

Upon call of the Governor a meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 10, 1927 at 11:45 a.m.

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

The Governor stated that the Federal Reserve Bank of Chicago received from a non-member bank an offering of a note secured by an Adjusted Service Certificate and that the Chicago bank had made inquiry as to the manner in which other Federal Reserve banks were handling applications for rediscounts of this kind. The Governor inquired whether the Board wished to send out any advice in view of the provision contained in its Regulation M that "No Federal Reserve bank shall rediscount such notes for any non-member bank until such bank has furnished to the Federal Reserve bank such information as it may request in order to satisfy itself as to the condition of such bank and the advisability of making the rediscount for it." Thereupon ensued a discussion as to the value of bank endorsements on rediscounts secured by Adjusted Service Certificates in view of the provisions of the World War Adjusted Compensation Act for the payment of such notes by the Director of the Veterans Bureau and with regard to the payment of the notes by the Director when presented by the Federal Reserve banks.

Following the discussion, Mr. McIntosh moved that the Governor be instructed to communicate with the Director of the Veterans Bureau and inquire as to what the attitude of

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the Bureau will be toward paying such notes presented directly by Federal Reserve banks.

Carried.

The Governor then presented draft of a letter to the President of the Senate, prepared at the request of the Secretary of the Treasury and for his signature, replying to Senate Resolution 320 adopted January 7, 1927 as follows:

"Resolved, That the Secretary of the Treasury, as ex officio member and chairman of the Federal Reserve Board, be requested to report to the Senate what, if any, plans the Board has for making possible the carrying into effect section 502 of the Adjusted Compensation Act of May 19, 1924."

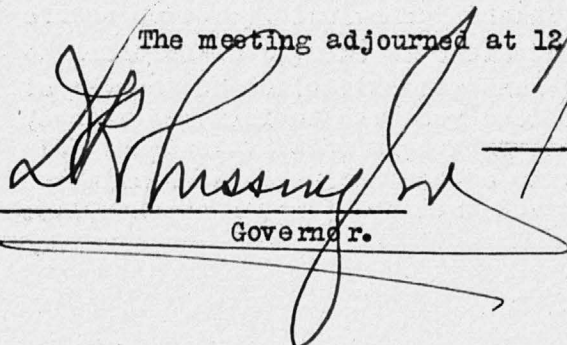
The proposed reply was read to the Board, and upon motion approved.

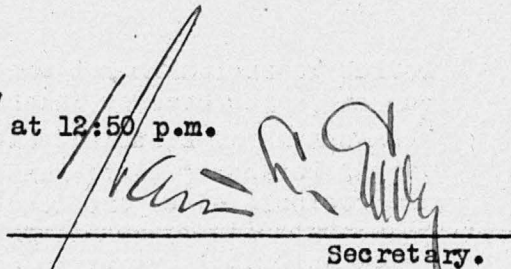
Report of Executive Committee on letter dated January 8th from the Federal Reserve Agent at Atlanta, transmitting application of the Bank of Camilla, Camilla, Ga. for permission to reduce its capital from \$100,000 to \$50,000 and recommending approval by the Board on condition that the amount of the reduction be used to charge off determined losses and doubtful paper where loss is probable but not estimated; the Committee recommending approval.

Upon motion, it was voted to approve the application subject to the condition recommended by the Federal Reserve Agent.

The meeting adjourned at 12:50 p.m.

Approved:


Governor.


Secretary.