

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, December 14, 1926 at 12:15 p.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on December 10th was dispensed with.

Letter dated December 9th from the Secretary of the Federal Reserve Bank of New York, 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 December 10th from the Chairman of the Federal Reserve Bank of Atlanta, 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.

Matter approved on initials on December 13th, namely, telegraphic reply to telegram dated December 13th from the Governor of the Federal Reserve Bank of Chicago, with reference to remitting to Mr. A. B. Trowbridge, employed by the Board and Bank as consulting architect in the Detroit Branch building project, that bank's share of the portion of his fee in the project which it was understood would be paid upon approval by the Board of plans and specifications; the reply stating that the Board has no objection to the Federal Reserve Bank of Chicago remitting the amount of \$1500 to Mr. Trowbridge at this time.

12/14/26

-2-

Upon motion, the above reply was formally approved.

Letter dated December 9th from the Chairman of the Federal Reserve Bank of Kansas City, advising that Mr. P. W. Goebel has been re-elected as member of the Federal Advisory Council from that district for the year 1927.

Noted.

Letter dated December 6th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the election of Mr. T. H. Ramsay, as Class A Director of the bank, and the re-election of Mr. A. B. C. Dohrmann, as Class B Director, both for terms of three years beginning January 1, 1927.

Noted.

Memorandum from the Secretary dated December 13th, advising of the re-election of Mr. P. D. Houston as member of the Federal Advisory Council from the 6th District for the year 1927 and the re-election of the following directors of the branches of the Federal Reserve Bank of Atlanta for terms beginning January 1, 1927:

Birmingham

W. W. Crawford	- three years
A. E. Walker, Managing Director	- one year

Jacksonville

Edw. W. Lane	- three years
Geo. R. DeSaussure, Managing Director	- one year

Nashville

E. A. Lindsey	- three years
Joel B. Fort, Jr. Managing Director	- one year

12/14/26

-3-

449

New Orleans

F. W. Foote	- three years
Marcus Walker, Managing Director	- one year

Noted.

Letter dated December 9th from the Chairman of the Federal Reserve Bank of Kansas City, advising of the election of the following directors of branches of that bank for terms beginning January 1, 1927:

Omaha

T. L. Davis	- three years
L. H. Earhart, Managing Director	- one year

Denver

Henry Swan	- three years
J. E. Olson, Managing Director	- one year

Oklahoma City

Walter Ferguson	- three years
C. E. Daniel, Managing Director	- one year

Noted.

Letter dated December 8th and telegram dated December 11th from the Chairman of the Federal Reserve Bank of Dallas, advising of the re-appointment of Mr. E. A. Cahoon as director of the El Paso Branch for a term of three years beginning January 1, 1927, and of Mr. M. Crump as Managing Director for the year 1927; also the reappointment of Mr. E. F. Gossett as director of the Houston Branch for a term of three years, beginning January 1, 1927 and of Mr. D. P. Reordan as Managing Director for the year 1927.

Noted.

Telegram dated December 13th from the Federal Reserve Agent at



12/14/26

-4-

450

New York, advising that at close of business December 11th The American Exchange-Pacific Bank of New York City merged into the Irving Bank and Trust Company, under the charter of the latter and under the title of "American Exchange Irving Trust Company."

Noted.

Letter dated December 6th from the Federal Reserve Agent at San Francisco, advising that pending the consolidation, effective January 3rd, of the Mercantile Trust Company and The American Bank, both of San Francisco, their branches located at 2593 Mission Street and 2626 Mission Street, respectively, will be moved to a temporary location at 2581 Mission Street and will be operated separately until the merger of the banks when they will be consolidated and moved into permanent quarters at 2595 Mission Street.

Noted, without objection.

Letter dated December 9th from the Federal Reserve Agent at New York, advising that the Montclair Trust Company, Montclair, N. J. has acquired the controlling interest in the Peoples National Bank of Montclair and that for the present the policy of the Peoples National Bank will remain unchanged, but its operation will be under the supervision of officers of the Montclair Trust Company, although later the national bank may be moved to some other section of the town where it can build up a neighborhood business.

Noted.

Letter dated December 10th from the Federal Reserve Agent at New York, with reference to the trust application of the Broadway National

12/14/26

-5-

Bank, Paterson, N. J.; the Federal Reserve Agent inquiring if it would be agreeable to the Board for him to postpone further recommendation regarding the application until after the annual meeting of the bank's stockholders in January, as the board of directors may be changed because of the Board's recent action in voting to disapprove certain interlocking directorates between that institution and the National Bank of America, also of Paterson.

Upon motion, the Secretary was directed to advise the Federal Reserve Agent that there would be no objection to his postponing recommendation regarding the trust application of the Broadway National Bank.

