A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 10, 1927 at 11:15 a.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. James
Mr. McIntosh
Mr. Eddy, Secretary
Mr. Noell, Asst. Secretary

Matter approved on initials on August 3rd, under authority granted by the Board at its meeting on July 28th, namely, action of the board of directors of the Federal Reserve Bank of St. Louis in voting to establish a rediscount rate of 3 1/2% on all classes of paper of all maturities effective the first business day following that on which approved by the Federal Reserve Board.

Formally approved.

Matter approved on initials on August 4th, under authority granted by the Board at its meeting on July 28th, namely, action of the board of directors of the Federal Reserve Bank of Boston in voting to establish a rediscount rate of 3 1/2% on all classes of paper of all maturities effective August 5th, and in adopting the following schedule of rates for open market purchases:

<table>
<thead>
<tr>
<th>Prime acceptances:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 45 days</td>
<td></td>
<td>3 1/2%</td>
</tr>
<tr>
<td>46 to 60 days</td>
<td></td>
<td>3 1/2%</td>
</tr>
<tr>
<td>61 to 90 days</td>
<td></td>
<td>3 1/2%</td>
</tr>
<tr>
<td>91 to 120 days</td>
<td></td>
<td>3 1/2%</td>
</tr>
<tr>
<td>121 to 180 days</td>
<td></td>
<td>3 3/4%</td>
</tr>
<tr>
<td>Repurchase</td>
<td></td>
<td>3 3/8%</td>
</tr>
</tbody>
</table>

Second grade acceptances, 1/8% higher than prime bills. Repurchase - Government securities 4 1/8%.

Formally approved.
Matter approved on initials on August 4th, under authority granted by the Board at its meeting on July 28th, namely, action of the board of directors of the Federal Reserve Bank of New York in voting to establish 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 Federal Reserve Board.

Formally approved.

Matter approved on initials on August 5th, under authority granted by the Board at its meeting on July 28th, namely, action of the board of directors of the Federal Reserve Bank of Cleveland in voting to establish 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 Federal Reserve Board.

Formally approved.

Letters dated August 4th and 5th from the Assistant Secretary of the Federal Reserve Bank of New York, and telegram dated August 5th from the Deputy Governor of that bank, advising (1) that the following schedule of current rates for purchases of bankers acceptances was established at that bank on July 29th:

1 to 45 days  
46 to 90 days  
4 months  
5 and 6 months  
Repurchase

- $3\frac{1}{2}\%$
- $3\frac{1}{2}\%$
- $3\frac{1}{2}\%$
- $3\frac{3}{4}\%$
- $3\frac{3}{4}\%$

(2) that at the meeting of the board of directors held on August 4th a rate of $3\frac{1}{2}\%$ was established for purchases of Government securities with agreement to resell, and that at the meeting no other change was
made in the bank's existing schedule of rates of purchase, although it was voted to establish a rediscount rate of 3 1/2\% for all rediscounts and advances; and (3) that the following schedule of current rates for open market purchases was made effective at that bank on August 5th:

<table>
<thead>
<tr>
<th>Bankers acceptances</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 15 days</td>
<td>3%</td>
</tr>
<tr>
<td>16 to 45 days</td>
<td>3 1/8%</td>
</tr>
<tr>
<td>46 to 90 days</td>
<td>3 1/4%</td>
</tr>
<tr>
<td>4 months</td>
<td>3 3/8%</td>
</tr>
<tr>
<td>5 and 6 months</td>
<td>3 3/4%</td>
</tr>
<tr>
<td>Repurchase</td>
<td>3 1/4%</td>
</tr>
<tr>
<td>Trade Bills</td>
<td>3 1/2%</td>
</tr>
</tbody>
</table>

Noted with approval.

Telegram dated August 3rd from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the board of directors on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Letter dated August 3rd from the Governor of the Federal Reserve Bank of Philadelphia, advising that at the meeting of the board of directors of his bank held on that date, he had requested careful consideration of the propriety of a reduction in the bank's rediscount rate from 4\% to 3 1/2\%, but for the reasons stated in his letter, it was voted that no change be made in the existing rate.

