

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, April 18, 1927 at 11:15 a.m.

PRESENT: Governor Crissinger

Mr. Platt

Mr. Hamlin

Mr. James

Mr. Cunningham

Mr. Eddy, Secretary

Mr. McClelland, Asst. Secretary

PRESENT ALSO: Mr. C. C. Walsh, Chairman ) Federal Reserve  
Mr. Lynn P. Talley, Governor) Bank of Dallas

Governor Talley stated that Mr. Walsh and he came to Washington for the purpose of presenting to the Federal Reserve Board, with the approval of the board of directors of the Federal Reserve Bank of Dallas, matters relating to the functions to be exercised by the proposed San Antonio Branch, the territory to be served by the Branch, its personnel and housing arrangement.

He referred first to the proposed operations of the branch, stating that his directors wished to establish at San Antonio a full power branch, exercising all of the functions now exercised by the Branches of the Federal Reserve Bank of Dallas at Houston and El Paso.

Following a brief discussion, Mr. James moved that the Board approve of the operation of the San Antonio Branch with full powers as recommended by the Dallas directors.

Mr. James' motion being put by the Chair was carried.

Mr. James then moved that the Board tentatively approve for the San Antonio Branch, By-laws similar to those governing the operations of the El Paso and Houston Branches.

Carried.

At this point, Mr. McIntosh joined the meeting.

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Governor Talley then referred to the personnel of the proposed Branch reviewing the action of the board of directors in voting to transfer Mr. M. Crump, Managing Director of the El Paso Branch, to San Antonio in the same capacity and at his present salary of \$5,500 per annum, and to employ Mr. C. B. Mendel as Cashier of the Branch at a salary of \$4,000 per annum, which had been approved by the Board. He reported that the board of directors at their last meeting elected the following directors of the Branch:

Mr. M. Crump, Managing Director,	-	one year
Mr. Ernest Steves, President Alamo National Bank, San Antonio,	-	one year
Mr. Franz Groos, President Groos National Bank, San Antonio,	-	two years
Mr. R. T. Hunnicutt, Vice President, First National Bank, Del Rio, Texas,	-	three years

He stated that the directors at their last meeting also agreed to recommend to the Federal Reserve Board the appointment of the following as directors of the Branch:

Mr. Reagan Houston, Vice President and General Manager of A. B. Frank Company, Wholesale Dry Goods, San Antonio.  
 Mr. H. H. Rogers, President Travis Investment Company, San Antonio.  
 Mr. F. E. Scobey, former Director of the Mint and President of the Scobey Fireproof Storage Company, San Antonio.

Following a brief discussion, Mr. Platt moved that the Board appoint the following as directors of the San Antonio Branch for the terms stated:

Mr. Reagan Houston,	-	one year
Mr. H. H. Rogers,	-	two years
Mr. F. E. Scobey,	-	three years

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

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Governor Talley then referred to the territory to be served by the San Antonio Branch and stated that the directors of his bank propose to assign to the Branch for the time being at least, subject to adjustment in the event a sufficient number of banks at any given point should later elect to continue to be served by either the head office or the Houston Branch, the counties in Texas set out in the application for the establishment of the branch filed by bankers in San Antonio and the surrounding country. Governor Talley then named the counties, as follows, and stated that with the exception of the first twenty, which are now in the Houston District, they are being assigned to the Branch from the head office territory:

Bee  
Brooks  
Caldwell  
Calhoun  
Cameron  
De Witt  
Goliad  
Gonzales  
Hidalgo  
Jim Wells

Karnes  
Kenedy  
Kleberg  
Live Oak  
Nueces  
Refugio  
San Patricio  
Starr  
Victoria  
Willacy

Aransas  
Atascosa  
Bandera  
Bexar  
Blanco  
Comal  
Dimmit  
Duval  
Edwards  
Frio  
Gillespie  
Guadalupe  
Hays  
Jim Hogg  
Kendall

Kerr  
Kimble  
Kinney  
La Salle  
Llano  
Mason  
Maverick  
McMullen  
Medina  
Menard  
Real  
Travis  
Uvalde  
Valverde  
Webb  
Wilson  
Zapata  
Zavalda ✓

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Governor Talley stated for the information of the Board the number of banks, both member and nonmember, which would be assigned to the head office and each branch under the plan proposed, the amount of their subscriptions to Federal Reserve bank stock and the probable amount of their reserves with the Federal Reserve bank.

Following a discussion, Mr. James moved that the Board approve the territory which the directors of the Federal Reserve Bank of Dallas propose to assign to the San Antonio Branch, with the understanding that adjustments in the branch territory may be made later.

