

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 29, 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

Letter dated March 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 March 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 March 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.

Letter dated March 24th from the Chairman of the Federal Reserve Bank of San Francisco, advising that effective March 22nd the bank's schedule of rates for purchases of bankers acceptances was changed to the following:

1 to 45 days	-	3 1/2%
46 to 90 days	-	3 3/4%

Noted, with approval.

Memorandum from the Secretary dated March 24th, advising that Mr.

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Hamlin's term as a member of the Executive Committee expires on March 31st.

Upon motion, Mr. Miller was designated to serve on the Committee during the quarter ending June 30th.

Report of Executive Committee on letter dated March 26th from the Comptroller of the Currency, recommending approval of a salary of \$3900 per annum for National Bank Examiner Arthur A. Fisher, assigned to the 2nd Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 23rd from the Secretary of the Federal Reserve Bank of Boston, requesting approval of the action of the board of directors in voting to extend for a period of two weeks, with full pay, leaves of absence on account of illness granted Miss Ruth F. Warren and Miss Mary Quealy, employees of the bank; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 23rd from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of the action of the board of directors of the bank in authorizing 30 day extensions, with full pay, in leaves of absence on account of illness previously granted Mr. C. E. Borkey and Mrs. Marie E. Ganzert and the action of the Executive Committee of the bank in granting leave of absence with full pay until March 31st to Mr. Clem Scott; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated

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March 18th from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the action of the board of directors of that bank in voting to authorize extended leaves of absence, with and without pay, computed upon terms of service with the Federal Reserve Bank, to permit employees of the bank to attend the 1927 convention of the American Legion to be held in Paris, France; the Committee recommending approval of the salary payment proposed.

Approved.

Letter dated March 25th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that at close of business March 19th The Colonial Trust Company and the Excelsior Trust Company, both member banks of Philadelphia, consolidated under the title "The Colonial Trust Company", and that the office of the Excelsior Trust Company is being retained by the Colonial Trust Company as an additional office.

Noted.

Report of Committee on Examinations on letter dated March 23rd from the Federal Reserve Agent at Minneapolis, with further reference to the absorption of the Merchants Trust Company of Winona, Minn. by the Merchants Bank of Winona; the Agent recommending that the Board approve the absorption and also the exercise of fiduciary powers by the Merchants Bank under authority of the State Commissioner of Banks of Minnesota; the Committee also recommending approval.

Approved.

Memorandum dated March 24th from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal

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Reserve banks for educational and welfare work, etc. during the month of February and during the two months' period ending February 28th.

Ordered circulated.

Letter dated March 26th from the Director of the United States Veterans Bureau, with reference to the adoption of a procedure whereby the various offices of the Bureau which are authorized to make loans direct to veterans upon the security of their World War Adjusted Compensation Certificates can be kept advised of all changes in the rates of the Federal Reserve banks for the discount of 90 day commercial paper.

Referred to the Governor with power.

Letter dated March 23rd from the Assistant Federal Reserve Agent at New York, advising that the Schenectady Trust Company has received authorization from the State Banking Department to establish a branch, on or after April 1st, at 1048 State Street, Schenectady.

Noted.

Letter dated March 24th from the Secretary of the Open Market Investment Committee transmitting copy of the minutes of the meeting of the Committee held in Washington on March 21st.

Ordered circulated.

Letter dated March 23rd from the Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank of Los Angeles at the close of business March 19th took over the business and assets of the Dinuba National Bank, Dinuba, Cal. and opened a branch in the premises thereof on March 21st, the proposed action having received

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the approval of the Board on February 23, 1927.

Thereupon ensued a discussion as to the legality of the branch in question under the provisions of the McFadden Act which became law on February 25th.

Following a discussion the matter was referred to the Law Committee.

Matter approved on initials yesterday, namely, telegram and letter dated March 26th from the Federal Reserve Agent at St. Louis, recommending approval of an application of the Liberty Insurance Bank of Louisville, Ky. for permission to establish a branch or agency in the premises of the Highland Liberty Bank, an affiliated institution, and to take over the deposits and establish a branch or agency in the premises of the Portland Bank, a non-affiliated institution, which is going into liquidation.

Formally approved.

Memorandum from Counsel dated March 24th, submitting separate memoranda prepared by Assistant Counsel, with regard to analyses of the McFadden Act prepared by the Federal Reserve Banks of Boston and Cleveland for distribution to their member banks; Counsel recommending that if the Board decides to permit publication of these analyses it merely state that it has no objection thereto, and refrain from approving them or expressing any views as to their accuracy.

Following a discussion, Mr. James moved that the Federal Reserve Banks of Boston and Cleveland be advised that the McFadden Act raises several very difficult questions of interpretation, and that the Board believes it inadvisable pending the settlement of these questions to issue anything in the way of an analysis which might be misleading.

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

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Governor Crissinger, "aye"  
Mr. Miller, "aye"  
Mr. James, "aye"  
Mr. McIntosh, "aye"  
Mr. Platt, "no"  
Mr. Hamlin, "no"

Memorandum dated March 23rd from Counsel, submitting draft of letter to the Vice President of the National Exchange Bank of Milwaukee, Wis. with reference to the deposit of securities with state authorities by national banks exercising trust powers in Wisconsin.

After discussion, it was voted to refer the proposed letter to the Comptroller of the Currency for comment.

