

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 17, 1927 at 10:45 a.m.

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

Telegram dated August 12th from the Chairman of the Federal Reserve Bank of Chicago, advising that at a meeting of the Executive Committee on that day no change was made in the bank's existing schedule of rates of discount and purchase.

Noted.

Matter approved on initials on August 15th, namely, telegram dated August 13th from the Chairman of the Federal Reserve Bank of Richmond, advising that the board of directors of the bank on that date voted to establish a rediscount rate of $3\frac{1}{2}\%$ on all classes of paper of all maturities, effective August 16th.

Formally approved.

Matter approved on initials on August 12th, namely, telegram dated August 12th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the board of directors of the bank on that date voted 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; the Chairman also advising of the adoption of the following schedule of rates for purchases of acceptances:

1 to 15 days	-	3%
16 to 45 days	-	$3\frac{1}{8}\%$

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46	to	90	days	-	3 1/4%
91	to	120	days	-	3 3/8%
121	to	183	days	-	3 3/4%

Formally approved.

Memorandum from Counsel dated July 27th, with reference to the Clayton Act application of Mr. Joseph C. Specht, involving the National City Bank and the German American Savings Bank, both of Los Angeles, California; Counsel stating that the banks are in substantial competition for savings deposits and suggesting (1) That the application be temporarily refused with the usual opportunity to the applicant to furnish additional information if he so desires and (2) That the time within which the applicant shall notify the Board whether he desires to furnish additional information be limited to thirty days, with the understanding that if the Board is not notified within that time its refusal will become final.

After discussion, it was voted to approve Counsel's recommendation with the understanding that the Vice Governor would prepare a special letter to Mr. Specht regarding the character of information which the Board would like to have regarding the apparent competition between the banks involved in his application.

Memorandum from Counsel dated August 8th, with reference to the Clayton Act application of Mr. Henry C. Thornton, involving the Continental National Bank and the Bankers Trust Company, both of Indianapolis, Ind.; Counsel recommending (1) That the application be temporarily refused with the usual opportunity to the applicant to furnish additional information and (2) That the time within which the applicant shall notify the Board whether he desires to furnish additional information be limited to twenty days, with the understanding that if the Board is not notified within

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that time its refusal will become final.

After discussion, it was voted to approve Counsel's recommendation with the understanding, in this case also, that the Vice Governor would prepare a special letter to the applicant regarding the nature of the additional information which should be filed by the Board if he desires to supplement that transmitted with his application.

Letter dated August 11th from the Assistant Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank, under the authority granted by the Board on July 28th, took over the business and assets of the Bank of San Fernando at the close of business August 6th and consolidated them with the bank's existing San Fernando Branch.

Noted.

Letter dated August 13th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the election of Miss Mary E. Mahon as Assistant Cashier of the Jacksonville Branch, at her present salary of \$2100 per annum.

Noted.

Report of Committee on Salaries and Expenditures on letter dated August 15th from the Deputy Governor of the Federal Reserve Bank of New York, transmitting list of employees for whom the directors of that bank have approved leaves of absence, with pay, on account of illness during the month of July, where the total of such absences since January 1st has exceeded thirty days; the Committee recommending approval of the salary payments involved.

Approved.

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Report of Committee on Salaries and Expenditures on letter dated August 15th from the Governor of the Federal Reserve Bank of Richmond, advising of the action of the directors of that bank in voting to extend for periods of thirty days, with full pay, leaves of absence on account of illness previously granted Miss Sadie Wright and Mr. G. A. Minter, employees of the bank; the Committee recommending approval of the salary payments authorized by the Richmond directors.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 13th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the action of the directors of that bank in voting, subject to the approval of the Board, to grant an extended leave of absence of two months, with full pay, to Mr. R. A. Sims, Assistant Cashier, on account of illness; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 13th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the action of the directors of that bank in voting, subject to the approval of the Board, to grant a vacation period of one month, with full pay, to Mr. Marcus Walker, Managing Director of the New Orleans Branch; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 11th from the Chairman of the Federal Reserve Bank of Kansas City,

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advising of the resignation of Mr. A. J. Conway, Cashier of the Denver Branch and requesting approval of a salary of \$4,000 per annum for Mr. Stanley A. Brown, who has been elected to succeed Mr. Conway, effective about September 1st; the Committee recommending approval of the salary proposed.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 13th from the Chairman of the Federal Reserve Bank of Kansas City, advising of the action of the Executive Committee of the bank in voting to grant leave of absence, with full pay until October 15th, to Mr. W. A. Olson, an employee of the bank, who is absent from his duties on account of illness; the Committee recommending approval of the salary payment involved.