Mr. James' motion being put by the Chair was carried.

Governor Talley then took up the question of temporary housing of the Branch and submitted for the approval of the Board the action of the directors of the Federal Reserve Bank of Dallas in voting to authorize the lease of space in the Frost National Bank Building and in the National Bank of Commerce Building. Governor Talley stated that under this authority arrangements have been made to lease, at a monthly rental of \$500, vaults and space in the Frost National Bank Building sufficient to care for the Cash Department of the Branch and 2100 square feet of space in the National Bank of Commerce Building to be used to house the balance of the organization, for which will be paid a monthly rental of seventeen cents per square foot or approximately \$350, making a total annual rental for temporary housing for the branch of about \$10,200.

After discussion, upon motion by Mr. James, it was voted to approve the temporary housing arrangements submitted by Governor Talley.

Governor Talley then referred to the fact that the temporary quarters

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in the Frost National Bank Building can be obtained for a period of not longer than twelve months. He stated that a committee appointed by the directors of the Dallas bank very carefully canvassed the situation in San Antonio with respect to securing permanent quarters for the Branch and that the committee was of the opinion that suitable permanent quarters are not available under lease and would either have to be purchased outright or erected by the Dallas bank. He then read the Committee's report and submitted for the approval of the Board the following alternative proposals approved by the Dallas directors:

(1) An offer of \$250,000 cash for the present banking house and site of the San Antonio National Bank, located on the north side of West Commerce Street in San Antonio, approximately 94 feet wide by 160 feet deep, at Commerce and Crocket Streets, upon the condition that possession of said premises would be given the Federal Reserve Bank of Dallas not later than May 1, 1928.

(2) In the event the offer to be submitted for the San Antonio Bank property is declined, acceptance of a proposition of the Smith Brothers Properties Company for a site 100 feet on Villetta Street by 100 feet on Garden Street (an extension of Navara) at \$750 per front foot.

Governor Talley also advised the Board of an offer made by the Smith Brothers Properties, in the event the Federal Reserve Bank did not desire to purchase the site at Villetta and Garden Streets, to erect a building thereon, in accordance with plans and specifications furnished by the Federal Reserve Bank, such building to be leased by the Federal Reserve Bank over a term of years as quarters for the San Antonio Branch, with an option to purchase. He stated that in the opinion of his directors this proposal would involve too great an expense on the Federal Reserve Bank and was rejected for that reason.

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Governor Talley stated that in view of the fact that the offer of \$250,000 authorized for the San Antonio National Bank property was based upon the Federal Reserve bank's understanding that the site contained 15,040 square feet ( 94 x 160), he felt that if it is now thought desirable to acquire that property, an offer of a lesser amount, say \$225,000, should be made in view of the fact that a survey of the property shows it to contain an area of only 13,600 square feet (85 x 160). He also stated that if the Board approved the purchase of the San Antonio National Bank property, possession of which can not be obtained until December 31, 1928, the Federal Reserve bank might possibly be able to arrange for extension until that date of the lease to be taken on temporary quarters in the Frost National Bank Building.

Mr. Platt then moved that the Board approve of the Federal Reserve Bank of Dallas making an offer of not to exceed \$225,000 for the building now occupied by the San Antonio National Bank, possession to be acquired not later than December 31, 1928.

After a brief discussion of Mr. Platt's motion, the Board, at 1:00 p.m., recessed until 2:30 p.m.

At 2:30 p.m., the meeting reconvened, all who attended the morning session being present except Mr. McIntosh.

The Secretary read the motion made by Mr. Platt immediately preceding adjournment of the morning session, and after a further discussion, Mr. Cunningham moved as a substitute for Mr. Platt's motion that the Board reconsider its action of February 23, 1927, in approving the application of the directors of the Federal Reserve Bank of Dallas for permission to establish a branch at San Antonio.

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The Governor stated that while he did not care to rule on the matter, he personally was of the opinion that Mr. Cunningham's motion was out of order in view of the actions already taken by the Board and particularly those at the meeting this morning in giving its approval to the functions to be exercised by the proposed branch and the territory to be served, in appointing directors, and in tentatively approving by-laws, which actions in his opinion, established the branch and that to be effective the motion should be to discontinue the branch. He stated that he desired the views of the members of the Board on this question. It was the general consensus of opinion that Mr. Cunningham's motion should be entertained. Thereupon, Mr. Cunningham's substitute motion was put by the Chair and lost, the members voting as follows:

Mr. James, "aye"  
Mr. Cunningham, "aye"  
Governor Crissinger, "no"  
Mr. Platt, "no"  
Mr. Hamlin, "no"