Report of Committee on Salaries and Expenditures on letter dated December 9th from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of the action of the board of directors of that bank in voting to grant a further extension of thirty days in leave of absence with full pay granted to Mr. Vernon Becker, an employee of the Loan Department, on account of illness; the Committee recommending approval.

Upon motion, it was voted to approve payment of full salary to Mr. Becker during the extension in leave of absence granted him by the Dallas directors.

Report of Committee on Salaries and Expenditures on letter dated December 10th from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of the action of the board of directors of that bank in voting to grant thirty day extensions, from December 11th, in leaves of absence with full pay previously granted Mrs. Marie E. Ganzert and Mr. Earle C. Ford, on account of illness; the Committee recommending approval.



12/14/26

-6-

Upon motion, it was voted to approve payment of full salary to Mrs. Ganzert and Mr. Ford during the leaves of absence granted them by the Richmond directors.

Mr. Platt then called attention to the statement contained in the above letter that the directors of the Richmond bank consider the requirement that leaves of absence be submitted to the Board for approval, to be prejudicial to morale and that the determination of such cases should properly be left to them.

Mr. Platt read to the Board a suggestion of Mr. James that the Federal Reserve Bank of Richmond be advised that the Board's requirement was made pursuant to a suggestion of its Counsel and in compliance with the law.

Upon motion by Mr. Hamlin, Mr. James' suggestion was approved.

Report of Committee on Examinations on letter dated December 11th from the Federal Reserve Agent at Cleveland, recommending approval of an application of The Lake Erie Trust Company of Cleveland for approval by the Board of its action in purchasing the assets and assuming the liabilities of the Ohio Trust Company of Cleveland; the Committee recommending approval.

Approved.

Report of Executive Committee on memorandum dated December 8th from the Acting Comptroller of the Currency, recommending approval of an application of the American National Bank of Fort Towson, Okla. for permission to reduce its capital stock from \$30,000 to \$25,000 on condition that a voluntary contribution of \$10,000 be paid in by the shareholders and losses to that amount charged off and that no money be returned to the shareholders, but assets to the amount of the reduction be withdrawn

12/14/26

-7-

and trustee for benefit of the shareholders at date of reduction; the Committee recommending approval.

Approved.

Matter approved on initials on December 9th, namely, reply made by the Vice Governor to letter dated November 16th, addressed to the Comptroller of the Currency by the President of the American Trust Company of Charlotte, N. C., with regard to the interpretation of the provisions of the Board's Regulation H regarding the establishment of branches by state member banks; the proposed reply reading in part as follows:

"The principles governing the establishment of branches as prescribed by the Board's Regulation H apply to the establishment of branches by any method, whether through the acquisition of another bank for the purpose or through the creation of a branch de novo. The Board's control over the establishment of a branch in either case is the same.

It should be noted that the American Trust Company was admitted to the Federal Reserve System in 1918, prior to the establishment of the specific branch bank condition (paragraph 4 of Section IV of the Regulations). Paragraph I of Section VI, relating to the location of branch offices, therefore does not apply, and the Board is free, so far as its Regulations are concerned, to permit you to take over another bank and to establish a branch in its premises in another city if such action by your bank would not cause 'any change to be made in the general character of its (your) assets or in the scope of the functions exercised by it (your bank) at the time of admission to membership such as will tend to effect materially the standard maintained at the time of admission.' This you will find in Paragraph I of Section IV and is known as the 'general condition of membership.' It was the condition to which your bank agreed at the time of admission, and is the only one under which the Board has any authority with relation to the establishment of branches by your bank. The condition you will note applies to the absorption of another bank or the purchase of the assets of another bank as well as to the establishment of a branch. I should perhaps add for your information that in order to assure itself that the American Trust Company after the proposed merger would comply with the 'general condition of membership', above stated, the Board might deem it necessary to have a simultaneous examination made of the American Trust Company and the bank proposed to be merged with it before it would feel free to act."



12/14/26

-8-

Upon motion, the above letter was formally approved, Mr. Cunningham voting "no".

Letter dated December 9th from the Federal Reserve Agent at Chicago, advising that the Detroit Savings Bank, Detroit, Michigan, is to establish an additional branch office at the inter-section of Chalmers and Harper Avenues, Detroit.

After discussion, the Vice Governor was requested to address a letter to the Federal Reserve Agent at Chicago, with reference to the necessity for approval by the Board of the establishment of branches.

Memorandum from Counsel dated December 10th, with reference to the application of the Citizens National Bank of Harlan, Ky. for permission to exercise general fiduciary powers; Counsel submitting a letter from the Assistant Federal Reserve Agent at Cleveland, stating that the Citizens National Bank has advised that it does not care to receive trust powers at this time and has requested that its application be withdrawn.

