

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, August 11, 1927, at 11:00 o'clock a.m.

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

Telegram dated August 10th from the Chairman of the Federal Reserve Bank of Boston, advising that the following present rates of discount and purchase at that bank were reported to the Board of Directors at its meeting on August 10th:

Rediscount rate	-	3 1/2%
Prime bankers acceptances:		
1 to 15 days	-	3%
15 to 45 days	-	3 1/8%
46 to 90 days	-	3 1/4%
91 to 120 days	-	3 3/8%
121 to 180 days	-	3 3/4%
Repurchase	-	3 1/4%
Second grade acceptances		1/8% higher
Repurchase - Governments		3 1/2%
Trade Bills		3 1/2%

Noted with approval.

Telegram dated August 10th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors at its meeting on August 9th voted to establish a minimum rate at that bank for purchases of bankers acceptances of 3% and other rates for such acceptances as adopted by the Federal Reserve Bank of New York.

Noted with approval.

The Governor presented and had read to the Board a letter dated August 3rd from the Chairman of the Federal Reserve Bank of Minneapolis,

8/11/27

-2-

in which the Chairman expressed his own views with respect to the desirability of changing the rediscount rate at the Federal Reserve Bank of Minneapolis, and the possible action which his directors might take relative thereto at their meeting to be held on August 8th.

Noted.

Letter dated August 4th from the Federal Reserve Agent of New York, requesting permission to absent himself from his bank during the period from September 10th to October 20th, for the purpose of attending a meeting of the General Council of The Reichsbank; the Agent stating that he contemplates being in Washington once or twice before September 10th.

Approved.

Memorandum from Counsel dated August 8th, with reference to the Clayton Act application of Mr. Jesse A. Bloch, involving the National Exchange Bank and the Wheeling Bank and Trust Company, both of Wheeling, W. Va.; Counsel recommending that the Board refuse the application temporarily, advise the applicant that on the evidence before it it cannot permit him to serve the banks, and request him to furnish the Board with additional information, and further that unless the applicant within twenty days advises the Board of his desire to submit such additional information, the Board's refusal become final.

Upon motion, Counsel's recommendations were approved and the application temporarily refused, with opportunity to the applicant to furnish additional information.

Memorandum from Counsel dated August 8th, with reference to the Clayton Act application of Mr. Isaac Ferris, involving the First Camden

8/11/27

-3-

National Bank and Trust Company and the Security Trust Company, both of Camden, N. J.; Counsel recommending that the Board refuse the application temporarily, advise the applicant that on the evidence before it it cannot permit him to serve the banks, and request him to furnish the Board with additional information, and further that unless the applicant within twenty days advises the Board of his desire to submit such additional information, the Board's refusal become final.

Upon motion, Counsel's recommendations were approved and the application temporarily refused, with opportunity to the applicant to furnish additional information.

Letter dated August 4th from the Federal Reserve Agent at San Francisco, advising of the intention of the American Trust Company, San Francisco, to close its California-Montgomery Office (495 California Street), which was the former head office of the American Bank, and to move same to the Russ Building (251 Montgomery Street); the Agent stating that inasmuch as the branch is being moved only a distance of one block and will serve the same community, he is advising the bank that no objection is anticipated to the change in location.

Upon motion, it was voted to approve the removal of the branch to the new location.

Report of Executive Committee on letter dated July 29th from the Assistant Federal Reserve Agent at Minneapolis, transmitting and recommending approval of the application of the Central National Bank of Minneapolis, for a reduction in its reserve requirements from 10% to 7% of demand deposits; the Committee also recommending approval.

Approved.

8/11/27

-4-

Letter dated August 10th from the Governor of the Federal Reserve Bank of New York, referring to a previous communication to the Board, with reference to the granting of a credit to the Bank of Poland; the letter stating that the Federal Reserve Bank of New York has agreed to an extension from August 20 to November 1, 1927, of the time in which the program of stabilization of the Government of the Republic of Poland and the issuance of the loan by private bankers may be consummated, which would permit of the issuance of the loan and the promulgation of the program in October, if necessary.

Upon motion by Mr. Hamlin, it was voted to interpose no objection to the extension agreed to by the Federal Reserve Bank of New York.

