

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 25, 1927 at 11:45 a.m.

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

Mr. Miller stated that Mr. Harrison of the Federal Reserve Bank of New York had advised him that Governor Norman and Mr. Lubbock, one of the directors of the Bank of England, are expected to arrive in Washington today and wish to see the members of the Board while they are here during the next few days.

The minutes of the meeting of the Federal Reserve Board held on January 19th were then read and upon motion were approved, with the exception of the entry relating to the employment of Mr. M. D. Smiley which was ordered brought up before the Board upon the return of Governor Crissinger.

Memorandum dated January 20th from the Director of the Division of Research and Statistics, with reference to the action of the directors of the El Paso Branch at their meeting on January 11th in voting, subject to the approval of the Executive Committee of the Federal Reserve Bank of Dallas, to make public a report submitted at the meeting by the Managing Director of the Branch containing a survey of banking and business conditions in the Branch territory; the Director stating that the statement is a good piece of work and that there would be no harm in publishing it except for a few sentences which he recommended be eliminated.

Upon motion, it was voted to approve publication of the statement with the changes suggested by the Director of the Division of Research and Statistics.

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Letter dated January 21st from the Federal Reserve Agent at Chicago, advising of a recent meeting of the Legislative Committee of the Indiana Bankers Association at which steps were taken to have presented before the present session of the Legislature a bill covering reserve requirements in that state, in which will be incorporated also provision for the interchange of information between the State Bank Commissioner and the Federal Reserve banks.

Noted.

Memorandum from Counsel dated January 18th, with reference to the application of Mr. Edward E. Brown for permission to serve at the same time as director of the First National Bank, The First Trust and Savings Bank and the Liberty Trust and Savings Bank, all of Chicago; Counsel calling attention to the fact that Mr. Brown is also serving The First Trust Joint Stock Land Bank of Chicago and The First Trust Joint Stock Land Bank of Dallas and recommending that the application be held until the Attorney General of the United States renders an opinion which has been requested on the question whether a Joint Stock Land Bank should be considered to be a "bank" within the meaning of the Clayton Act.

Upon motion, Counsel's suggestion was approved and a letter to Mr. Brown advising accordingly was ordered transmitted.

Letter dated January 19th from the Federal Reserve Agent at Chicago, with further reference to the recommendation of the Detroit branch directors that the Farmers State Savings Bank, Bay City, Michigan, be required to withdraw from the Federal Reserve System; the Federal Reserve Agent advising of certain changes in the directorate of the bank and stating that it is probably

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a wise plan, under the conditions, to let the matter remain in statu quo pending further information.

Noted, without action.

Report of Committee on District #9 on memorandum dated December 20th from the Secretary, with reference to amendments to the By-laws of the Helena Branch of the Federal Reserve Bank of Minneapolis; the Committee recommending approval of the Secretary's suggestion that the Board approve certain new amendments submitted by the Minneapolis bank and at the same time give definite approval to those amendments which were tentatively approved at the meeting on December 14th.

Upon motion, it was voted to definitely approve the various amendments to the Branch By-laws referred to in the memorandum.

Letter dated January 20th from the Chairman of the Federal Reserve Bank of Dallas, requesting reconsideration by the Board of its action of January 7th in voting that the services of Mr. C. C. Huff, who for several years has been retained by the Dallas Bank as General Counsel at a fee of \$1200 per annum, should no longer be necessary and in withholding approval of the continuance of the retainer; together with a memorandum from Mr. James advising that after discussing the matter with the Federal Reserve Agent, Governor and Counsel of the Dallas bank while there a few days ago he has reached the conclusion that the best interests of all will be served by the reappointment of Mr. Huff for the year 1927.

Upon motion by Mr. Hamlin, it was voted to reconsider the Board's action of January 7th and to approve the payment of a retainer of \$1200 to Mr. Huff as General Counsel for the year 1927.