Noted.

Letter submitted under date of October 1st by Mr. Walter S. Cox, official reporter, submitting a revised contract for the Board's reporting work, the only change being an increase of ten cents per page for original copy due to the proposed use of a better grade of paper and additional labor incident thereto.

Approved.

Report of Committee on Examinations dated December 11th, advising that the Committee has met with Mr. Gilbert, Supervisor of Examination, and gone over with him in detail the work he has accomplished to date in the matter



12/14/26

-9-

of the survey of examination work which he is undertaking; the Committee also stating that in the exercise of the authority conferred upon it by the Board at the meeting on December 10th it has authorized Mr. Gilbert to proceed to the Federal Reserve Bank of St. Louis.

Noted, with approval.

Memorandum from the Secretary dated December 14th, with regard to letter dated December 9th from the Secretary of the Federal Reserve Bank of Minneapolis, submitting for approval revised By-laws of the Helena Branch; the Secretary pointing out the several amendments, made necessary by the reduction in the number of directors of the branch from seven to five, and the abolition of the office of Assistant Federal Reserve Agent at the branch, and suggesting that the By-laws should be further amended in two respects: (1) To provide that in the absence or disability of the Managing Director, the Acting Manager shall exercise only the managerial duties of the Managing Director: and (2) To reduce the size of the executive committee of the Branch which under the By-laws now consists of four members, this provision not having been changed at the time the membership of the Board of Directors was reduced from seven to five.

After discussion, Mr. James moved that the amendments submitted by the Federal Reserve Bank of Minneapolis be tentatively approved, final approval to be given upon adoption by that bank of the suggestions for further amendment contained in the Secretary's memorandum.

Mr. James' motion being put by the Chair was unanimously carried.

Report of Examination of the Federal Reserve Bank of Boston, made

12/14/26

-10-

as at the close of business May 1, 1926.

Referred to the Committee on Examinations and  
Committee on District #1.

Report of Examination of the Federal Reserve Bank of New York and its  
Buffalo Branch, made as at the close of business May 29, 1926.

Referred to the Committee on Examinations and  
Committee on District #2.

Report of Examination of the Federal Reserve Bank of San Francisco and  
its branches, made as at the close of business September 4, 1926.

Referred to the Committee on Examinations and  
Committee on District #12.

Report of Examination of the Federal Reserve Bank of Cleveland and  
its Pittsburgh and Cincinnati Branches, made as at the close of business  
October 16, 1926.

Referred to the Committee on Examinations and  
Committee on District #4.

REPORTS OF STANDING COMMITTEES:

Dated, December 11th, Recommending changes in stock at Federal Reserve  
13th, Banks, as set forth in the Auxiliary Minute Book  
14th, of this date.

Approved.

Dated, December 13th, Recommending action on application for fiduciary  
powers as set forth in the Auxiliary Minute Book  
of this date.

Approved.

Dated, December 13th, Recommending approval of the application of Mr.  
Robert E. Goree for permission to serve at the  
same time as director of the Houston National Bank,  
Houston, Texas and as director of the First National  
Bank, Pharr, Texas.

Approved.

Dated, December 13th, Recommending approval of the application of Mr.  
W. P. Hobby for permission to serve at the same  
time as director of the Houston National Bank,  
Houston, Texas and as director of the First National  
Bank, Beaumont, Texas.

Approved.



12/14/26

-11-

457

REPORTS OF STANDING COMMITTEES: (Cont'd)

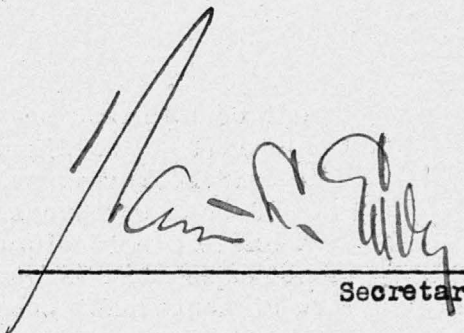
Dated, December 13th, Recommending approval of the application of Mr. W. C. Hedrick, for permission to serve at the same time as director of the Houston National Bank, Houston, Tex. and as director of the First National Bank, Fort Worth, Tex.

Approved.

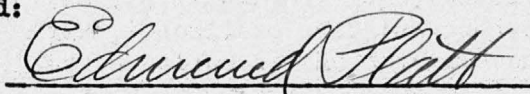
Dated, December 14th, Recommending approval of the application of Mr. Ansel P. Verity, for permission to serve at the same time as Vice President of the First National Bank, Brooklyn, N. Y. and as director of the Rugby National Bank, Brooklyn, N. Y.

Approved.

The meeting adjourned at 1:10 p.m.

  
Secretary.

Approved:

  
Vice-Governor.