

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, March 24, 1927 at 11:30 a.m.

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

Memorandum dated March 22nd from the Director of the Division of Research, advising that Miss Frances Dawson who has been employed as an assistant draftsman in the Division, has tendered her resignation, effective April 4th.

Accepted.

Telegram dated March 23rd from the Chairman of the Federal Reserve Bank of Boston, 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 23rd from the Deputy Comptroller of the Currency, advising that on March 26th the Comptroller will call upon all National banks for reports of condition as of the close of business Wednesday, March 23rd.

Upon motion, the Secretary was instructed to issue at the same time a call for reports of condition of State member banks.

Report of Committee on Salaries and Expenditures on letter dated March 17th from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the action of the board of directors of that bank

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in voting to grant to Mr. Hans Flo, an employee of the Salt Lake City branch, a further extension in leave of absence on account of illness for three months, beginning April 1st, with pay; the Committee recommending approval.

Approved.

Memorandum from Counsel dated March 21st, recommending that there be published in the forthcoming issue of the Federal Reserve Bulletin a copy of the recent act of Congress amending the World War Adjusted Compensation Act so as to permit direct loans to veterans by the Veterans Bureau, together with a brief introductory statement.

Approved.

Memorandum from Counsel dated March 19th, approved by the Law Committee, with reference to the application of Mr. T. M. Shelton for permission to serve at the same time as a director of the First National Bank and the American Trust Company, both of Charlotte, N. C. which the Board on February 1st temporarily refused with the usual opportunity to the applicant to present additional evidence tending to prove that the institutions concerned are not in substantial competition; Counsel stating that certain evidence submitted to the Board's Clayton Act Committee by Mr. Shelton fails to show that the banks are not in substantial competition and recommending therefore that the application be definitely refused.

Upon motion, Mr. Shelton's application for permission to serve upon the directorates of the First National Bank and the Union Trust Company, both of Charlotte, N. C. was definitely refused.

Letter dated March 22nd from the Federal Reserve Agent at St. Louis, advising that the Grenada Bank, Grenada, Miss. has moved its branch formerly

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operated at Oakland, Miss. to Houston, Miss.; the Federal Reserve Agent stating that on December 17, 1926 the Grenada Bank filed notice of its intention to withdraw from the System which withdrawal becomes effective on June 17, 1927, and inquiring in view of this fact whether it will be necessary for him to request the bank to file application for approval by the Board of its action in changing the location of the branch referred to.

Upon motion, the Secretary was directed to advise the Federal Reserve Agent that it will not be necessary for him to secure an application from the Grenada Bank.

Memorandum from Counsel dated March 19th, approved by the Law Committee, submitting draft of a circular letter to all Federal Reserve banks and a draft of letter to the Deputy Governor of the Federal Reserve Bank of New York, with reference to certain inquiries by the latter as to the interpretation of the Board's ruling of October 27, 1926 (X-4705) on the question whether a member bank in computing its reserves may properly treat as amounts due from banks credits actually entered by correspondent banks representing items which have not yet actually been collected by the correspondent banks.

Upon motion, the proposed letter and circular were approved and ordered transmitted.

Memorandum from the Vice Governor dated March 23rd, with reference to the application of the National City Bank of New York for permission to establish branches in the Philippine Islands which the Board at its meeting on December 18, 1926 voted to lay on the table pending receipt of

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further information with regard to an opinion of the Attorney General of the Philippines to the effect that under the Philippine law a branch of the National City Bank of New York may not be established in the Philippines even though authority is obtained pursuant to Section 25 of the Federal Reserve Act; the Vice Governor suggesting that a letter be prepared to the Secretary of War, through whom the opinion of the Attorney General of the Philippines was secured, stating that while the Board doubts the correctness of the opinion, believing that the authority granted in Section 25 is not affected by the fact that the actual establishment of a branch may be contrary to a local law in one of the insular possessions, the Board nevertheless does not deem it necessary or wise at this time to force a determination of the issue by granting the permission asked for.

After discussion, Mr. Hamlin moved approval of the Vice Governor's suggestion.

Mr. Hamlin's motion being put by the Chair was lost, and the Secretary was then directed to bring the matter up at a meeting of the full Board.

Memorandum from the Secretary dated March 24th with reference to a letter dated March 7th from the Chairman of the Federal Reserve Bank of Minneapolis, requesting approval of a proposal whereby the bank would increase the group life insurance which it now carries, giving all employees an opportunity to increase the amount of insurance now carried by 100% at a charge of fifty cents a month per \$1,000, the Federal Reserve bank to pay the difference between fifty cents per \$1,000 and the actual cost of the additional insurance; the Secretary recommending that before action is

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taken on the proposal of the Minneapolis bank the Board's records be built up with respect to the group life insurance plans, cost, method of assessing employees therefor, etc. at each Federal Reserve bank.

After discussion, the recommendation of the Secretary was approved.

The Vice Governor then presented the following applications for membership in the Federal Reserve System with the recommendation of the Board's sub-committee that they be approved subject to the nine conditions of membership contained in the Board's Regulation H:

Pacific Coast Trust Company, New York, N. Y. 750 shares,  
Federal Reserve Bank of New York.

Myerstown Trust Company, Myerstown, Pa. 135 shares,  
Federal Reserve Bank of Philadelphia.

The Vice Governor presented memoranda from the Secretary suggesting that these applications be handled in the same manner as the Board handled that of the Merchants Trust Company of Newark at the meeting on March 17th, namely, (1) Approve the applications subject to the nine conditions of membership now contained in Regulation H (2) Advise the banks that this has been done in order, if the conditions are acceptable, that their membership in the System may begin at once, and (3) Advise the banks that the Board is now considering the question of what changes should be made in conditions of membership in the light of the provisions of the McFadden Act, and if any changes in the present conditions are found necessary the banks will be subject to such changes, and the acceptance by the banks of the conditions now being imposed will be deemed to be acceptance of any changes in those

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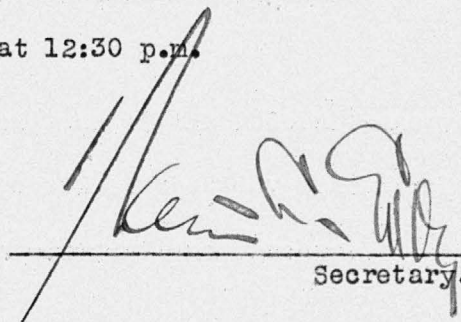
conditions which the Board finds to be necessary in view of the amendments contained in the McFadden Act.

Upon motion, the suggestion of the Secretary was adopted and the applications of the Pacific Coast Trust Company of New York and the Myerstown Trust Company, Myerstown, Pa. were approved in accordance therewith.

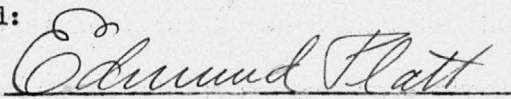
REPORTS OF STANDING COMMITTEES:

Dated, March 22nd, Recommending changes in stock at Federal Reserve Banks,  
24th, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

The meeting adjourned at 12:30 p.m.

  
Secretary.

Approved:

  
Vice Governor.