

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, May 28, 1927, at 10:45 a.m.

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

PRESENT ALSO: Mr. Wyatt, General Counsel
Mr. Vest, Assistant Counsel

The Governor stated that the meeting was called for the purpose of submitting to the Board draft of a letter addressed to the First Federal Foreign Investment Trust of New York City, prepared by Counsel in accordance with the understanding and along the lines of the discussion at the meeting of the Board yesterday.

Mr. Wyatt then read to the Board the letter drafted by him. There followed a discussion during which numerous changes in the letter were suggested by the individual members of the Board, and it was finally concluded that a letter such as was presented by Counsel should not be used. It was suggested that the Board should merely advise the First Federal Foreign Investment Trust that it will be impossible to act upon the proposed bond issue of the corporation by June 1st, the date upon which the corporation advises it wishes to make the issue, particularly in view of the fact that certain information regarding the proposed issue was not received by the Board until yesterday. It was the consensus of opinion that within a week or so the Board could adopt a revision of its Regulation K and that the bond issue proposed by the First Federal Foreign Investment Trust had better be considered under the revised Regulation. It was pointed out that it might be contrary to the spirit of the Edge Act

5/28/27

-2-

should the Board permit the corporation to make the issue without reference to it.

Mr. Hamlin suggested that the Board's Counsel be directed to proceed to New York for an interview with Governor Strong of the Federal Reserve Bank of New York, and Mr. Albert Rathbone, of the law firm of Larkin, Rathbone and Perry, for the purpose of working out a tentative draft of a revision of Regulation K for submission to the Board.

Following the discussion, Mr. Miller moved that a telegram be addressed to the First Federal Foreign Investment Trust, as follows:

"Board has just received from Hines, Rearick, Dorr, Travis and Marshall their letter May 25th submitting data amendatory of that previously filed with Board. I am instructed to advise you that it will be impossible for Board to act on your application to issue debentures by June 1st and probably not before June 15th."

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

Mr. Miller then moved that the Board's Counsel be instructed to prepare for submission to the Board a tentative redraft of Regulation K, and that the Governor of the Board be authorized to employ such special counsel as may be required in connection with the revision of the regulation, at a fee to be determined by him, not exceeding \$1,000.

Carried.

The Secretary then presented the following telegram to the Chairman of the Federal Reserve Bank of Richmond, referring to letter addressed to the Board under date of May 27th, with regard to the opening of the proposed branch of the Richmond bank at Charlotte, North Carolina:

"Your letter 27th re Charlotte Branch. Board at meeting this morning considered question of personnel

5/28/27

-3-

only and interposes no objection to your selections and number of employees. Question of any increases in salaries of officers and clerks receiving more than \$2,500 per annum, who may be transferred from head office is one which Board will consider later. Other matters referred to in your letter will be considered at early meeting of the Board."

Upon motion, the proposed telegram was approved.

At this point, Messrs. Wyatt and Vest withdrew from the room and Mr. McIntosh joined the meeting.

The Governor presented application of The Continental National Bank of Indianapolis, Indiana, for permission to exercise general fiduciary powers, together with a recommendation of Messrs. Hamlin and Platt, members of the Board's Law Committee, that action thereon be deferred. Mr. McIntosh submitted certain information regarding the condition of the bank and stated that in his opinion the application should be approved. The recommendation of the Federal Reserve Agent at Chicago that approval be deferred, was based, the Comptroller stated, upon certain comments made by one of the national bank examiners in the confidential section of the report of the last examination of the bank, which comments should not be taken into consideration when acting upon the application. Messrs. Hamlin and Platt then stated that their recommendation was based primarily upon that of the Federal Reserve Agent, and in view of the statement of the Comptroller and the information as to the condition of the applicant bank furnished by the Comptroller, they were prepared to change their recommendation so as to recommend approval. Mr. Miller expressed the opinion that the matter should be given thorough consideration and moved that the application be made special order of

5/28/27

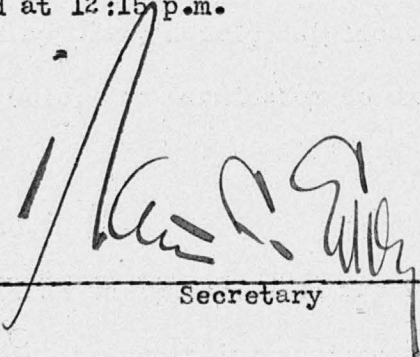
-4-

business for a meeting of the Board to be held on next Tuesday, and that the file in the meantime be circulated for the information of the members of the Board. The Governor pointed out that prompt action by the Board is requested as the applicant bank has been offered a trusteeship under a large bond issue to be completed June 1st.

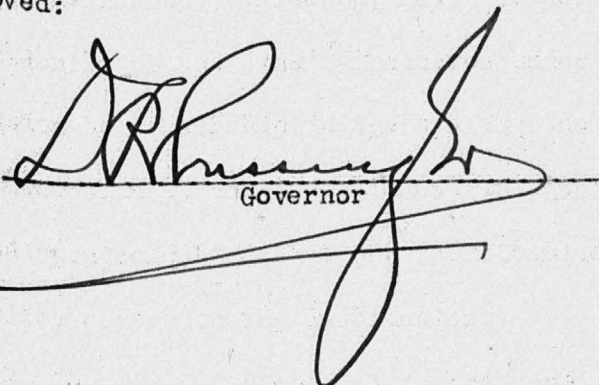
Mr. Hamlin moved as a substitute for Mr. Miller's motion that the application of The Continental National Bank of Indianapolis, for permission to exercise general fiduciary powers be approved.

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

The meeting adjourned at 12:15 p.m.


Secretary

Approved:


Governor