the Union Trust Company of Cleveland for an additional extension of six months from November 17th in the period in which it may open the branch at Altoona Avenue and Pearl Road, Cleveland, approved by the Board on November 17, 1925.

Thereupon ensued a discussion, during which certain members of the Board expressed the opinion that a further extension should not be granted the bank, but that when prepared to open the branch it should submit a new application for permission to do so.

Following the discussion, Mr. Platt moved that the Board grant the extension requested.

Mr. Platt's motion, being put by the Chair, was lost, the members voting as follows:

Governor Crissinger, "no"  
Mr. Miller, "no"  
Mr. Cunningham, "no"  
Mr. Platt, "aye"  
Mr. Hamlin, "aye"

Report of Committee on Salaries and Expenditures on letter dated November 18th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of an increase in the salary of Mr. A. H. Alston, a clerk in the Credit Department, from \$2,700 to \$3,000 per annum, effective October 15th, and in that of Mr. H. R. Donald, Clerk in charge of the bank's Post Office Station, from \$2,400 to \$2,600 per annum, effective November 1st;

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the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated November 15th from the Federal Reserve Agent at Kansas City, advising of the action of the Executive Committee of the bank in authorizing the Oklahoma City Branch to retain on the payroll of the branch until January 1, 1927, Mr. A. M. Estes, who has been absent from his work since October 10th on account of illness; the Committee recommending approval.

Upon motion, it was voted to approve the payment of full salary to Mr. Estes during the leave of absence granted him.

Report of Committee on Salaries and Expenditures on letter dated November 15th from the Federal Reserve Agent at St. Louis, requesting the Board's approval of the action of the Executive Committee of the bank in granting to Miss Stella Seaman, clerk in the Transit Department, an extension for thirty days from November 11, 1926, in the leave of absence granted her on account of illness; the Committee recommending approval.

Upon motion, it was voted to approve the payment of full salary to Miss Seaman during the leave of absence granted her.

Report of Committee on Examinations on memorandum dated November 16th from the Comptroller of the Currency, recommending approval of an application of the First National Bank of Wibaux, Montana, for permission to reduce its capital from \$75,000 to \$50,000, on condition that other real estate owned, together with certain other undesirable assets carried in bonds and securities account under the heading "Personal property", and the claim held against the

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Banking Corporation of Montana, Helena, now closed, which is classified as doubtful, will be eliminated; the Committee also recommending approval subject to the conditions suggested by the Comptroller.

Approved.

Report of Committee on Examinations on memorandum dated November 15th from the Comptroller of the Currency, recommending approval of an application of the Stock Growers National Bank of Cheyenne, Wyoming, for permission to reduce its capital from \$400,000 to \$300,000; the Committee recommending that the application be approved on condition that the present undivided profits account amounting to \$103,597.77, as set out in the memorandum of the Comptroller, be transferred to the surplus account of said bank, thereby giving it a capital account of \$407,097.77.

Thereupon ensued a discussion of the condition recommended by the Board's committee, following which it was voted that the proposed condition be referred to the Comptroller of the Currency for comment.

Report of Committee on Examinations dated November 24th, recommending approval of an application filed by the First National Bank of Albany, N. Y. on behalf of the First Bank of Albany, for membership in the Federal Reserve System and for 600 shares of stock in the Federal Reserve Bank of New York, and application on behalf of the First Bank of Albany, when organized, to absorb the Albany Trust Company, a non-member bank; the Committee recommending approval of both applications; that for membership subject to the regular conditions contained in the Board's Regulation "H" and the further condition that immediately upon the incorporation of the First Bank of Albany, its board of directors shall pass a resolution ratifying the action of the First



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National Bank in applying on its behalf for membership in the System and for permission to absorb the Albany Trust Company, and in accepting membership subject to the conditions imposed by the Board, a copy of such resolution and also of the bank's certificate of incorporation to be furnished to the Board.

Upon motion, it was voted to approve the application filed on behalf of the First Bank of Albany for membership in the System subject to the conditions recommended, effective if and when the bank is duly incorporated under the laws of the State of New York, and also the application filed in its behalf for permission to absorb the Albany Trust Company.

Memorandum from Counsel dated November 10th, submitting draft of reply to letter dated October 22nd from the Federal Reserve Agent at Philadelphia, enclosing copy of a "mortgage trust certificate" which the Penn National Bank of Reading, Pa., proposes to issue, and inquiring as to whether the bank is authorized to issue such certificate under its authority to exercise fiduciary powers; the proposed reply stating that the Board is of the opinion that the issuance of such certificates is not the exercise of a fiduciary power within the meaning of Section 11 (k) of the Federal Reserve Act, and that, therefore, the Penn National Bank is not authorized to issue these "mortgage trust certificates" under its authority to exercise fiduciary powers.

Upon motion, the proposed reply was approved.

