

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, June 14, 1927 at 11:15 a.m.

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

Telegram dated June 10th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the board of directors at their meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated June 10th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the board of directors at their meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated June 13th from the Secretary of the Federal Reserve Bank of Minneapolis, advising that the board of directors at their meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated June 11th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors at their meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

6/14/27

-2-

Noted.

Memorandum dated June 8th from the Director of the Division of Research and Statistics, advising that Miss Nina Farquhar, who has been on leave of absence without pay since May 24th, will be unable to return to Washington for the present and recommending that her employment be terminated at the close of business on June 7th.

Upon motion, the recommendation of the Director was approved.

Matter approved on initials on June 10th, namely, application of the First National Bank, Palm Beach, Fla. for stock (90 shares) in the Federal Reserve Bank of Atlanta, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Report of Law Committee on memorandum dated June 9th from Assistant Counsel, with reference to the application of Mr. Pierre F. Goodrich for permission to serve at the same time as a director of the Continental National Bank and director of the Aetna Trust and Savings Company, both of Indianapolis, Ind., which the Board on April 8th temporarily refused with an opportunity to Mr. Goodrich to present additional evidence tending to show whether or not the two institutions are in substantial competition; the Law Committee recommending that Mr. Goodrich be granted permission to serve the two institutions mentioned.

Upon motion by Mr. Hamlin, it was voted to approve the application.

6/14/27

-3-

Report of Executive Committee on letter dated June 11th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner Clayton A. Loftis, assigned to the Eleventh Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated June 8th from the Federal Reserve Agent at New York, with reference to the merger of the Montauk Bank of Brooklyn, a non-member, with the Commonwealth Bank of New York, and its operation as a branch of the Commonwealth Bank, and advising that the merger does not constitute any change in the general character of the assets or broadening in the functions exercised by the Commonwealth Bank at the time of admission to membership such as would tend to affect materially the standard then maintained; the Board's Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June 9th from the Federal Reserve Agent at Kansas City, requesting approval of the action of the directors of the Executive Committee of that bank in voting to grant an extension for a period of 90 days from June 1st, with half pay, in leave of absence on account of illness granted Miss Verna D. Selbert, clerk in charge of the bank's general files; the Committee recommending approval of the salary payment proposed.

Approved.

Report of Committee on Salaries and Expenditures on letter dated

6/14/27

-4-

June 8th from the Deputy Governor of the Federal Reserve Bank of New York, submitting for approval of the Board promotions, under the salary plan in effect at that bank, of Messrs. John Hartley of the Credit Division and James Hynes of the Safe Keeping Department, and advising also of changes in grade of certain employees where no promotion is involved; the Committee recommending approval of the promotions submitted.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June 9th from the Deputy Governor of the Federal Reserve Bank of New York, transmitting list of employees for whom the directors of the bank approved leaves of absence with pay on account of illness during the month of May, where the total of such absences since January 1, 1927 has exceeded 30 days; the Deputy Governor also advising that claim has been entered with the insurance company for total disability in the case of George Barrett, of the bank's protection force, as his condition is such that he will be unable to resume work.

Upon recommendation of the Committee, the salary payments authorized by the New York directors, as set out in the list above referred to, were approved.

Report of Committee on Salaries and Expenditures on letter dated June 7th from the Federal Reserve Agent at St. Louis (1) Advising that Mr. L. E. Wittenberg, one of his Examiners, resigned on February 15, 1927 and Mr. J. G. Dever, Manager of the Examination Division, has resigned effective June 15th; (2) Recommending the employment of Mr. Louis C. W. Hecht as Examiner at a salary of \$3,000 per annum; (3) Recommending the

6/14/27

-5-

transfer of Mr. Charles A. Schacht from the Fiscal Agency Department of the bank to the Examination Division as an Assistant Examiner at his present salary of \$3600 per annum; (4) Recommending the transfer of Mr. George E. Kroner from the Credit Department of the Bank to the Examination Division as an Assistant Examiner at his present salary of \$2400 per annum; the Committee recommending approval of the appointments submitted by the Federal Reserve Agent.

Approved.