Memorandum from Counsel dated August 1st submitting letter dated July 29th from Mr. B. F. Castle, Vice President of the First Federal Foreign Investment Trust, New York, N. Y., raising a question as to the proper interpretation of that portion of Section XI (b) of the Board's Regulation K, relating to the substitution of collateral securing issues of bonds or debentures by Edge Act corporations; Counsel discussing fully the question raised in the letter regarding the present sub-section and suggesting that it be amended to read as follows:

"B. Certifying that such substitution or change has not resulted in a reduction of the aggregate market value of the collateral to an amount below one hundred and ten percent of the aggregate principal amount of the obligations issued or to be issued against such securities."

Upon motion by Mr. Hamlin, it was voted to approve the above amendment to Section XI (b) of the Board's Regulation K.

8/11/27

-5-

Memorandum from Mr. Gilbert, Supervisor of Examinations, stating that a general question has arisen in the work of his office as to whether, in view of the provisions of Section 5204 of the Revised Statutes, the continuance of membership in the Federal Reserve System of a state member bank which, through losses or other withdrawals, has suffered an impairment of its capital, is unlawful; the memorandum also submitting several other questions incidental to the application of Sections 5204, 5205 and 5209 of the Revised Statutes answers to which are desirable and necessary in conducting correspondence with the Federal Reserve Agents relative to state member banks having impairments of capital.

Upon motion, it was voted to refer the questions set forth in the above memorandum to Counsel for an opinion.

Memorandum dated July 22nd from Counsel, regarding the matter referred to him by the Board on July 5th, namely suggestion of Mr. Miller that the term "outlying district" as used in Section 5138 of the Revised Statutes as amended and in Section 19 of the Federal Reserve Act be construed to mean "that portion of the territory included within the corporate limits of a city which lies so far outside of the recognized business and financial area of such city as to give to the business and accounts in banks so located a character essentially different from those of banks in the business area proper"; Counsel stating that he is of the opinion that the definition suggested by Mr. Miller would be a practical definition for the Board to use in interpreting the term "outlying district" within the meaning of Section 19 of the Federal Reserve Act, but would not be a practical

8/11/27

-6-

definition for the Comptroller of the Currency to adopt in interpreting Section 5138 of the Revised Statutes, and that if the Board and the Comptroller of the Currency desire to adopt a uniform definition of the term he believes it would be desirable to adopt the definition submitted by Mr. Collins, formerly Deputy Comptroller of the Currency, and himself in their memorandum of June 11th, as follows:

"The term 'outlying district' is construed to mean that portion of a city which is located outside of, and at a considerable distance from, the recognized business and financial center of such city, and includes all suburban districts."

After discussion, upon motion by Mr. Hamlin, it was voted to adopt the definition of the term "outlying district" submitted by Mr. Collins and Mr. Wyatt in their memorandum of June 11th as quoted above.

The minutes of the meeting of the Federal Reserve Board held on July 28th were then read and approved as amended.

The minutes of the meetings of the Executive Committee held on August 2nd, 9th and 10th, were read and the actions recorded therein ratified.

REPORTS OF STANDING COMMITTEES:

Dated, August 10th, 11th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.

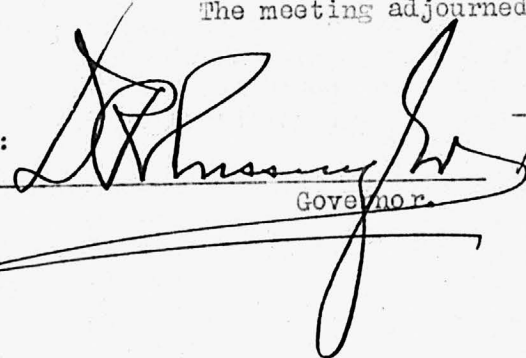
Recommendations approved.

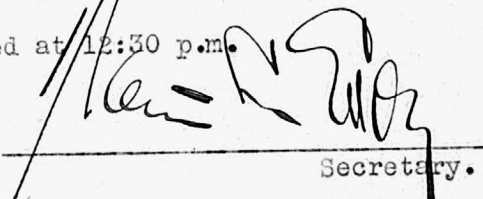
Dated, August 6th, 8th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

The meeting adjourned at 12:30 p.m.

Approved:


Governor.


Secretary.