Memorandum from Counsel dated November 5th, submitting draft of reply to letters dated September 18th and October 20th from the Federal Reserve

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Agent at Richmond, inquiring whether the Orangeburg National Bank, Orangeburg, South Carolina, should be required to deposit United States bonds or other securities in its trust department to secure trust funds deposited in its capacity as executor in its savings department, under a will which expressly provides that funds belonging to the estate may be invested in the savings department of the bank at 4 per cent per annum; the proposed reply stating that the Board is of the opinion that the Orangeburg National Bank is not required to deposit United States bonds or other securities in its trust department to secure the funds referred to.

Upon motion, the proposed reply was approved.

Memorandum from Counsel dated November 17th submitting, in accordance with action taken at the meeting on November 9th, a formal ruling authorizing national banks to accept drafts drawn upon them by other banks against the security of import and export bills of exchange previously discounted by such other banks, where the underlying import and export transactions have not been completed at the time such drafts are drawn.

Ordered circulated.

Memorandum from the Secretary dated November 18th, submitting the results of the survey, conducted in accordance with the Board's directions of September 22nd, of business handled over the two leased telephone circuits out of Washington, one between Washington and New York, and the other connecting Washington, Philadelphia, New York and Boston; the Secretary setting forth in detail the number of calls made over these wires during the month of October and recommending that the division of expense of this service,



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aggregating \$2,612 per month, between the Board and the Federal Reserve Banks of Boston, Philadelphia and New York, be changed, effective January 1, 1927, so as to be pro rated on the basis of the extent to which it was used by each bank and Washington during the month of October.

Mr. Cunningham moved approval of the recommendation of the Secretary.

Mr. Miller moved as a substitute that the service supplied by the circuit wire connecting Washington, Philadelphia, New York and Boston be suspended, and that the Federal reserve banks involved be advised that all transfer business hereafter be conducted over the telegraph wires and not by telephone as is now the general practice between these banks.

After discussion, Mr. Miller's substitute motion, being put by the Chair, was lost, Mr. Miller voting "aye".

Mr. Cunningham's original motion was then put by the Chair and unanimously carried.

Letter addressed under date of November 16, to the Comptroller of the Currency by Mr. W. H. Wood, President of the American Trust Company, Charlotte, N. C., inquiring as to the interpretation of the Board's regulations governing the establishment of branches by state member banks; the letter inquiring specifically whether the approval of the Federal Reserve Board would be necessary before the establishment by a state member bank of a branch in another city where the branch was established through the purchase by the member bank of the capital stock of another institution.

Referred to the Law Committee for preparation of a reply.

Memorandum from the Secretary advising that the Building Committee of the Federal Reserve Bank of Chicago, together with their architects and Mr.

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A. B. Trowbridge, who represents both the Board and the bank, desires to come to Washington and meet with the Board next Wednesday to go over specifications and estimates of cost of the various items entering into the construction of the proposed building to house the branch Federal Reserve bank at Detroit.

Noted.

The Governor then presented a letter dated November 23rd from the Secretary of the Governors' Conference setting forth recommendations made and action taken at the recent Conference of Governors, relating to matters which the Conference submits to the Board for its advice or approval and to matters upon which the Board has asked for the opinion or recommendation of the Conference.

After discussion, the Governor announced that consideration of the matters set forth in the above letter would be made special order of business for a meeting to be held on Friday.

REPORTS OF STANDING COMMITTEES:

Dated, November 22nd, Recommending changes in stock at Federal reserve banks as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, November 23rd, Recommending admission of a state institution, subject to the conditions set out in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

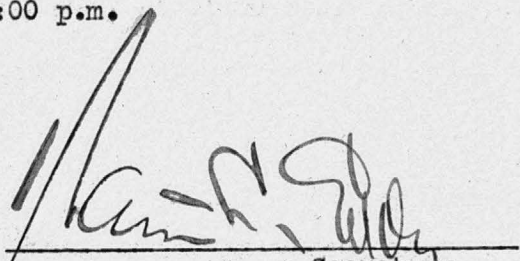
Dated, November 18th, Recommending approval of the application of Mr. William H. Pearsall for permission to serve at the same time as Director of the Flatbush National Bank of Brooklyn, N. Y., and as employee of the Mechanics Bank of Brooklyn, N. Y.

Approved.

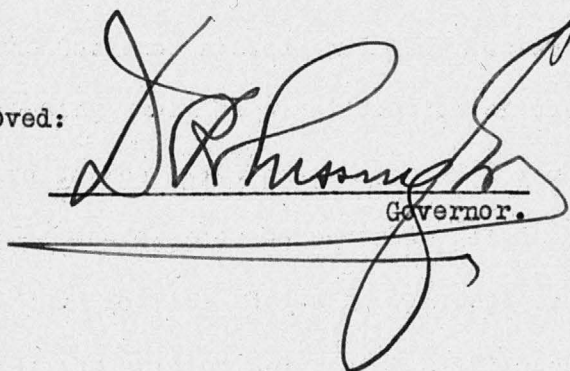
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The meeting adjourned at 1:00 p.m.

  
Secretary.

Approved:

  
Governor.