

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 22, 1927 at 11:00 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on March 17th, 18th and 21st were read and approved.

Letter dated March 17th from the Assistant 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 March 17th 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.

Memorandum dated March 17th from the Director of the Division of Research and Statistics, recommending the appointment of Miss Vivian Bane as stenographer in the Division at a salary of \$1560 per annum, effective March 21st, to fill the vacancy caused by the resignation of Mrs. Eicke.

Approved.

Letter dated March 22nd from the Comptroller of the Currency,

3/22/27

-2-

recommending approval of a salary of \$2400 per annum for National Bank Examiner James W. Austin, assigned to the 7th Federal Reserve District.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 17th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the action of the board of directors of that bank in voting to increase the salary of Mr. A. E. Walker, Managing Director of the Birmingham Branch, from \$6600 to \$7500 per annum, effective March 15th; the Board's Committee also recommending approval.

Approved.

Letter dated March 19th from the Assistant Federal Reserve Agent at New York, transmitting copy of letter from the President of the Merchants and Manufacturers National Bank, Newark, N. J., accepting conditions imposed by the Board in connection with approval of application for membership in the System filed on behalf of its successor, The Merchants Trust Company of Newark.

Noted.

Letter dated March 14th from the Assistant Federal Reserve Agent at San Francisco, advising that the American Trust Company on March 12th opened a branch at 20th Avenue and Irving Street (1906 Irving Street), San Francisco, under the Board's authority of January 25, 1927.

Noted.

Letter dated March 19th from the Assistant Federal Reserve Agent at New York, advising that The Bank of United States, New York City has

3/22/27

-3-

been authorized by the State Banking Department to open an additional branch, on or after March 15th, at 51-55 West Burnside Avenue, Bronx.

Noted.

Report of Committee on Examinations on letter dated March 14th from the Federal Reserve Agent at Cleveland, recommending approval of an application of the Citizens Trust and Savings Bank, Columbus, Ohio, for permission to establish a branch at the corner of Parsons Avenue and Livingston, Columbus; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated March 16th from the Federal Reserve Agent at Cleveland, recommending approval of an application of the City Trust and Savings Bank, Youngstown, Ohio, for permission to open a branch at 1702 Market Street, Youngstown; the Committee also recommending approval.

Approved.

Letter dated March 18th from the Federal Reserve Agent at Chicago, transmitting an application of the Federal Commercial and Savings Bank, Port Huron, Michigan, for permission to move its branch now located at the corner of Broad Street and Huron Avenue to 236 Huron Avenue; the Federal Reserve Agent recommending approval.

Approved.

Report of Committee on Examinations on letter dated March 16th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Pacific Southwest Trust and Savings Bank,

3/22/27

-4-

Los Angeles, for permission to take over the Home Bank of Porterville, to consolidate the bank's business with its present Porterville Branch and to move the branch into the premises of the Home Bank; the Committee also recommending approval.

Approved.

Letter dated March 17th from the Chairman of the Federal Reserve Bank of Atlanta, replying to letter written in accordance with the directions of the Board at its meeting on March 8th, with reference to the duties of the Discount and Executive Committees of the bank under the By-laws as recently amended.

Noted.

Memorandum from Counsel dated March 16th, submitting drafts of letters to the Federal Reserve Agent at Chicago and the Farmers State Bank, Vail, Iowa, requesting the bank to appear at a hearing before the Board for the purpose of showing cause why it should not be required to surrender its stock in the Federal Reserve Bank of Chicago and to forfeit all rights and privileges of membership in the System or upon proper notice to appear before the Federal Reserve Agent at Chicago for that purpose.

Approved and referred to the Governor for the fixing of a date for the hearing in question.

Letters dated March 15th from the Chairman of the Federal Reserve Bank of Dallas, with reference to arrangements being made for the opening of the branch of that bank at San Antonio, Texas, covering territory to be

3/22/27

-5-

assigned to the Branch, scope of functions, housing and personnel; the Chairman stating that all official positions except that of Cashier of the Branch will be filled from the bank's present organization, but requesting approval of a salary of \$4,000 per annum, effective March 15th, for Mr. C. B. Mendel who is to be appointed Cashier of the Branch after a preliminary training at the head office.

Upon motion, it was voted to approve the salary recommended for Mr. Mendel, effective March 15th and the file was ordered circulated for the information of the members of the Board.

Matter ordered circulated at the meeting on March 15th, namely, letter dated March 12th from the Federal Reserve Agent at Chicago, replying to the Board's letter of March 8th requesting a full report regarding the policy of the Federal Reserve Bank of Chicago in connection with the custody of securities deposited by member banks for safe keeping.

Upon motion, the Governor was requested to prepare for submission to the Board an appropriate letter to the Citizens State Bank, Jamestown, Ind. which raised a question with respect to the Federal Reserve bank's policy.

