

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, February 2, 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 February 1st were read and approved as amended.

The Vice Governor reported to the Board certain correspondence exchanged by him with the Governor of the Federal Reserve Bank of Dallas and the editor of the American Bankers' Association Journal, with regard to the refusal of the Houston Branch to cash a Treasury Department check sent to it through the mails by a nonmember bank.

In accordance with the request made by the Board at its meeting yesterday the Governor presented draft of a letter to the Vice President of the Vandeventer Trust Company of St. Louis, with reference to inquiries contained in his letter to the Board of January 27th.

Approved, as amended.

Draft of reply to a letter dated February 1st from the Assistant Secretary of the Treasury, requesting the views of the Board with reference to a bill recently introduced by Honorable Duncan U. Fletcher, United States Senator from Florida, which would authorize any Federal Reserve bank to discount time drafts secured by Farm Loan bonds provided such drafts had a maturity of sixty days or less.

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The proposed reply was read and approved.

The Governor then submitted for the information of the Board copy of a letter addressed by the Secretary of the Treasury to the Chairman of the Committee on Banking and Currency of the House of Representatives, with regard to H. Res. 366 directing the Secretary of the Treasury to transmit full and complete information "showing whether under the operation and administration of the Federal reserve system the bases of currency and credit in the United States consist in part, and to what extent, of real estate and farm lands, and whether and to what extent the administration of the Federal reserve system has operated to eliminate real estate and farm lands as credit bases by the exclusion for rediscount of evidence of indebtedness secured thereby."

Noted.

Letter dated February 2nd addressed to the Governor by the Supervisor of Examinations, requesting that an opinion of Counsel be obtained setting forth the powers and duties of the Board, the Federal Reserve Agents and the Federal Reserve banks with respect to examinations of state member banks.

Upon motion, the request for the opinion was approved and the matter was referred to the Law Committee.

Suggestion was made that the membership of the Law Committee be increased from two to three members and the Governor appointed Mr. Platt as the additional member.

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Memorandum from Counsel dated January 29th submitting draft of letter to the Federal Reserve Agent at Cleveland, with reference to the desire of the First National Bank of Lawrence County at New Castle, Pa., to cancel its fiduciary powers because of the fact that all of its trust business will be handled by an affiliated trust company; the proposed reply stating that under authority of a resolution of the board of directors of the bank application should be made to the Board for the cancellation of the powers.

After discussion, the above matter was referred back to the Law Committee.

Report of Committee on Salaries and Expenditures on letter dated January 31st from the Controller of Administration of the Federal Reserve Bank of Chicago, requesting approval of a salary of \$250 per month for Mr. Asa Thomas, temporarily employed in the Failed Banks Division; the Committee recommending approval.

After discussion, it was voted that subject to recommendation by the directors of the Federal Reserve Bank of Chicago the above salary be approved.

Letter dated January 31st from the Secretary of the Federal Advisory Council, advising that the only topic suggested by the members of the Council for discussion at their meeting on February 18th is that of the diminishing number of par points and inquiring how the Board would regard such a discussion.

Referred to the Executive Committee.

The Governor reported that the Deputy Chairman of the Federal Reserve Bank of New York had called him over the telephone and advised that Mr. Gates W. McGarragh would be in Washington on Saturday morning for the purpose of

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meeting with the Board.

Letter dated January 29th from the Deputy Governor of the Federal Reserve Bank of New York, replying to an inquiry from the Board as to the factors responsible for the recent very substantial increase in the amount of brokers loans made by reporting member banks in New York City "for account of others".

Noted.

Memorandum dated February 1st from the Director of the Division of Research and Statistics, recommending that Miss Dale E. Hoffman, an employee of the Division, be granted annual absence with pay for twenty-five days, from April 18 to May 16, and leave of absence without pay for two months beginning May 17.

Approved.

Letter dated January 31st from the Federal Reserve Agent at Cleveland, with reference to the City Deposit Bank, The Highland National Bank and the First National Bank of Etna, outlying banks of Pittsburgh, which have been permitted to carry reserves of 7% against demand deposits without specific authority from the Board.

Referred to the Committee on Examinations.

Memorandum from Counsel dated January 27th on the matter referred to the Law Committee at the meeting on January 19th, namely, recommendation of the board of directors of the Federal Reserve Bank of Boston, for an increase from \$7500 to \$9,000 per annum in the salary of Mr. K. K. Carrick, Secretary of the Bank, who also performs certain legal services.

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After discussion, it was voted that the above matter be made special order of business for the meeting tomorrow at which will also be considered requests for reconsideration of the Board's action in disapproving increases recommended for Mr. W. R. Burgess, Assistant Federal Reserve Agent and Mr. J. H. Philbin, Assistant Counsel and Secretary of the Federal Reserve Bank of New York and Mr. George W. Norris, Governor and Mr. W. H. Hutt, Deputy Governor of the Federal Reserve Bank of Philadelphia.

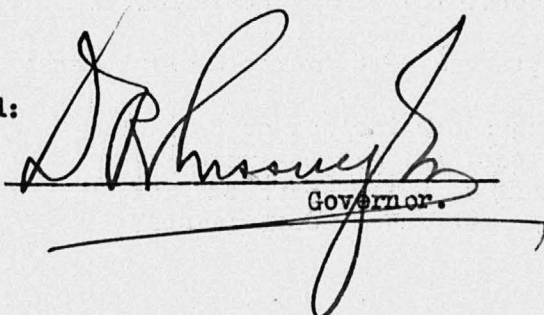
The Secretary then referred to the action of the Board in deferring a proposed change ordered by the Board on December 28th in the weekly statement of condition of Federal Reserve banks until Mr. Harrison could come to Washington to discuss the change with the Board. He stated that when Mr. Harrison was here several days ago he mentioned the matter but did not discuss it in detail, but it was understood he would address a letter to the Board regarding it.

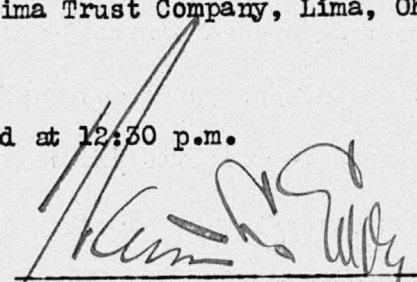
REPORTS OF STANDING COMMITTEES:

- Dated, February 2nd, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, February 1st, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, January 31st, Recommending approval of the application of Mr. J. H. Goeke for permission to serve at the same time as director of the First National Bank, Wapakoneta, Ohio and as director of the Lima Trust Company, Lima, Ohio.
Approved.

The meeting adjourned at 12:30 p.m.

Approved:


Governor.


Secretary.