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Memorandum from Counsel, dated January 21st, approved by the Law Committee, on the matter referred to the Committee at the meeting on January 13th, namely, letter dated December 28th from the Federal Reserve Agent at Dallas with reference to the desirability of attempting to have enacted in the states of Texas and Arizona legislation covering the investment of trust funds by banks in those states; Counsel, for reasons stated, expressing the opinion that the advisability of undertaking to secure state legislation of the kind proposed seems doubtful.

Upon motion, it was voted to concur in Counsel's opinion and to advise the Federal Reserve Agent at Dallas accordingly.

Memorandum from the Comptroller of the Currency dated January 20th, with reference to the action of the Board in disapproving trust application of the Farmers National Bank of Bedford, Pa.

Noted, in view of the fact that the Board has already in the usual course advised the bank of its action.

Memorandum from Counsel dated January 18th, submitting draft of reply to letter dated January 10th from the Deputy Comptroller of the Currency, requesting an opinion as to whether a national bank in Pennsylvania authorized to exercise trust powers may deposit funds of its trust department in its commercial department upon condition that it first set aside in its trust department United States bonds or other securities approved by the Board, or whether it must deposit such funds in another bank in accordance with the laws of the state of Pennsylvania; the reply stating that national banks may, if they wish, carry uninvested trust funds in their commercial departments upon first depositing proper securities in

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their trust departments and can not be compelled by the State Authorities to comply with the requirements of the state law in this respect.

Referred to the Law Committee.

Memorandum from Counsel dated January 13th, approved by the Law Committee, on the matter referred to the Committee at the meeting on December 23rd, namely, letter dated December 9th from the Governor of the Federal Reserve Bank of Dallas, with reference to the construction of the word "agricultural" in the third paragraph of Section 13 of the Federal Reserve Act permitting the rediscount of sight and demand drafts.

Ordered circulated.

Memorandum from Counsel dated January 19th, approved by the Law Committee, on the matter referred to the Committee at the meeting on January 13th, namely, recommendation of the board of directors of the Federal Reserve Bank of Chicago for an increase from \$8,000 to \$10,000 per annum in the salary of Mr. Charles L. Powell, Counsel of the bank; Counsel recommending approval of the increase.

Mr. Cunningham called attention to the motion made by him at the meeting on January 13th "That the Board approve the increase from \$25,000 to \$28,000 per annum recommended in the salary of Mr. J. H. Blair, Deputy Governor, which was made with the understanding that it would be permitted to lay on the table pending report by the Law Committee regarding the recommendation for an increase in Mr. Powell's salary. He asked unanimous consent to withdraw the motion.

Upon motion by Mr. James, by unanimous consent, Mr. Cunningham was authorized to withdraw the motion in question.

Mr. Hamlin then moved that the Board reconsider its action of December 22, 1926 and approve an increase from \$8,000 to \$10,000 per annum in the salary of Mr. Powell.

Carried.

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The Secretary then referred to a request made verbally of the Governor of the Board by Honorable James G. Strong, member of the House of Representatives, that the Governors of all Federal Reserve banks and the members of the Federal Advisory Council be furnished with copies of certain suggested amendments to H. R. 7895, and requested to forward to the Board at an early date a full and frank expression of their views as to the desirability and practicability of the legislation proposed by the bill and the suggested amendments thereto.

Thereupon ensued a discussion, following which Mr. Miller moved that the Vice Governor address a letter to Congressman Strong referring to the request made by him of the Governor of the Board inviting cooperation of the Governors of the Federal Reserve banks and the members of the Federal Advisory Council in redrafting H. R. 7895 and replying in the absence of the Governor that the Board deems the request one with which it can not with propriety comply.

Carried.

Mr. James then requested that there be made special order for one day this week the subject of the future functioning of the Havana Agency of the Federal Reserve Bank of Atlanta, recommendations for which by the Committee on District #6, were tentatively approved by the Board on January 12th.

Upon motion, the matter of the Cuban Agency was made special order for a meeting to be held on Thursday, January 27th.

Letter dated January 20th 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.



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Telegram dated January 19th 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 20th from the Chairman of the Federal Reserve Bank of 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.