Noted.

Telegram dated August 5th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the board of directors on that date voted
to establish a rediscount rate of $3\frac{1}{2}$ and a rate of $3\frac{1}{2}$ for purchases of government securities with agreement to resell, but made no change in the other rates of purchase in effect at that bank.

Noted with approval.

Telegram dated August 5th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the Executive Committee of that bank on that day established the following rates for purchases of bankers' acceptances:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 15 days</td>
<td>3%</td>
</tr>
<tr>
<td>16 to 45 days</td>
<td>3 1/2%</td>
</tr>
<tr>
<td>46 to 90 days</td>
<td>3 1/2%</td>
</tr>
<tr>
<td>91 to 120 days</td>
<td>3 3/4%</td>
</tr>
<tr>
<td>121 to 180 days</td>
<td>3 3/4%</td>
</tr>
<tr>
<td>Repurchase</td>
<td>3 1/4%</td>
</tr>
</tbody>
</table>

Noted with approval.

Letters dated July 29th and 30th from the Governor and Chairman of the Federal Reserve Bank of Chicago, stating that at the regular meeting of the Executive Committee of the bank held on July 29th, discussion was had of the question of discount rate policy, and although no formal action was taken, it was the opinion of those present that no change in the bank's discount rate should be made at this time, the Chairman expressing his individual opinion on the matter and stating that the question would be brought up for consideration at the next meeting of his board of directors.

Noted.

Telegram dated August 5th from the Chairman of the Federal Reserve Bank of Chicago, advising that the Executive Committee of the bank on that
date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated August 8th from the Secretary of the Federal Reserve Bank of Minneapolis, advising that the board of directors on that date voted to continue the bank's present rediscount rate of 4¾ and to establish the following rates for open market purchases:

<table>
<thead>
<tr>
<th>Bankers acceptances:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 15 days</td>
<td>3½%</td>
</tr>
<tr>
<td>15 to 45 days</td>
<td>3 1/8%</td>
</tr>
<tr>
<td>46 to 90 days</td>
<td>3 1/4%</td>
</tr>
<tr>
<td>91 to 120 days</td>
<td>3 3/8%</td>
</tr>
<tr>
<td>121 to 180 days</td>
<td>3 3/4%</td>
</tr>
<tr>
<td>Trade bills</td>
<td>3 1/2%</td>
</tr>
</tbody>
</table>

Upon motion, the new rates were noted with approval.

Telegram dated August 8th from the Secretary of the Federal Reserve Bank of Kansas City, advising that the board of directors on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated August 4th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors on that date made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated August 8th from the Chairman of the Federal Reserve Bank of Dallas, advising that the reduction in the rediscount rate of
Other Federal Reserve banks has caused considerable discussion among bankers in his district and that his board of directors will not hold a meeting this month due to the absence of some of its members on vacation; the telegram inquiring whether telegraphic expressions from the directors, subject to approval of the board of directors of the bank at its September meeting, would meet the Board's requirements as to a recommendation.

After discussion, upon motion, it was voted to advise the Chairman of the Dallas bank that it is the opinion of the members of the Board present here that any action on the matter should be taken at a meeting of his board of directors.

Memorandum dated August 4th from the Board's Chief Telegraph Operator, requesting authority to appoint Mr. G. L. March as a telegraph operator, with salary at the rate of $165 per month, to succeed Mr. Cutsail, deceased; the Secretary recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 3rd from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the action of the Executive Committee of that bank in voting to grant an extension of thirty days, with full pay, in leave of absence on account of illness granted to Miss Frances Shropshire, an employee of the Money Department of the bank; the Committee recommending approval.

Upon motion, it was voted to approve the salary payment involved.

