

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Tuesday, August 2, 1927, at 11:45 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. James
Mr. Eddy, Secretary
Mr. Noell, Asst. Secretary

Letter dated July 28th from the Secretary pro tem of the Federal Reserve Bank of New York, advising that at the meeting of the board of directors on that date no change was made in the bank's existing schedule of rates of discount and purchase.

Noted.

Matter approved on initials on July 28th, under authority granted at the meeting of the Board held on that date, namely, action of the Board of Directors of the Federal Reserve Bank of Kansas City in voting to establish at that bank a rediscount rate of $3\frac{1}{2}\%$ on all classes of paper of all maturities, effective the first business day following that on which approved by the Board.

Formally approved.

Matter approved on initials on July 29th, namely, application of the First National Bank of Los Angeles, California, for full trust powers, which was transmitted in telegram dated July 28th from the Federal Reserve Agent at San Francisco, in which request was made for immediate action by the Board.

Formally approved.

Matter approved on initials on August 1st, namely, letter to the Federal Reserve Agent at Dallas, prepared by Mr. Gilbert, based upon an analysis made in his office of report of a recent examination of the

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Farmers State Bank, Hallsville, Texas.

Formally approved.

Letter dated July 28th from the Federal Reserve Agent at St. Louis, advising that due to adjustments in their duties the salaries of Messrs. J. M. Perkins and G. K. Strickland, employees of the Memphis Branch, have each been reduced, effective August 1, 1927, from \$2,800 to \$1,900 per annum; the Agent stating that these adjustments were approved by the Executive Committee of his bank on July 22nd.

Noted with approval.

Report of Committee on Examinations on letter dated July 28th from the Assistant Federal Reserve Agent at New York, transmitting and recommending approval of application of the Raritan Trust Company, Perth Amboy, N. J., for permission to establish a branch at 167 Hall Avenue, Perth Amboy; the Committee also recommending approval.

Noted with approval.

The Governor then presented draft of letter to the Federal Reserve Agent at San Francisco, prepared by him in accordance with instructions given at the meeting of the Board on July 28th, advising of the Board's approval of the payment of bill in the amount of \$1,550 rendered by the Superintendent of Banks of the State of California, in connection with the recent examination of the Pacific Southwest Trust and Savings Bank of Los Angeles, if such payment meets with the approval of the board of directors of his bank; the draft of letter also referred to the Agent's letter advising that the Superintendent of Banks will no longer conduct

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examinations of state member banks operating branches by simultaneous entry, and expressing the hope that before next year's examinations he will be able to negotiate some arrangement with the State Superintendent which will be satisfactory both to the System and State authorities, and stating that the Board would be glad to cooperate in any arrangement which he may be able to work out with the State Superintendent, by way of detailing examiners in its employ to assist in examinations of the larger state institutions, and that the Board would appreciate being kept advised of the progress of negotiations with the State authorities.

Upon motion, the proposed letter was approved.

The Governor then submitted a report dated July 30th, signed by Mr. James, advising of his recent visit to Charlotte, North Carolina, in connection with the proposal of the Federal Reserve Bank of Richmond for housing the branch to be established at that point; the report stating that the Board will doubtless have further communications from the Richmond bank in regard to the matter and suggesting that action be deferred on the proposals of the Richmond bank now before the Board with reference to housing, personnel, etc. for the branch.

Upon motion, Mr. James' suggestion was approved.

Letter dated July 30th from the Federal Reserve Agent at Atlanta, replying to the Board's letter of July 25th, with reference to report of a recent examination of the Citizens Bank of Lake Wales, Florida; the Agent stating that as a result of consideration of the report by the Executive Committee of his bank, the Deputy Governor of the bank had been directed

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to confer with officers and directors of the Citizens Bank in regard to the condition of the bank as revealed by the report and to urge upon them the necessity of restoring the bank's capital to its legal requirements, and that as a result of such conference efforts are now being made to restore the bank's capital; the Agent suggesting that if it meets with the approval of the Board, he prefers to wait and see the results of the Deputy Governor's conference before conducting the negotiations with the bank suggested in the Board's letter of July 25th.

