

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, April 26, 1927, at 11:30 a.m.

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

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

Matter approved on initials yesterday, namely, application of the Citizens and Southern Bank of Savannah, Ga., for permission, if and when converted into a national bank, to exercise general fiduciary powers.

The Secretary stated that the title of the bank after the conversion will be Citizens and Southern National Bank of Savannah.

Upon motion, the application was formally approved.

Report of Committee on Salaries and Expenditures on letter dated April 21st from the Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors has granted to Mr. W. N. Ambrose, Cashier, leave of absence on account of illness, for the month beginning April 15th, with full pay; the Committee recommending approval.

Approved.

Telegrams dated April 25th from the Chairman of the Federal Reserve Bank of St. Louis, with further reference to the amount of float being carried by that bank as a result of the disruption of transportation facilities due to flood conditions in the district; the last telegram stating that returns from out-of-town banks will result in an improvement

4/26/27

-2-

in the situation and that it is believed gross float at the close of business will not exceed \$5,000,000.

Noted

Letter dated April 25th from the Executive Committee of the Federal Reserve Bank of Richmond, replying to the Board's inquiry of April 22nd with relation to the proposal of the bank to purchase the so-called Foster property adjoining the bank's main building; the Committee submitting a detailed report and sketches with reference to the immediate use to be made of the property and several proposals as to possible ultimate improvement in harmony with the existing building which would make it serviceable from an operating point of view.

Referred to the Committee on District #5
for report.

Letter dated April 22nd from the Chairman of the Federal Reserve Bank of Chicago, with reference to changes in the official staff of the Detroit Branch to be made as a result of the resignation of Mr. J. B. Dew, Cashier; the letter requesting approval of an increase from \$6,000 to \$7,000 per annum in the salary of Mr. H. J. Chalfont, now Assistant Cashier, who is to be promoted to the position of Assistant Manager, and advising that Mr. John G. Baskin, now Assistant Federal Reserve Agent, is to be appointed Cashier without change in salary.

Referred to the Committee on District #7.

Letter dated April 21st from the Federal Reserve Agent at San Francisco, referring to the action of the Board on March 8th in approving an application of the American Trust Company of San Francisco, for permission to move the branch operated at 16th Street and San Pablo Avenue

4/26/27

-3-

to 20th Street and Broadway, Oakland, at which location a branch with a skeleton organization was opened on February 19th with the understanding that the branch at 16th Street and San Pablo Avenue would be closed at an early date; the Agent recommending that the Board grant permission for the continuance of the 16th Street and San Pablo Avenue office until July or August, at which time the bank's 14th Street and Broadway office will be housed in quarters which will enable it to take care of increased business which it is expected will result from the closing of the branch at 16th Street and San Pablo Avenue.

Upon motion, the recommendation of the Federal Reserve Agent was approved.

Draft of letter to the Federal Reserve Agent at Philadelphia, with reference to the application of the Farmers National Bank of Bedford, Pa., for permission to exercise fiduciary powers, action on which was deferred at the meeting of the Board on January 19, 1927; the proposed letter stating that the report of a recent examination of the bank has been received but that, while some progress is shown, sufficient time has not elapsed to justify reconsideration of the application for fiduciary powers.

Upon motion, the proposed letter was approved.

At this point, Mr. Newton, Chairman of the Federal Reserve Bank of Atlanta, joined the meeting.

The Governor reported that he was advised by the Comptroller of the Currency that the First National Bank, Samson, Ala., has also adopted the practice of stamping on the face of its cashier's checks the phrase "Not payable through the Federal Reserve Bank of Atlanta". In this connection, Mr. Newton presented copies of letters on the subject exchanged between

4/26/27

-4-

the institution in question, the Federal Reserve Bank of Atlanta and the Chief National Bank Examiner of the 6th District.

Upon motion, the letters presented by Mr. Newton were referred to the Board's Counsel for transmittal to Honorable Newton D. Baker to whom the Board several days ago referred the similar case of the First National Bank of Hartford, Ala.

Mr. Newton then stated to the Board that the progress being made by the Federal Reserve Bank of Atlanta in the matter of equipping the new quarters for the Havana Agency has not been as rapid as was expected. He stated, however, that vault plans and specifications were being prepared on which competitive bids would be asked and that a report will be made to the Board as soon as the plans and specifications are drawn and bids have been received.