Mr. James then stated that he was in San Antonio at the time the Chairman and Governor of the Federal Reserve Bank of Dallas, together with Director Frost, inspected the various properties referred to in the Committee report submitted by Governor Talley, and that he concurred in the view expressed by Governor Talley that permanent quarters for the branch are not available at this time unless purchased outright or erected by the Dallas bank. He stated that he felt that it was inadvisable to house the branch in temporary quarters if it would be necessary to separate the various functions in different locations. He stated that in his opinion the Board should reconsider its action at the morning meeting in approving the lease

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of temporary quarters, and that the branch should not be opened until permanent quarters are available. He stated he would favor approval of the purchase of the San Antonio National Bank property at a price not to exceed \$225,000, or in the event that property can not be obtained at the figure mentioned, the purchase of the Smith Brothers property and the erection of a building thereon.

Thereupon ensued a discussion, during which Mr. Platt stated that he was of the same opinion as Mr. James. He thereupon withdrew his motion made at the morning session that the Board authorize the Federal Reserve Bank of Dallas to make an offer of not to exceed \$225,000 for the building now occupied by the San Antonio National Bank.

Thereupon, Mr. James submitted and moved adoption of the following:

"WHEREAS, at a meeting of the Federal Reserve Board on February 19, 1927, there appeared before the Federal Reserve Board a representative of the San Antonio Clearing House Association, who, on behalf of said association, presented a petition for the establishment in San Antonio of a branch of the Federal Reserve Bank of Dallas, in which petition it is stated among other things that 'there is no desire upon the part of the banking fraternity in San Antonio itself, and certainly not upon the part of bankers in the proposed district outside of the city of San Antonio, to inveigle the Federal Reserve Board into the establishment of a branch at San Antonio with the idea of immediately or ever bringing about a large permanent investment in real estate, buildings, furniture, fixtures, etc.,' and further that 'we wish further to assure the Board in a formal way that the bankers of San Antonio and the business element generally in San Antonio will be glad of the opportunity to co-operate in their efforts to assist in furnishing reasonably priced quarters, to be equipped by a very moderate allowance for furniture, fixtures, etc.';

WHEREAS, at a meeting of the Federal Reserve Board on February 23, 1927, the members of the Board voted to authorize the establishment of a branch of the Federal Reserve Bank of Dallas at San Antonio, Texas, having in mind the statements contained in the petition of the San Antonio Clearing House Association, and the thought that quarters suitable for housing the branch could be obtained in San Antonio on a satisfactory rental basis for a term of several years or during a



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"period of reasonable length in which it could be determined whether or not the branch should be continued;

WHEREAS, the Chairman of the Board of Directors and the Governor of the Federal Reserve Bank of Dallas have advised the Federal Reserve Board that with the co-operation of bankers and others in San Antonio they have been able to obtain options on certain rental space for a period of twelve months, and that a proposal has been made to the Federal Reserve Bank of Dallas which involves the erection of a building by certain interests in San Antonio for lease to the Federal Reserve Bank of Dallas over a period of years;

WHEREAS, said Chairman and Governor have advised the Federal Reserve Board (1) that the quarters which can be obtained upon a rental basis can be had for a period of only one year and the space is contained in two separate buildings; (2) that in the opinion of themselves and the directors of their bank the annual rental rate which would of necessity have to be charged for a building erected for the San Antonio Branch by any outside interest, would, over a comparatively short term of years, equal the amount for which property could at this time be acquired and a building erected by the Federal Reserve Bank itself, and that, therefore, in the opinion of the directors of the bank such a rental proposition is not good economy; and (3) that in their opinion and in the opinion of the directors of the Dallas bank, suitable permanent quarters in which to house the branch can not be obtained unless purchased or erected by the Federal Reserve bank;

WHEREAS, upon further consideration of the matter, the Federal Reserve Board does not believe that it would be advisable to house the branch in temporary quarters necessitating separation of the various functions in different locations; and

WHEREAS, the Federal Reserve Board concurs with the directors of the Federal Reserve Bank of Dallas in the opinion that it would not be good economy to accept the offer made by San Antonio interests to erect a building and lease same to the Federal Reserve bank over a term of years;

THEREFORE BE IT RESOLVED: That the Federal Reserve Board reconsider the action taken at the meeting this morning in authorizing the Federal Reserve Bank of Dallas to acquire temporary quarters in the Frost National Bank Building and the National Bank of Commerce Building for the operation of its San Antonio Branch;

BE IT FURTHER RESOLVED, That the Board approve of the directors of the Federal Reserve Bank of Dallas submitting an offer for the purchase of the San Antonio National Bank Building of not to exceed \$225,000, the Federal Reserve bank to secure possession not later than December 31, 1928;

