

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, January 7, 1927 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 January 4th were read and approved.

Application of The Elizabethtown National Bank of Elizabethtown, Pa. for permission to exercise general fiduciary powers; together with recommendation of the Law Committee that the application be approved effective if and when an increase in the bank's capital to at least \$125,000 has been legally effected.

Upon motion, it was voted to approve the above application effective if and when the bank's capital is increased to the amount stated.

Letter dated January 6th 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 January 5th 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 January 5th from the Chairman of the Federal Reserve Bank of St. Louis, advising that the board of directors on that day made no

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

Noted.

Telegram dated January 6th from the Chairman of the Federal Reserve Bank at San Francisco, 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 January 6th, namely, letter dated January 3rd from the Comptroller of the Currency, recommending approval of increases in salaries of National Bank Examiners as follows:

E. H. Gough	-	\$9,500	-	\$10,000
J. L. Proctor	-	8,000	-	8,500
W. W. McBryde	-	7,500	-	8,500
C. F. Wilson	-	3,900	-	4,200
R. M. Hodgson	-	6,000	-	7,000
A. M. Stewart	-	3,900	-	4,200

Formally approved.

Memorandum from the Secretary dated January 6th, advising that Mr. L. L. Rue has been re-elected as member of the Federal Advisory Council from the 3rd Federal Reserve District for the year 1927.

Noted.

Letter dated January 5th from the Assistant Treasurer of the United States, advising that no applications were received from National Banks during the quarter ending December 31, 1926, for the sale of bonds under Section 18 of the Federal Reserve Act.

Noted.

Letter dated January 3rd from the Federal Reserve Agent at Kansas

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City acknowledging the Board's letter of December 31st and advising that they will be governed by the action of the Board in disapproving the payment of salary for the month of December to Mr. Walter Robinson who was relieved of his duties as examiner at the bank on December 1st.

Noted.

Letter dated December 31st from the Assistant Federal Reserve Agent at San Francisco, advising that the American Bank of San Francisco on December 27th opened in a temporary location at 7131 East 14th Street, Oakland, the branch approved by the Board on October 7th for 73rd Avenue and East 14th Street, Oakland.

Noted.

Letter dated December 30th from the Federal Reserve Agent at San Francisco, requesting approval of the designation as Assistant Chief Examiner, effective January 3rd, of Mr. Edward S. Jernegan, who has been directing the Failed Banks Department at the Salt Lake City Branch.

Approved.

Letter dated January 4th from the Assistant Federal Reserve Agent at Cleveland, with reference to the closing of the Peoples Bank Company, Frazeyburg, Ohio, a member bank.

Noted.

Report of Committee on Examinations on letter dated January 3rd from the Assistant Federal Reserve Agent at New York, transmitting and recommending approval of an application of the City Bank Trust Company, Syracuse, N. Y. for permission to absorb the Bank of Onondaga and to

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operate same as a branch; the Committee recommending approval.

Approved.

Memorandum from Counsel dated January 5th, with reference to the matter referred to him for report on December 23rd, namely, recommendations of the board of directors of the Federal Reserve Bank of Dallas that the fee to be paid Locke, Locke, Stroud and Randolph, Counsel of the bank, be increased from \$8,000 to \$9,000 for the year 1927 and that the retainer to be paid during 1927 to Mr. C. C. Huff, General Counsel, remain the same as during 1926, namely, \$1200; Counsel pointing out that a change in the legal arrangement between the Federal Reserve Bank and the firm of Locke, Locke, Stroud and Randolph will result in a saving of \$1100 per annum above the increase proposed in the firm's fee and recommending approval of the increase, but stating that he does not know enough of the character of Mr. Huff's services to express any opinion as to the propriety of continuing to pay him the nominal retainer of \$1200 per annum. In this connection, the Law Committee recommended approval of an increase from \$8,000 to \$9,000 in the fee of the firm of Locke, Locke, Stroud and Randolph but that the services of Mr. Huff as General Counsel be discontinued; the Committee stating that the Federal Reserve Bank of Dallas will be agreeable to such action by the Board.

Upon motion by Mr. Hamlin, it was voted to approve an increase from \$8,000 to \$9,000 per annum in the fee of Locke, Locke, Stroud and Randolph and to advise the Federal Reserve Bank of Dallas that in the opinion of the Board the further services of Mr. Huff are not required.

Carried.

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Letter addressed to the Governor under date of January 6th by Honorable Sol Bloom, Member of the House of Representatives from New York, with reference to certain recent charges of international control of the Federal Reserve System.

Upon motion by Mr. James, it was voted to refer the above letter to the Executive Committee with power to reply thereto.

Memorandum dated January 5th from Mr. James, Chairman of the Committee on Salaries and Expenditures, advising that in accordance with the Board's request he conferred with the committee of directors of the Federal Reserve Bank of New York which was in Washington yesterday regarding the increases recommended by the directors of that bank in the salaries of Mr. Otto W. TenEyck, Superintendent of the Bank Building, and Mr. Arthur S. Vincent, Chief Engineer, and was prepared to recommend approval of the salaries submitted by the New York directors. Mr. Platt stated that he concurred in this recommendation.

Upon motion by Mr. James, it was voted to approve increases, effective January 1st, from \$9,000 to \$10,000 per annum in the salary of Mr. Ten Eyck, and from \$6,500 to \$7,000 per annum in the salary of Mr. Vincent.