He then referred to the action of the Board at its meeting on March 22nd in voting to hold in abeyance a recommendation of the board of directors of the Atlanta bank for the employment as Manager of the Havana Agency of a man more experienced and better qualified than the present incumbent of the position. He stated that the Board's action was agreeable to his directors as they did not have any particular man in mind for the appointment. He stated that the bank desired, however, ultimately to have in charge of the Agency a man qualified to confer with bankers and business men in Cuba and keep the Federal Reserve bank informed as to the trend of conditions there and that later on a recommendation will be made to the Board.

Mr. Newton then referred to a proposal of the directors of the Federal Reserve Bank of Atlanta whereby the stock of currency carried at the Havana Agency of that bank would be increased through arrangements

4/26/27

-5-

to be made for the custody at the Agency of a supply of unissued Federal Reserve notes. He referred first to his letter of April 11th transmitting copy of a resolution adopted by the Board of Directors of the Federal Reserve Bank of Atlanta by which the Federal Reserve Agent, the Comptroller of the Currency and the Treasurer of the United States would be indemnified against any loss which might accrue to them through the carrying of the unissued notes at the Agency. He stated that the purpose of this resolution was to definitely fix the responsibility for the handling of the unissued notes. He then stated that in his opinion a stock of \$30,000,000 would be sufficient at the Agency, \$20,000,000 as cash and a reserve of \$10,000,000 in the form of unissued notes. He outlined the plan for handling the unissued notes as follows:- Notes of various denominations would be deposited in separate compartments of the vault at the Agency under dual control of the Federal Reserve Agent and the Manager of the Agency. Upon receipt of request for the issue of such notes, the Federal Reserve Agent would wire to the Manager in code his combination of the compartment to be released, immediately charging the Federal Reserve bank with the amount of notes in the compartment and taking collateral and gold therefor. He stated that it would be his idea, if possible, to have the unissued notes also under control of the bank's auditor and the Board's Examiner so that it would be unnecessary for the Federal Reserve Agent to visit Havana, except for the purpose of replenishing any part of the reserve supply which might have been issued to the bank.

Following a discussion, Mr. Hamlin moved that the plan submitted by Mr. Newton and the resolution adopted by his board of directors be referred to the Law Committee.

Carried.

4/26/27

-6-

Mr Newton then advised the Board of a request received from the President of the First National Bank of Miami, Fla., for thereestablishment of a currency fund at that point in an amount of \$1,000,000 or \$1,500,000. He stated that at the last meeting of his board of directors the matter was referred to a committee consisting of himself and Director Black for discussion with the Federal Reserve Board, and that Mr. Black and he were agreed that there is no necessity at this time for reestablishing the fund. He stated that he would, if possible, like to have an expression from the Board regarding the request.

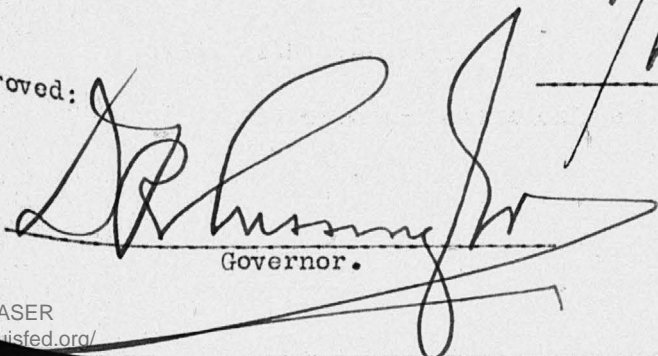
Following a discussion, Mr. Newton was requested to submit the matter back to his board of directors for action and to then transmit it to the Board for consideration.

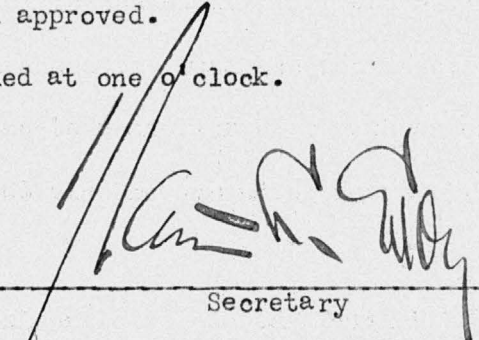
REPORTS OF STANDING COMMITTEES:

- Dated, April 23rd, 26th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, April 22nd, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, April 22nd, Recommending approval of the application of Mr. Arthur V. Hoornbeek for permission to serve at the same time as director of the First National Bank, Ellenville, N.Y., and as director of the Kingston Trust Company, Kingston, N.Y.
Recommendation approved.

The meeting adjourned at one o'clock.

Approved: _____


Governor.


Secretary