Telegram dated June 11th from the Assistant Federal Reserve Agent at Kansas City, submitting the names of employees of the bank temporarily designated as Assistant Examiners under the authority granted by the Board at the meeting on June 10th.

Upon motion, the temporary designations were formally approved.

Letter dated June 11th from the Deputy Governor of the Federal Reserve Bank of New York, with reference to the purchase of \$2,600,000 of gold by the Federal Reserve Bank from the Reichsbank, which was earmarked at the Bank of England; the Deputy Governor transmitting copies of communications addressed to other Federal Reserve banks regarding the transaction and their participation therein.

Noted.

In this connection, Governor Crissinger reported a telephone conversation with Governor Strong during which he was advised of the sale to the Bank of France of approximately \$60,000,000 of gold which the Federal Reserve Banks have held earmarked at the Bank of England.

6/14/27

-6-

The Governor reported that the sale was made at a price approximately \$85,000 above that paid for the gold which is to be taken down by the Bank of France at the rate of \$15,000,000 a week, with an option to the Bank of France to take \$30,000,000 the first week. The Federal Reserve Banks in payment will receive a deposit credit at the Bank of England, at interest, which is to be invested in Sterling bills as and when such bills are available. The matter, he stated, was submitted to the directors of the Federal Reserve Bank of New York and unanimously approved by them and will be made the subject of a formal communication to the Board in the course of the next day or so.

Following the Governor's report a general discussion ensued as to the position of the United States in the world gold market and the policy involved in the purchase of foreign bills reported by the Governor.

Letter dated June 10th from the Deputy Governor of the Federal Reserve Bank of New York, advising that subject to the approval of the Board, Mr. A. W. Winters has been employed in the Foreign Department of the bank and graded as Senior Clerk G 2, at a salary of \$3,000 per annum, effective June 15th; the Deputy Governor also recommending the transfer of the position of Assistant Chief of the Foreign Accounts Division of the Foreign Department from Grade G2 to G 1.

Approved.

Letter dated June 10th from the Assistant Federal Reserve Agent at Cleveland, transmitting editorial from the Cleveland Press relating to the recent purchase of gold by the Federal Reserve banks from the Bank of France.

Ordered circulated.

The Governor presented telegrams addressed to him by Governor Moody of Texas and Mr. Lowry Martin of Dallas, requesting that Mr. C. C. Walsh, Federal Reserve Agent at Dallas, be designated to accompany a delegation of

6/14/27

-7-

150 Texas business men on a good will tour to eastern cities which will extend from June 19th to July 4th.

After discussion, the Governor was requested to reply that although the Board has no authority to assign Mr. Walsh to make the trip it will interpose no objection to his participating in the tour on his own account if he desires to do so.

Matter ordered circulated at the meeting on June 7th, namely, letter dated May 30th from Mr. Robert E. Maddox, of Atlanta, Ga., with reference to the handling of non-cash items by Federal Reserve banks.

Noted, and ordered filed.

The Governor then presented a letter addressed to the Federal Reserve Agent at San Francisco, prepared by Mr. Gilbert, Supervisor of Examinations, in accordance with instructions given by the Board at its meeting on June 7th, calling attention to certain apparent criminal violations of law disclosed by an analysis of the report of the recent examination of the Pacific Southwest Trust and Savings Bank of Los Angeles and requesting the Federal Reserve Agent to report these apparent violations to the United States District Attorney at Los Angeles, sending copies of his report to the Board for transmittal to the Department of Justice.

After discussion, upon motion by Mr. Hamlin the proposed letter was approved.

The Governor then announced that in accordance with the directions of the Board yesterday a meeting has been arranged for Thursday morning at 10:30 o'clock, at which there will appear before the Board its Consulting Architect, Mr. Trowbridge, and the Governor and certain directors of the Federal Reserve Bank of Richmond for a discussion regarding the vault to be

6/14/27

-8-

installed in the Baltimore Branch Bank building.