Messrs. James and Hamlin, members of the Board's Committee on District #6 then submitted the following Committee report, with respect to the operation of the Havana Agency of the Federal Reserve Bank of Atlanta:

"Your Committee has considered the attached report of a committee of directors appointed by the Federal Reserve Bank of Atlanta to make a survey of the quarters and organization of the Havana Agency of that bank, and recommends that the Federal Reserve Board approve of the report in its entirety, same having had the approval of the Board of Directors of the Federal Reserve Bank of Atlanta, as stated in a letter from the Chairman of the Board, which is attached hereto.

3/22/27

-6-

"The Atlanta Committee recommends removal of the Agency office from the building of the National City Bank to a modern office building in the same locality, known as the Metropolitan Building. The Atlanta Board voted, subject to the approval of the Federal Reserve Board, to authorize the officers of the bank to negotiate a lease for space in the Metropolitan Building for a period of five years at an annual rental of \$4,800.00, with an option to renew the lease for five years at the same rental. The Directors of the Atlanta Bank have also authorized its committee on the Havana Agency to procure plans and specifications for the installation of a vault and equipment suitable for the Agency, and to close the contract for such vault and equipment.

Slight increases are recommended in the salaries of the present manager and assistant manager of the Agency. The manager, Mr. L. L. Magruder, now receives a salary of \$416.67 a month. It is proposed to increase his salary to \$500.00 per month. The assistant manager, Mr. H. C. Frazer, now receives a salary of \$300.00 per month. It is proposed to increase his salary to \$350.00 per month. Both increases are subject, of course, to the approval of the Federal Reserve Board. The Havana Committee states in its report that upon investigation it found that the present salaries of the manager and assistant manager were out of line with their responsibilities and duties and were barely sufficient to afford them a living in Cuba.

In its report, the Havana Committee states that while it believes that the present manager and assistant manager can properly perform the mechanical part of the work of the Cuban Agency, they feel that the head officer of the Agency should be a man of polish and address and one who can represent the bank in the conduct of that Agency in connection with the high officials of the large member banks in Cuba and of the Government of Cuba, and the Committee has recommended that the present manager and assistant manager be retained in other capacities and that a man properly qualified be employed to act as manager, with salary at the rate of from \$10,000 to \$12,000 per year, and with a fund of from \$2,000 to \$3,000 at his disposal to take care of such expenditures as are not directly related to the work of the Agency, but which may be regarded as incidental to its activities.

Your Committee would recommend that if the Board approves of this recommendation of the Atlanta Committee and Directors, that it impose the requirement that expenditures for such a fund are to be made strictly in accordance with a policy laid down by the Directors of the Atlanta Bank, and that the fund is to be audited periodically by the proper officer of the Atlanta Bank."

Following a discussion during which certain members of the Board expressed doubts as to the advisability of authorizing the employment of a Manager of the Branch with a salary of from \$10,000 to \$12,000 per year and a special expense fund of from \$2,000 to \$3,000, Mr. Hamlin moved that this recommendation be laid on the table for the present.

Carried.

3/22/27

-7-

Mr. James then moved that all other recommendations contained in the committee's report be approved.

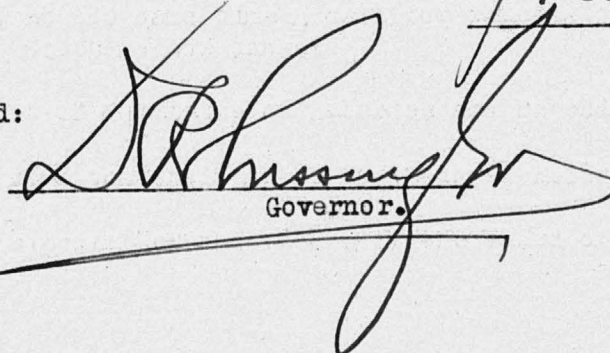
Carried.

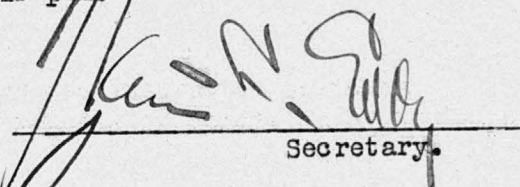
REPORTS OF STANDING COMMITTEES:

- Dated, March 21st, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, March 19th, 21st, 22nd, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, March 21st, Recommending approval of the application of Mr. W. J. Schultz for permission to serve at the same time as director of the Pacific National Bank, San Francisco, Cal. and as director of the Security Trust Company, Bakersfield, Cal.
Recommendation approved.
- Dated, March 18th, Recommending approval of the application of Mr. C. B. Zabriskie for permission to serve at the same time as director of the Mechanics National Bank, Bayonne, N. J. and as director of the Mechanics Trust Company, Bayonne, N. J.
Recommendation approved.
- Dated, March 17th, Recommending approval of the application of Mr. A. N. Derouin for permission to serve at the same time as director of the Melrose National Bank, New York, N. Y. and as director of the National Bank of Yorkville, New York, N. Y.
Recommendation approved.

The meeting adjourned at 12:15 p.m.

Approved:


Governor.


Secretary.