Report of Committee on Salaries and Expenditures on letter dated August 6th from the Secretary of the Federal Reserve Bank of Cleveland,
requesting approval of the action of the Executive Committee of that bank in voting to grant to Mrs. L. D. Fletcher and Miss Margaret Osten, employees of the bank, leaves of absence on account of illness with full pay, for periods of four and three months, respectively; the Committee recommending approval.

Upon motion, it was voted to approve the salary payments involved.

Report of Committee on Salaries and Expenditures on letter dated August 5th from the Federal Reserve Agent at St. Louis, requesting approval of the action of the Executive Committee of that bank in voting to extend for a period of thirty days, with full pay, leave of absence on account of illness granted to Miss Vela Hamilton, an employee of the Little Rock Branch; the Committee recommending approval.

Upon motion, it was voted to approve the salary payment involved.

Report of Committee on Salaries and Expenditures on letter dated August 3rd from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of the action of the Executive Committee of that bank in voting to extend for the period from August 1st to 31st, with full pay, leave of absence on account of illness granted to Mr. S. L. Brown, an employee of the Fiscal Agency Department of the bank; the Committee recommending approval.

Upon motion, it was voted to approve the salary payment involved.

Letter dated August 5th from the Cashier of the Federal Reserve Bank of Atlanta, advising that Mr. J. B. Putwiler, Assistant Cashier at
the head office, resigned his position effective July 31, 1927.

Noted with approval.

Letter dated August 5th from the Chairman of the board of directors of the Federal Reserve Bank of St. Louis, advising that Mr. J. W. White, Cashier of that bank, has tendered his resignation to become effective September 1st, and that at the meeting of the board of directors of the bank held on August 3rd, Mr. O. M. Attebery, at present Deputy Governor of the bank, was elected Cashier, effective as of the date of Mr. White's resignation, Mr. Attebery to hold both offices; the letter also advising that Mr. Charles A. Schacht, one of the bank's senior employees, has been elected an Assistant Cashier of the bank without change in his present salary.

Noted with approval.

Report of Committee on District #6 on letter dated August 5th from the Chairman of the Federal Reserve Bank of Atlanta, suggesting procedure for the election of a Class "B" director to fill the vacancy on the board of directors of that bank caused by the death of Captain W. H. Hartford; the letter also suggesting that the polls be opened on September 23rd and closed October 8th; the Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated August 3rd from the Assistant Federal Reserve Agent at New York, transmitting application of the Interstate Trust Company of New York, N. Y., for permission, under Section 13 of the Federal Reserve Act to accept drafts or bills of exchange
drawn upon it for the purpose of furnishing dollar exchange in specified foreign countries; the Committee recommending approval.

Approved.

Report of Committee on Examination on letter dated August 4th from the Federal Reserve Agent at New York, transmitting and recommending approval of request of the Municipal Bank, Brooklyn, N. Y., for approval of its establishing a branch at the corner of Rutland Road and East 98th Street, Brooklyn; the Committee recommending approval.

Noted with approval.

Letter dated July 30th from the Assistant Federal Reserve Agent at San Francisco, advising that on July 30th the Security Trust and Savings Bank of Los Angeles opened the branch at the Southwest corner of Melrose and Highland Avenues, (6602 Melrose Avenue), Los Angeles, which was approved by the Board on June 29th.

Noted.

The Vice Governor then presented a telegram dated August 6th from the Federal Reserve Agent at Dallas, stating that due to the fact that the Alpine, Texas, territory has been assigned to the San Antonio Branch, Mr. H. L. Kokernot of Alpine, whose present term expires December 31st, next, has tendered his resignation as a director of the El Paso Branch, and inquiring whether the Board would interpose any objection if Mr. Kokernot should be requested to continue as a director of the El Paso Branch until the expiration of his present term or whether the board of directors of the Dallas bank should immediately appoint a successor.
The Vice Governor also presented copy of a telegram addressed by Mr. James to the Federal Reserve Agent at Dallas under date of August 6th, advising that the Board will interpose no objection to Mr. Kokernot continuing to serve as a director of the El Paso Branch through the current year.

