

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 1, 1927 at 11:45 a.m.

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

Letter dated February 24th 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 February 25th from the Chairman of the Federal Reserve Bank of Chicago, 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 February 24th from the Chairman of the Federal Reserve Bank of Kansas City, 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.

Memorandum dated February 24th from the Chief of the Gold Settlement Division, recommending that the name of Mr. Alan B. Dawson, extra relief man in the Division, be dropped from the rolls and that authority be granted for the employment of an additional extra man at the regular rate of \$1.50 to \$3.00 per evening.

Approved.

3/1/27

-2-

Memorandum from Counsel dated February 25th, suggesting that the Board authorize his office to prepare and have published a new edition of the Federal Reserve Act as amended up to and including the date of the approval of the so-called McFadden Bill.

Approved.

Report of Committee on Salaries and Expenditures on letter dated February 23rd from the Chairman of the Federal Reserve Bank of Boston, advising that the board of directors of that bank has voted, subject to the approval of the Board, to continue payment of salary to Miss Marion Pineo who has been absent from her duties on account of illness since January 19, 1927 and to Miss Ruth Warren who has been absent continuously since October 18, 1926; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated February 23rd from the Deputy Chairman of the Federal Reserve Bank of New York, advising of certain changes in the official personnel of the bank and requesting approval of an increase from \$4700 to \$5500 per annum in the salary of Mr. Robert F. McMurray, promoted to the position of Manager of the Collection Department, and a salary of \$7500 per annum for Mr. James A. Mitchell, employed as Chief of the Credit Division; the Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated February 24th from the Assistant Federal Reserve Agent at New York, transmitting and recommending approval of an application of the Utica Trust and Deposit

3/1/27

-3-

Company, Utica, N. Y. for permission to establish a branch at 214 James Street, Utica; the Committee also recommending approval.

Approved.

Report of Executive Committee on memorandum dated February 25th from the Comptroller of the Currency, recommending approval of an application of the Saco National Bank, Saco, Maine, for permission to reduce its capital from \$100,000 to \$50,000 on condition that any loans which are made excessive by the reduction will be brought within lawful requirements; the Committee also recommending approval.

Approved.

The Vice Governor then submitted telegraphic correspondence with the Federal Reserve Agent at San Francisco, regarding an application filed with him by the American Trust Company of San Francisco for permission to establish a branch in Redwood City. He explained that a telegram sent the Board by the Federal Reserve Agent on February 18th recommending approval of the application was never received here and the Federal Reserve Agent's letter of confirmation dated February 19th was received on the afternoon of February 25th just after advice that the President had signed the McFadden Bill. He presented a final telegram from the Federal Reserve Agent, dated February 26th, stating that the branch has been in physical operation since approval was received from the State Superintendent of Banks a week before.

After discussion, it was upon motion voted to request the Board's Counsel for an opinion as to

3/1/27

-4-

whether there is any reason under the existing law why the Board should not validate the establishment of the Branch in question.

Letter dated February 26th from the Assistant Federal Reserve Agent at Cleveland, advising that the Union Trust Company of Cleveland at 8:30 a.m. on February 25th opened the branch at the corner of Madison Avenue and Hilliard Road (16017 Madison Avenue) Lakewood, the establishment of which was approved by the Board on February 23rd.

Noted.

Letter dated February 25th from the Deputy Governor of the Federal Reserve Bank of New York, advising that a meeting of the Open Market Investment Committee has been called for Monday, March 7th at 10:30 a.m., at the Board's offices in Washington.

Noted.

The Vice Governor then presented a report of the recommendations made to the Board by the Federal Advisory Council at its meeting on February 18th. Thereupon ensued a discussion of the recommendation of the Council that -

"The Federal Advisory Council does not believe that there is anything in the present business situation which would warrant any reduction of existing discount rates, or necessitating any change in present open market policy. The Council feels, however, that should interest rates continue to decline the Federal Reserve banks should reduce their holdings of bills bought in the open market."

Following a discussion, Mr. Miller moved that this recommendation be transmitted to the board of directors of the Federal Reserve Bank of New York for an expression of their views and any recommendations they may care to make, and that the directors be advised that the Board thinks it pertinent in connection with consideration of the recommendation to take cognizance of gold imports

3/1/27

-5-

since the first of the year, and the present state of the acceptance market and to consider whether there should be any change in the volume of investments in the System's special investment account, especially in view of March 15th maturities from the account.

Carried.

Memorandum from Counsel dated February 25th, approved by the Law Committee, with reference to the matter referred to the Committee at the meeting on February 23rd, namely, telegram dated February 17th from the Chairman of the Federal Reserve Bank of Kansas City, inquiring as to the propriety of a director of that bank accepting an appointment to a racing commission provided for in a bill pending before the legislature of the State of Colorado; Counsel stating that this question was submitted to the Board under its ruling that directors of Federal Reserve banks and branches should not hold political office and calling attention to various decisions made by the Board under this ruling.

After discussion, it was voted to interpose no objection to a director of the Kansas City bank accepting appointment to the commission in question.

Draft of reply, prepared by the Vice Governor to letter dated February 26th from the Chairman of the Federal Reserve Bank of St. Louis, transmitting a complaint from the Vice President of the First National Bank of Jefferson City, Mo. against the recent change in procedure at the Federal Reserve Bank of Minneapolis with respect to the handling of city collections of non-cash items.

After discussion, it was voted to refer the proposed reply back to the Vice Governor for revision.

Letter dated February 17th from the Deputy Chairman of the Federal

3/1/27

-6-

Reserve Bank of New York, referring to the Board's letter of February 10th in connection with certain salary payments made by that bank without prior approval of the Board, and commenting on the question of the relationship between the Federal Reserve Board and the local board of directors.