Telegram dated January 24th from the Federal Reserve Agent at San Francisco, transmitting an inquiry from the American Trust Company as to the Board's action on its application for permission to take over the Bank of Sausalito, together with its branch at Tiburon, and its application for permission to establish three de novo branches in San Francisco, which at the meeting on January 4th was referred back to the Committee on Examinations.

The Secretary called attention to the fact that the application of the American Trust Company for branches at Sausalito and Tiburon, and the motion made by Mr. Miller at the meeting on January 19th are special order of business for tomorrow's meeting, and following a discussion Mr. Cunningham moved that the matters be taken up today.

Carried.

The Vice Governor then presented for consideration the following motion made by Mr. Miller at the meeting on January 19th:

"That in accordance with the precedent established by the interpretive ruling of the Board of December 2, 1924, to the effect that the cities of Oakland, Berkeley and Alameda are territory contiguous to the city of San Francisco, within the meaning of the Board's Regulation 'H', the Board now rule that the city of Sausalito is territory contiguous to the city of San Francisco; the city of Sausalito sustaining substantially

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"the same relation to the city of San Francisco as the cities of Oakland, Berkeley and Alameda."

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

Mr. Platt, "aye"  
Mr. Hamlin, "aye"  
Mr. Miller, "aye"  
Mr. James, "no"  
Mr. Cunningham, "no"

Mr. Cunningham then moved that the application of the American Trust Company for permission to take over the Bank of Sausalito and its Tiburon Branch and to establish branches in their premises be denied.

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

Mr. Miller, "aye"  
Mr. James, "aye"  
Mr. Cunningham, "aye"  
Mr. Platt, "no"  
Mr. Hamlin, "no"

Mr. Miller then moved that the Board approve the application of the American Trust Company, for permission to establish de novo branches at Twentieth Avenue and Irving Street, Fillmore and California Streets and in the Fairmont Hotel, San Francisco.

Carried.

Memorandum dated January 20th from the Board's Chief Examiner, submitting and recommending acceptance of the resignation of Mr. John F. Prah1, as Federal Reserve Examiner, effective at the close of business January 25th, and requesting authority to fill the vacancy at a salary not exceeding that paid Mr. Prah1.

Upon motion, Mr. Prah1's resignation was accepted effective January 25, 1927, and the authority requested was granted.



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Letter dated January 18th from the Chairman of the Federal Reserve Bank of Cleveland, advising of officers elected to serve at that bank and its branches for the year 1927.

Noted.

Letter dated January 22nd from the Federal Reserve Agent at Cleveland, advising of the resignation of Mr. P. J. Faulkner as Assistant Federal Reserve Agent at the Cincinnati Branch as of January 31st.

Accepted.

Report of Committee on Salaries and Expenditures on letter dated January 22nd from the Chairman of the Federal Reserve Bank of Cleveland, advising of the resignation effective January 31st of Mr. John P. H. Brewster, Assistant Cashier of the Cincinnati Branch, and requesting approval of the following salary adjustments, effective February 1st, made necessary by promotions to fill the vacancy caused by Mr. Brewster's resignation:

Bruce Kennelly, Assistant Cashier	-	\$3950 to \$4200
R. G. Johnson, Assistant Auditor	-	3000 to 3300
P. J. Faulkner, Manager Discount Department	-	3300 (no increase)

Upon recommendation of the Committee, it was voted to approve the salaries set forth above.

Report of Committee on Salaries and Expenditures on letter dated January 18th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of a salary of \$5400 per annum, effective January 1, 1927 for Mr. J. B. Tutwiler who has been re-elected Assistant Cashier of the bank; the Committee recommending approval.

Approved.

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Report of Committee on Salaries and Expenditures on letter dated January 18th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of a salary of \$4200 per annum, effective January 15th, 1927 for Mr. V. K. Bowman, former Chief Clerk in the Discount Department of the bank, who has been elected Assistant Cashier; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated January 22nd from the Secretary of the Federal Reserve Bank of Atlanta, requesting approval of appropriations totaling \$7600 for welfare and educational work through the Federal Reserve bank clubs at the head office and branches during the year 1927; the Committee recommending approval.

Approved.