Upon motion, it was voted to approve the telegraphic reply sent by Mr. James.

Letter dated August 4th from the Federal Reserve Agent at New York, advising that the directors of the Federal Trust Company, Newark, N. J., and the directors of the Springfield Avenue Trust Company, also of Newark, have voted to merge the two institutions, the merger proposition to be submitted to the stockholders of both banks some time this month; the letter stating that present plans provide for a merger of the two institutions under the provisions of the New Jersey Banking Laws and for the continuance of the office of the Springfield Avenue Trust Company as a branch of the Federal Trust Company. In his letter, the Federal Reserve Agent also stated that latest examination reports show both banks to be in good condition and enjoying capable management, and that in his opinion, the merger will not result in any change in the general character of assets or broadening in the functions of the Federal Trust Company such as will tend to affect materially the standard maintained at the time of admission to membership in the System.

Noted.

Telegram dated August 2nd from the Federal Reserve Agent at Minneapolis, advising that the Ihlen State Bank, Ihlen, Minnesota, will voluntarily
withdraw from membership in the System, and that he believes this will be the most satisfactory way to handle the matter of the elimination of the bank from the Federal Reserve System.

Noted with approval.

Letter dated August 3, 1927, from the Chairman of the Federal Reserve Bank of Atlanta, transmitting copies of records which have been maintained for the period from July 16th to July 30th inclusive, of the checks which the Atlanta bank has received and sent in its cash letters to the First National Bank of Hartford, the First National Bank of Samson, and the Farmers National Bank, Geneva, all in Alabama, which banks for a time were stamping on their Cashier's checks "Not payable through the Federal Reserve Bank of Atlanta"; the Chairman stating that the records indicate that the banks have discontinued the practice of stamping the phrase on their cashier's checks, and calling attention to the fact that a number of checks drawn by customers on the Farmers National Bank of Geneva, Ala., which were received by the Birmingham Branch and forwarded to the Farmers National Bank, have stamped on them the phrase referred to, but when presented by the Birmingham Branch, were paid by the bank without deduction.

Noted.

Memorandum from the Committee on Salaries and Expenditures dated August 4th, as follows:

"It is customary for the Federal Reserve Board in November of each year to request the Chairman of each Federal reserve bank to prepare and forward to the Board all salary recommendations for the following year beginning January 1st, the recommendations to reach
"the Board on or before December 10th. It has been the practice of the Board to act on these recommendations as soon as practicable after receipt in order that the Federal reserve banks may be advised of its action before the end of the year. When the Board in certain cases has withheld approval of recommendations, the subject has in some cases been carried into the following year and a final decision not made until January or February, the new salaries being retroactive to the beginning of the year.

The by-laws of the Federal Reserve Banks of New York and Dallas provide that the election of officers shall be made by the Board of Directors in January of each year. The by-laws of the other Federal reserve banks do not specify the time when such elections shall take place. It appears, however, that the officers for the year 1927 were elected by the Boards of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Kansas City, Dallas and San Francisco during the first half of January, 1927, while the officers of the Federal Reserve Banks of Richmond, Atlanta, Chicago, St. Louis and Minneapolis were elected by the respective Boards of Directors in December, 1926.

Under the provisions of the Federal Reserve Act, the terms of three of the Directors of each Federal reserve bank expire with the current year and the terms of their successors begin with the ensuing year. It is obvious that the right to name their officers for the year rests with the new or incoming Board of Directors. It would seem also that the Federal Reserve Board is justified in requiring uniformity in this matter at all twelve of the Federal reserve banks, and it is, therefore —

RECOMMENDED, that those reserve banks whose by-laws do not set a time for the selection of their officers, or whose by-laws provide for the selection at a time other than the first meeting of the Boards after January 1st, be requested to have their by-laws amended so as to make uniform the selection of officers at the first meeting of the Board of Directors held after January 1st.