Letter dated March 22nd from the Federal Reserve Agent at Dallas, referring to letter addressed to the Board under date of February 10th transmitting detailed information concerning the credit policies of the Federal Reserve Bank of Dallas, and stating that his letter of February 10th, properly edited, was sent out to the directors of the Federal Reserve Bank of Dallas and its branches for their confidential information, and replies were received from nearly all directors, all of which reflected deep interest, as well as unanimous approval of the policies outlined. The Federal Reserve Agent also stated that a number of the directors were interested in knowing the reaction of the Board with regard to the credit policies of the Dallas bank as outlined in his letter, and that if the Board has no objection to expressing its views he would like to receive such an expression for presentation at the meeting of his board of directors on April 7th.

The Governor also presented a letter dated March 22nd from the

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Federal Reserve Agent at Dallas, advising that he has been requested to deliver an address at the annual meeting of the Texas State Bankers Association to be held in El Paso May 10th to 12th, on the subject of either the credit policies of the Federal Reserve Bank of Dallas toward its member banks or the practical benefits to be derived from the McFadden Act by the Federal Reserve bank and the member banks; the Agent inquiring whether the Board would have any objection to his discussing the McFadden Act or the credit policies of the Federal Reserve Bank of Dallas and stating that in the event he speaks on the latter subject the basis of his discussion will be the policies outlined in his letter to the Board of February 10th, dealing only in abstract principles and making no reference to any of the concrete illustrations set out in the letter.

Following a discussion, Mr. Hamlin moved that the Board advise the Federal Reserve Agent at Dallas that it has no objection to his addressing the Texas State Bankers Association on the subject of the credit policies of his bank, understanding that in his discussion he will in no way commit the Federal Reserve Board.

Mr. Hamlin's motion being put by the Chair was lost on a tie, the members voting as follows:

Mr. Platt, "aye"  
Mr. Hamlin, "aye"  
Mr. James, "aye"  
Governor Crissinger, "no"  
Mr. Miller, "no"  
Mr. McIntosh, "no"

Thereupon ensued a discussion of the request of the Federal Reserve Bank of Dallas for an expression of the Board's views regarding the bank's credit policies, following which Mr. Hamlin moved that this matter be made special order of business for a meeting of the Board on Friday, April 1st.

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Mr. Hamlin's motion being put by the Chair was carried.

Mr. Miller referred again to the inquiry of the Federal Reserve Agent at Dallas, regarding the subject of his proposed address before the Texas State Bankers Association, and moved that the Federal Reserve Agent be advised that in the opinion of the Board, of the two topics suggested, the McFadden Act would be the one on which he could most properly express himself.

Mr. Miller's motion being put by the Chair was carried, Mr. James voting "no".

At this point the Governor left the meeting and Mr. Platt took the Chair.

Memorandum from Counsel dated March 22nd, referring to the request made by the Board at the meeting on March 17th and submitting draft of a statement of policy with respect to the publication by Federal Reserve banks or Federal Reserve Agents of their findings in examinations of member banks made under their supervision. The Secretary called attention to the fact that the Board on March 17th voted to refer this question of policy to the forthcoming meetings of the Federal Advisory Council, the Federal Reserve Agents and the Governors of the Federal Reserve banks.

Accordingly, it was voted that no action should be taken at this time on the form of statement submitted by Counsel.

The minutes of the meeting of the Federal Reserve Board held on March 22nd were then read and approved.

The minutes of the meeting of the Executive Committee held on March 24th were read and the actions recorded therein were ratified.



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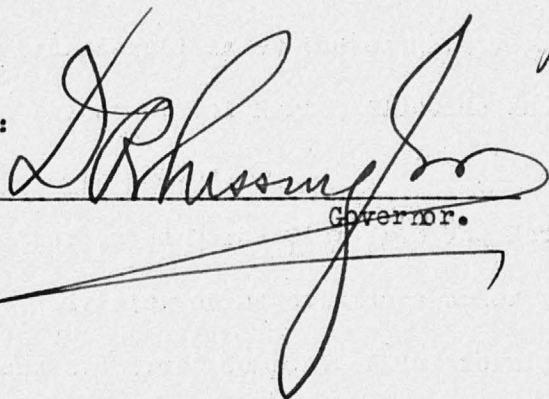
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REPORTS OF STANDING COMMITTEES:

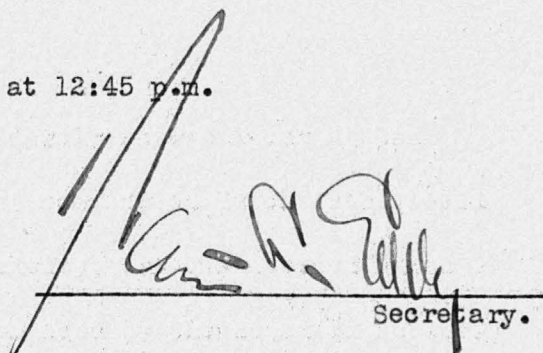
- Dated, March 24th, 26th, 28th, 29th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, March 24th, 26th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, March 24th, Recommending approval of the application of Mr. Clyde E. Brenton for permission to serve at the same time as officer and director of the Iowa National Bank, Des Moines, Iowa and as officer and director of the First National Bank, Perry, Iowa. Recommendation approved.

The meeting adjourned at 12:45 p.m.

Approved:



Governor.



Secretary.