Letter dated January 20th from the Chief Clerk of the Treasury Department, recommending an increase from \$1500 to \$1680 per annum in the salary of Miss Catherine Burke who is carried on the rolls of the Board as Assistant Chief Telephone Operator; the Board's Secretary also recommending approval of the increase.

Approved, effective February 1, 1927.

Letter dated January 22nd from the Chairman of the Federal Reserve Bank of Atlanta, advising that the next regular meeting of the Atlanta board will be held at the Birmingham branch on March 11th, the date of the formal opening of the new branch building.

Noted, without objection.

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Letter dated January 17th from the Assistant Federal Reserve Agent at San Francisco, advising that on January 18th the American Trust Company of San Francisco moved to a permanent location at 7228 East 14th Street, Oakland, the branch which has been operated at 7131 East 14th Street.

Noted.

Report of Committee on Salaries and Expenditures on letter dated January 20th from the Federal Reserve Agent at St. Louis, requesting approval of the action of the Executive Committee of that bank in voting to extend for thirty days from January 20th, with full pay, leave of absence granted Miss Clara Gross of the Fiscal Agency Department; the Committee recommending approval.

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

Report of Committee on Examinations on letter dated January 20th from the Assistant Federal Reserve Agent at New York, recommending approval of an application of the First Trust and Deposit Company, Syracuse, N. Y. for permission to establish a branch at 1510 West Genesee Street, Syracuse; the Committee recommending approval, effective if and when approved by the State Banking Department of New York.

Upon motion, the recommendation of the Committee was approved.

Report of Committee on Examinations on letter dated January 20th from the Federal Reserve Agent at Philadelphia, recommending approval of the consolidation of the Colonial Trust Company and the Peoples Bank and



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Trust Company, both of Philadelphia; the Federal Reserve Agent stating that the consolidation will be effected under the title "The Colonial Trust Company" with main office at 20 South 15th Street, the present main office of the Peoples Bank and Trust Company, and that all other offices of the Peoples Bank and Trust Company and the Colonial Trust Company will be retained as additional offices.

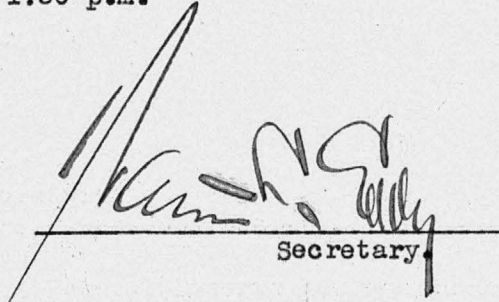
The Committee recommending approval, it was upon motion voted to approve the consolidation.

REPORTS OF STANDING COMMITTEES:

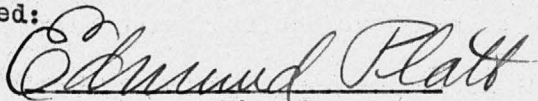
- Dated, January 19th, 20th, 22nd, 24th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, January 24th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, January 24th, Recommending approval of the application of Mr. F. A. Weiss for permission to serve at the same time as director of the Holston National Bank, Knoxville, Tenn. and as director of the First National Bank, Lenoir City, Tenn.  
Approved.
- Dated, January 20th, Recommending approval of the application of Mr. Wm. H. Avant for permission to serve at the same time as director of the Merchants National Bank, Indianapolis, Ind. and as director of the Indiana Trust Company, Indianapolis, Ind.  
Approved.
- Dated, January 22nd, Recommending approval of the application of Mr. Joseph A. Skinner for permission to serve at the same time as director of the First National Bank, Boston, Mass. as President of the Hadley Falls Trust Company, Holyoke, Mass. and as director of the Springfield Safe Deposit & Trust Company, Springfield, Mass.  
Approved.
- Dated, January 22nd, Recommending approval of the application of Mr. Homer Gage for permission to serve at the same time as director of the First National Bank, Boston, Mass. and as director of the Merchants National Bank, Worcester, Mass.  
Approved.

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The meeting adjourned at 1:30 p.m.

  
Secretary

Approved:

  
Vice Governor.