It does not appear either reasonable or proper for the Federal Reserve Board to approve salaries for officers until after the officers shall have been selected and the names submitted to the Board. Therefore, your Committee

RECOMMEND, that the Board amend its requirements which now call for the submission by the Federal reserve banks of lists of employees proposed salary adjustments by December 10th of each year in so far as concerns the salaries of the officers of the banks.

Your Committee also RECOMMEND that the banks be required, as heretofore, to forward to the Federal Reserve Board on or before December 10th schedules in accordance with the usual form containing the names and salaries of all employees of the bank.

The submission of the schedules of salaries for all officers should be made as soon after the first meeting of the Board of Directors in January of each year as may be practicable, — said salaries to be made, if approved by the Federal Reserve Board, retroactive to January 1st."
Upon motion by Mr. James, it was voted to approve the recommendations contained in the above memorandum.

Letter dated August 3rd from the Federal Reserve Agent at Minneapolis, transmitting in duplicate a statement prepared by the Comptroller of the bank with reference to the defalcation by employees of the Collection Department of the Federal Reserve Bank of Minneapolis; the letter stating that it is felt that the bank is fully protected from loss by its surety bond.

Referred to Counsel for preparation of an appropriate letter of transmittal to the Department of Justice.

The Vice Governor presented a letter addressed to the Board under date of August 4th by the Federal Reserve Agent at Minneapolis, with respect to the condition of the First National Bank of Belle Fourche, South Dakota, as revealed by an analysis of the last report of examination of that bank, which the Agent states shows the bank to be insolvent. The Vice Governor called particular attention to the statements contained in the Agent's letter to the effect that the First National Bank of Belle Fourche is at present indebted to the Federal Reserve Bank of Minneapolis in the sum of $66,000 and has applied for $16,000 of additional rediscounts which the Agent regards as appearing to be "high-grade secured live stock loans".

The Vice Governor stated that the Federal Reserve Agent's letter had been brought to the attention of the Comptroller of the Currency, with whom he had discussed the condition of the bank, the situation confronting it and its prospects for rehabilitation, as suggested by the Federal Reserve Agent. He stated also that he had discussed the subject informally with other members of the
Board and had, with their approval, dispatched the following telegram to the Federal Reserve Agent:

"Members present inclined to think eligible good paper from Belle Fourche might well be re-discounted."

The Vice Governor further stated that he had written a letter to the Federal Reserve Agent in which he made clear that the members of the Board were of the opinion that additional accommodation to the First National Bank of Belle Fourche should be extended in the form of rediscounts of customers' paper and not in the form of member bank's collateral notes.

After discussion of the above situation, it was voted to formally approve the action of the Vice Governor.

REPORTS OF STANDING COMMITTEES:

Dated, August 3rd, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, August 4th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, August 3rd, Recommending approval of the application of Mr. Edward C. Shmidheiser for permission to serve at the same time as director of the Northwestern National Bank, Philadelphia, Pa. and as director of the Chelsea Safe Deposit and Trust Company, Atlantic City, N. J. Recommendation approved.

Dated, August 4th, Recommending approval of the application of Mr. Ferdinand W. Roebling, Jr. for permission to serve at the same time as director of the Chase National Bank of the City of New York, N. Y. and as director of the Mechanics National Bank, Trenton, N. J. Recommendation approved.

Dated, August 3rd, Recommending approval of the application of Mr. C. W. Sones for permission to serve at the same time as director and officer of the First National Bank, Hughesville, Pa. and as director of the Lycoming Trust Company, Williamsport, Pa. Recommendation approved.
Dated, August 3rd, Recommending approval of the application of Mr. H. Wallace Knapp for permission to serve at the same time as Vice President and director of the Plattsburg National Bank and Trust Company, Plattsburg, N. Y., as director of the First National Bank, Champlain, N. Y. and as director of the First National Bank, Houses Point, N. Y.

Recommendation approved.

The meeting adjourned at 12:00 p.m.

[Signature]
Secretary.

Approved:

[Signature]
Edmund Platt
Vice-Governor.