Upon recommendation of the Committee on Examinations, it was voted to approve the procedure suggested by the Federal Reserve Agent.

Letter dated July 29th from the Federal Reserve Agent at Atlanta, stating that in accordance with the request of the Board contained in its letter of July 18th, he had taken up with the President of the Douglasville Banking Company, Douglasville, Ga., the matter of the restoration of that bank's capital to legal requirements and the correction of all other matters subject to criticism as shown in the report of examination of the bank made as of May 21, 1927; the Agent recommending, in view of conditions as stated in his letter, (1) that the bank be given until November 15th to restore its capital to legal requirements and correct all other matters subject to criticism, and (2) that if these conditions are not complied with by November 15th that the bank be cited by the Federal Reserve Board to show cause why it should not surrender its stock in the Federal Reserve Bank of Atlanta and forfeit all rights and privileges in the Federal Reserve System.

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Upon recommendation of the Committee on Examinations, the recommendations of the Federal Reserve Agent were approved.

Letter dated July 30th from the Manager of the Examination Department of the Federal Reserve Bank of Minneapolis, replying to the Board's letter of July 19th, in which attention was called to violations of the bank's condition of membership in the Federal Reserve System as disclosed by report of a recent credit investigation made of the Ihlen State Bank, Ihlen, Minnesota; the letter stating the results of negotiations with the Ihlen State Bank for correction of such violations and also that the bank is willing to voluntarily withdraw from membership in the System if that is desired.

Upon motion, it was voted to request the Federal Reserve Agent at Minneapolis to advise the Board what recommendation he and the officers of his bank care to make with respect to the continuance of the Ihlen State Bank as a member of the Federal Reserve System.

The Governor then presented telegram dated August 1st from the Chairman of the Federal Reserve Bank of Atlanta, advising of the death of Captain W. H. Hartford, Class "B" Director of that bank and one of the Board's appointees to the directorate of the Nashville Branch, and stated that the Vice Governor of the Board had addressed a telegram to the Chairman of the Federal Reserve Bank of Atlanta expressing the Board's regret of the death of Captain Hartford, and requesting that he convey appropriate expression of sympathy to members of his family.

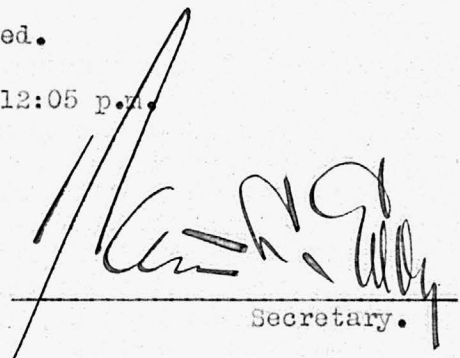
Noted.

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REPORTS OF STANDING COMMITTEES:

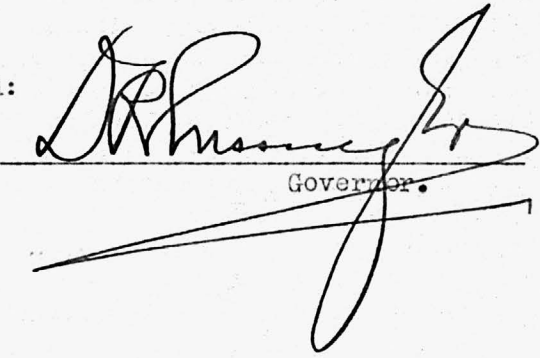
- Dated, July 29th, 30th, August 1st, August 2nd, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, July 28th, 30th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, July 26th, 28th, 29th, Recommending action on applications for admission of state banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, July 30th, Recommending approval of the application of Mr. D. Frank Black for permission to serve at the same time as director of the Tioga National Bank, Philadelphia, Pa., and as director of the Fairhill Trust Company, Philadelphia, Pa., Recommendation approved.
- Dated, July 30th, Recommending approval of the application of Mr. W. L. Smallwood for permission to serve at the same time as President of the Texas National Bank, Fort Worth, Texas, and as director of the First National Bank, Handley, Texas. Recommendation approved.

The meeting adjourned at 12:05 p.m.



Secretary.

Approved:



Governor.