Ordered circulated.

Letter dated February 23rd from the Chairman of the Federal Reserve Bank of Richmond, enclosing tentative report of the Committee of Federal Reserve Agents appointed at the last Conference to prepare a report on the subject of procedure in elections of Class A and B directors of Federal Reserve banks; the Chairman stating that the Committee believes it should discuss the matter with the Board before preparing a final report and that arrangements are being made for a meeting of the committee in Washington about March 7th or 8th.

Upon motion, the tentative report was referred to the Law Committee.

Draft of letter to the Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland, prepared in accordance with the instructions of the Board at its meeting on February 23rd, regarding payment made to the widow of Mr. D. C. Wills, former Federal Reserve Agent, of his salary from the date of his death to December 31, 1925.

After discussion, the proposed letter was approved as amended.

Matter ordered circulated at the meeting on February 23rd, namely, memorandum from Counsel dated February 10th, with regard to the desire of the First National Bank of Lawrence County, New Castle, Pa. to surrender its authority to act in fiduciary capacities. The Vice Governor also

3/1/27

-7-

presented a letter dated February 23rd from the Federal Reserve Agent at Atlanta with regard to a similar desire of the City National Bank and Trust Company of Miami, Fla.

Following a discussion, it was voted that the Board's Counsel prepare for submission to the Board a letter to the Comptroller of the Currency requesting a report as to whether he knows of anything in the manner in which the banks involved have handled their trust accounts, because of which they should not immediately be released from any liability incurred under their exercise of trust powers and suggesting that Mr. Collins, Deputy Comptroller of the Currency and the Board's General Counsel be appointed a special committee to work out a method of procedure in connection with the cancellation of authority for the exercise of such powers.

Letter dated February 21st from Mr. Sidney J. Dillon of Des Moines, Iowa, requesting certain information with regard to recent and pending banking legislation.

Referred to the Vice Governor with power.

Memorandum from Counsel dated February 24th with regard to service by Mr. J. E. Fishburn as a director of the Merchants National Trust and Savings Bank of Los Angeles, The California Bank of Los Angeles and the First National Bank of Long Beach, Cal. and referring to a similar case involving Mr. W. D. Woolwine, from whom a new application for the Board's approval of his service has been requested but not received; together with a memorandum from the Comptroller of the Currency stating that in his opinion Messrs. Fishburn and Woolwine should be treated alike, and if Mr. Woolwine is permitted to remain on his directorates it would appear inconsistent for the Board to deal otherwise with Mr. Fishburn.

3/1/27

-8-

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

The Vice Governor then stated that the Comptroller of the Currency this morning approved the conversion into a national bank of the Bank of Italy and its opening for business as a national bank, effective today, under the title "Bank of Italy National Trust and Savings Association". He stated that no application has been filed with the Board on behalf of the national bank for permission to exercise trust powers, but that the matter has been the subject of telegraphic correspondence with the Federal Reserve Agent at San Francisco this morning, and advice of application is expected momentarily.

Following a discussion, upon motion, the Vice Governor was authorized to approve, when received with approval thereof recommended by the Federal Reserve Agent, an application for permission to exercise general fiduciary powers on behalf of the Bank of Italy National Trust and Savings Association, effective today.

REPORTS OF STANDING COMMITTEES:

- |  |  |
|--|--|
| Dated, February 25th,<br>28th,<br>March 1st, | Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.<br>Approved.  |
| Dated, February 24th,                        | Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.<br>Approved.  |
| Dated, February 26th,                        | Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application as set forth in the Auxiliary Minute Book of this date.<br>Approved.                    |
| Dated, February 23rd,                        | Recommending approval of the application of Mr. Fred H. Loehr for permission to serve at the same time as director of the Seneca National Bank, West Seneca, N. Y. and as director of the Community National Bank, Buffalo, N. Y.<br>Approved. |

3/1/27

-9-

REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, February 23rd, Recommending approval of the application of Mr. Edward A. Duerr for permission to serve at the same time as director of the Seneca National Bank, West Seneca, N. Y., as director of the Community National Bank, Buffalo, N. Y., and as director of the Citizens National Bank, Lancaster, N. Y.

Approved.

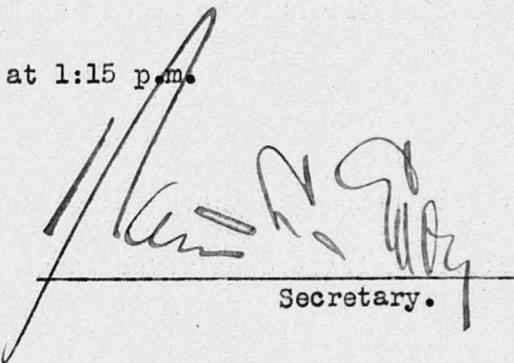
Dated, February 26th, Recommending approval of the application of Mr. P. O. Southwick for permission to serve at the same time as officer and director of The First National Bank of Friend, Nebr. and as director of the National Bank of Commerce, Lincoln, Nebr.

Approved.

Dated, February 24th, Recommending approval of the application of Mr. Sherman Armstrong for permission to serve at the same time as director of the National Copper Bank, Salt Lake City, Utah, as director of the First National Bank, Park City, Utah and as director of the First National Bank, Mountain Home, Idaho.

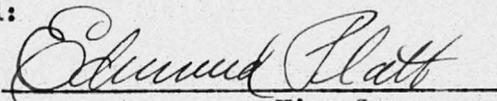
Approved.

The meeting adjourned at 1:15 p.m.



Secretary.

Approved:



Vice-Governor.