BE IT FURTHER RESOLVED, in the event the San Antonio National Bank Building can not be secured at a price of \$225,000, that the Board approve of the purchase by the Federal Reserve Bank of Dallas of the Smith Brothers property at the corner of Villetta Street and Garden Street (an extension of Navara), 100 feet square, at \$750 per front foot;

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"BE IT FURTHER RESOLVED, in the event that the Smith Brothers property is purchased that the Board authorize the Directors of the Federal Reserve Bank of Dallas to proceed with the erection of a building thereon, provided that the total expenditure covering building, vaults and complete equipment shall not exceed \$175,000, and that final plans, specifications and bids shall be submitted to the Federal Reserve Board for approval;

BE IT FURTHER RESOLVED, That the branch of the Federal Reserve Bank of Dallas at San Antonio shall not be opened until permanent quarters are available; and

BE IT FURTHER RESOLVED, That the Federal Reserve Board, by the actions set out above, in no way relinquishes its right to discontinue the said branch at San Antonio at any time when in its judgment such discontinuance is deemed advisable."

Mr. James' motion being put by the Chair was unanimously carried.

Mr. Hamlin then moved that the terms of the directors of the San Antonio Branch, appointed by the Board at the meeting this morning, shall not begin until the branch is opened for business.

Carried.

The Secretary then submitted the following proposed telegram to the Federal Reserve Agent at San Francisco, prepared by Counsel:

"Your wire April 12. Referring further to consolidation of United Bank and Trust Company and French American Bank, question as to retention of branches depends in part on whether consolidated bank must for present purposes be considered new bank or merely continuation of constituent institutions. This involves a construction of California law and you are requested to have counsel for the Federal Reserve Bank of San Francisco prepare an opinion in the matter for submission to the Federal Reserve Board. Also please state reasons for your view that a new application for membership not required and that branches may be retained. Kindly invite interested banks to file brief on these questions if they so desire."

Mr. James moved approval of the telegram.

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

Mr. Hamlin, "aye"  
 Mr. James, "aye"  
 Mr. Cunningham, "aye"  
 Governor Crissinger, "no"  
 Mr. Platt, "no"

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The Governor then presented draft of a letter to the Governor of the Federal Reserve Bank of Richmond, advising of the action taken by the Board at the meeting on April 15th with reference to the proposal of the board of directors of that bank to purchase the so-called Foster property adjoining their main bank building. He stated that before forwarding this letter he wished to bring to the attention of the Board letters dated April 15th from the Governor and Chairman of the Richmond bank with further reference to the matter.

After discussion, the proposed letter to Governor Seay was approved and ordered transmitted.

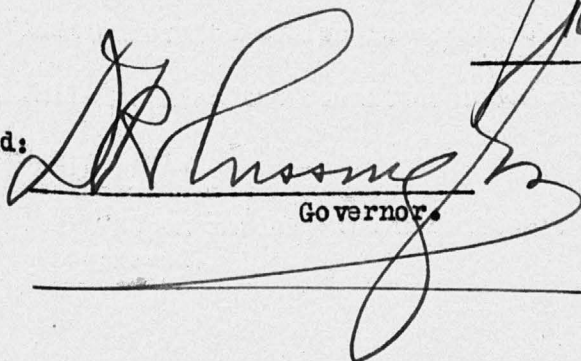
Governor Talley then referred to a discussion had at the last meeting of the board of directors of his bank, regarding the advisability of that bank adopting the practice now followed by the Federal Reserve Banks of Boston and Richmond of holding annual meetings of their stockholding member banks. He stated that the directors instructed Chairman Walsh and himself to discuss the matter with the Board while in Washington.

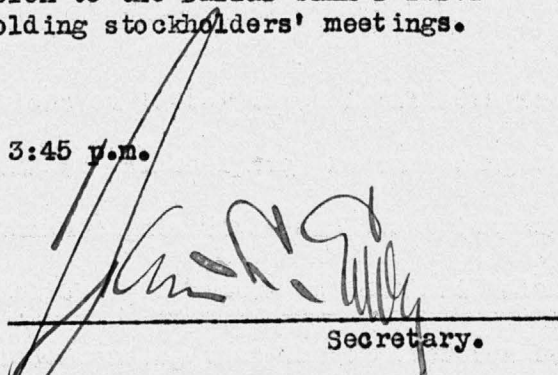
Following a discussion, Mr. James moved that the Board interpose no objection to the Dallas bank's instituting the practice of holding stockholders' meetings.

Carried.

The meeting adjourned at 3:45 p.m.

Approved:

  
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 Governor.

  
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 Secretary.