The Governor then submitted a letter addressed to him under date of January 6th by Mr. Clarence M. Woolley, Deputy Chairman of the Federal Reserve Bank of New York, with regard to the unanimous request made by the Board informally of Mr. Owen D. Young that he resign his present position as Class B Director of the Federal Reserve Bank of New York and accept from the Federal Reserve Board an appointment as Class

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C Director and Deputy Chairman of the bank; Mr. Woolley stating that after conferring with the other directors and officers of the New York bank Mr. Young has stated that he will be glad to accept the Board's request to serve as Class C Director and Deputy Chairman, after he has had appropriate opportunity to resign the office of Class B Director to which the member banks of the District elected him.

Following a discussion, Mr. Platt moved that Mr. Owen D. Young be appointed as a Class C Director of the Federal Reserve Bank of New York for the term ending December 31, 1929 effective upon his resignation as Class B Director, and designated as Deputy Chairman of the bank, effective upon the contemplated resignation of Mr. Woolley.

Unanimously carried.

The Governor then presented a report sent to him by Mr. Case, Deputy Governor of the Federal Reserve Bank of New York, with reference to the movement of funds in the New York Market over the end of the year 1926.

Ordered circulated.

Letter dated January 4th from Mr. William Kaufman, attorney of Pittsburgh, Pa. with regard to loans on Adjusted Service Certificates; the letter stating that Adjusted Service Certificates will not be good security for loans because in the exercise of discretion vested in him by law the Director of the Veterans Bureau may refuse payment of such Certificates.

Referred to Counsel.

The Governor then presented draft of a letter to the Federal Reserve Agent at Kansas City, prepared in accordance with the recommendation of the Committee on District #10 approved by the Board at the meeting on January 4th, with regard to the necessity for the appointment of an examiner to

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succeed Mr. Walter Robinson whose services have been discontinued; the letter stating that the Board does not deem itself to be in a position to give advice as to the immediate needs or requirements for examiners in the Federal Reserve Agent's Department but that the matter must be determined by him in the exercise of his own judgment and in the light of his responsibilities.

After discussion, Mr. Cunningham moved that the above letter be amended so as to advise Mr. McClure that "The Board believes that as a matter of principle you should have in your organization one thoroughly qualified examiner. The question of the eventual organization of your Examining Department can be left until the results of the survey that is now being made by the Board are at hand. In the meantime should you need additional help the Board has on its force a qualified examiner whom it would be willing to detail to you."

Mr. Cunningham's motion being put by the Chair was carried and the letter as amended was approved.

In this connection, the Governor reported that Mr. Gilbert, recently appointed by the Board as Supervisor of Member Bank Examination, had advised him of his need for the assistance of an additional examiner for the purpose of analyzing reports of examination of state member banks.

Mr. James moved that the Board grant authority for the employment of any additional help needed by Mr. Gilbert, salaries of appointees, however, to be submitted to the Board for approval.

Carried.

Memorandum from the Board's Chief Examiner dated January 7th, submitting and commenting on report of examination of the Commerce Trust Company

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of Kansas City, Mo. made as of the close of business March 13, 1926 by the Federal Reserve Agent at Kansas City with the assistance of examiners employed by the Board.

Ordered circulated.

The Governor announced that Messrs. Joseph Wayne, Jr. and A. W. Sewall, directors of the Federal Reserve Bank of Philadelphia, would appear before the Board this afternoon with regard to the Board's action in disapproving recommendations made by the board of directors of the Philadelphia bank for increases in the salaries of Governor Norris and Deputy Governor Hutt.

The Board then discussed further the question of the appointment of a Class C Director, Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of New York to succeed Mr. Pierre Jay, resigned, and the manner in which this appointment might best be tendered to Mr. Gates W. McGarrah of New York City.

Following the discussion, Mr. James moved that the Committee on District #2 be authorized to tender to Mr. McGarrah, in such manner as it may deem best, appointment as Class C Director of the Federal Reserve Bank of New York for the unexpired term ending December 31, 1928, and designation as Federal Reserve Agent and Chairman of the Board of Directors of the bank for the balance of the year 1927.

Carried.

REPORTS OF STANDING COMMITTEES:

Dated, January 4th, Recommending changes in stock at Federal Reserve
5th, banks as set forth in the Auxiliary Minute Book
6th, of this date.
7th, Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, January 3rd, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

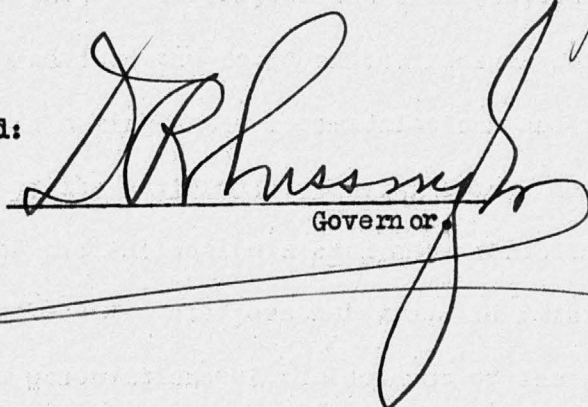
Approved.

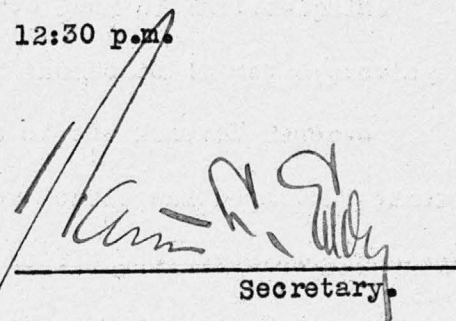
Dated, January 3rd, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Refused.

The meeting adjourned at 12:30 p.m.

Approved:


Governor


Secretary