Letter dated June 13th from the Assistant Federal Reserve Agent at Cleveland, recommending approval of an application of the Union Trust Company, Cleveland, Ohio, for an extension of six months in the period in which it may open the branch approved by the Board on December 10, 1926 for the corner of Pearl Road and Henritze Street, Cleveland.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June 13th from the Chairman of the Federal Reserve Bank of Richmond, advising of the action of the directors of that bank in authorizing an extension of 30 days from June 10th, with full pay, in leave of absence on account of illness previously granted Mr. G. A. Minter, an employee of the bank; the Committee recommending approval of the salary payment authorized by the Richmond directors.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June 13th from the Chairman of the Federal Reserve Bank of Richmond, advising of the action of the directors of that bank in voting, subject to the approval of the Board, to increase from \$2400 to \$2520 per annum the salary of Mr. J. R. Tucker of the Bank Relations Department and from \$2460 to \$2520 that of Mr. W. S. Clayton of the Printing and Supplies Department, both increases effective July 1, 1927; the Committee recommending approval and suggesting that the Richmond bank be urged to make all adjustments at the end of the calendar year.

6/14/27

-9-

Upon motion, the recommendation of the Committee was approved.

Memorandum dated June 11th from Assistant Counsel, with reference to the application of Mr. Morris Wolf for permission to serve at the same time as director of the National Bank of Commerce and director of the Colonial Trust Company, both of Philadelphia, Pa.; Counsel recommending that the application be temporarily refused with an opportunity to the applicant to furnish additional information in support of his application, with the understanding that if the Board is not notified within 20 days of the desire of the applicant to furnish such additional information, its refusal will become final.

Upon motion, the application referred to was temporarily refused in accordance with Counsel's recommendation.

Memorandum dated June 10th from Assistant Counsel, with reference to the application of Mr. John Barbey for permission to serve at the same time as Chairman of the Board of Directors of the Farmers National Bank and as director of the Colonial Trust Company, both of Reading, Pa.; Counsel recommending that the application be temporarily refused with an opportunity to the applicant to furnish additional information in support of his application, with the understanding that if the Board is not notified within 20 days of the desire of the applicant to furnish such additional information, its refusal will become final.

Upon motion, the application referred to was temporarily refused in accordance with Counsel's recommendation.

The minutes of the meeting of the Federal Reserve Board held on June 8th were read and approved as amended.

6/14/27

-10-

The minutes of the meeting of the Federal Reserve Board held on June 9th were read and approved.

The reading of the minutes of the meetings of the Federal Reserve Board held on June 10th and 13th was dispensed with.

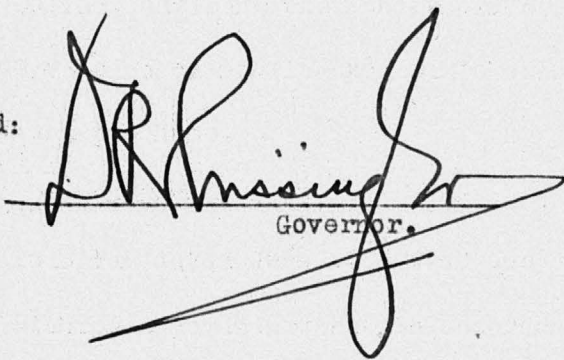
REPORTS OF STANDING COMMITTEES:

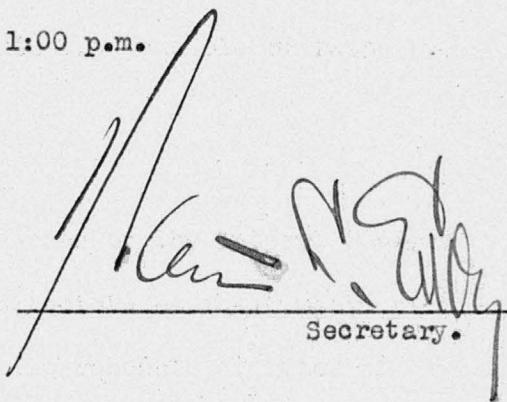
Dated, June 10th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
11th, Recommendations approved.

Dated, June 9th, Recommending approval of the application of Mr. Waite Phillips for permission to serve at the same time as director of the First National Bank, Tulsa, Okla. and as director of the First National Bank in Raton, New Mexico.
Recommendation approved.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Secretary.