Approved.

Report of Committee on Examinations on letter dated August 12th from the Federal Reserve Agent at New York, recommending approval of an application of the Merchants Trust Company of Newark, N. J. for permission to establish a branch at Bloomfield Avenue and 6th Street, Newark.

Upon recommendation of the Committee, the above application was noted with approval.

Letter dated August 13th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the action of the directors of that bank in accepting the resignation of Mr. W. H. Black as Assistant Manager of the New Orleans Branch; the letter advising that Mr. James A. Walker, former Cashier, has been elected to fill the vacancy of Assistant Manager and

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Mr. Black has been elected as Cashier of the Branch to succeed Mr. Walker; no change in the salary of either officer being involved.

Noted.

Report of Committee on Salaries and Expenditures on letter dated August 10th from the Chairman of the Federal Reserve Bank of Boston, advising of the action of the directors of that bank in voting to extend for a period of one month, with full pay, leaves of absence on account of illness previously granted Miss Dorothy M. Roberts and Mr. James E. Bagley, and to extend for a like period, with half pay, the leave of absence previously granted Mr. Joseph Buckley; the Committee recommending approval of the salary payments authorized by the Boston directors.

Approved.

Letter dated August 14th from the Governor of the Federal Reserve Bank of New York, relative to criticism and suggestions made by the Board's Chief Examiner in connection with the examination of the Federal Reserve bank made as of May 28, 1927.

The letter having been brought to the attention of the Board's Committee on Examinations was noted and ordered filed.

Memorandum dated August 17th from the Secretary submitting for approval by the Board, the following changes found necessary in the Interdistrict Time Schedule for the Branch Federal Reserve Bank at San Antonio, which was approved by the Board on June 28th:

San Antonio - Richmond, both ways, three days instead of four days.

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San Antonio - Portland, both ways, five days instead of four days.
Chicago to San Antonio, three days instead of two days (San Antonio
to Chicago remaining two days).

New York and Buffalo to San Antonio, four days instead of three days
(San Antonio to New York and Buffalo remaining three days).

Louisville to San Antonio, three days instead of two days (San
Antonio to Louisville remaining two days).

Approved.

Letter dated August 12th from the Chairman of the Federal Reserve
Bank of Richmond, transmitting and recommending approval of an applica-
tion of the National Loan and Exchange Bank of Columbia, S. C. for permis-
sion to accept drafts and bills of exchange drawn upon it up to 100% of
its paid-in and unimpaired capital stock and surplus.

After discussion of the condition of the applicant
bank as set forth in the report of its last examination,
it was voted to refer the examination report to Mr. Gilbert
for analysis, such analysis and the bank's application to
be submitted at a meeting of the full Board.

The Governor then submitted copies of letters addressed under date of
August 15th to the Attorney General of the United States and to the As-
sistant Federal Reserve Agent at New York, with reference to certain ap-
parent violations of Section 22 of the Federal Reserve Act by Mr. Bernard
K. Marcus, Vice President and Director of the Bank of the United States
of New York City; the letter to the Assistant Federal Reserve Agent re-
questing that all facts in the case be reported to the local United States
District Attorney.

Noted, with approval.

Memorandum from Counsel dated August 11th, submitting draft of reply to
letter from the Cashier of the American National Bank of Danville, Va., in-
quiring whether notes held by the American National Bank and secured by

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good readily marketable collateral may be deposited in the trust department of the bank to secure trust funds deposited in its commercial department; the proposed reply stating that the Board sees no objection to the availability of notes which are fully secured by good readily marketable collateral for the purpose in question, provided, of course, that such notes are in fact readily marketable and comply with the other requirements of the Board's Regulation. The Secretary called attention to the fact that the Board on June 24th referred to the Comptroller of the Currency an inquiry received from the Assistant Federal Reserve Agent at Cleveland as to whether a bank could use first mortgage loans on real estate as security for trust funds deposited in its commercial department. He stated that this action was taken in order that no ruling by the Board might conflict with any regulation issued by the Comptroller of the Currency.

Accordingly, it was voted that action on the above inquiry be deferred until the Board receives from the Comptroller his report on the matter referred to by the Secretary.

Memorandum from Counsel dated August 12th, submitting and suggesting that there be forwarded to all Federal Reserve banks copy of a circular letter being sent out by a collection agency soliciting from banks in the 9th Federal Reserve District claims against the Federal Reserve Bank of Minneapolis, growing out of the par collection of checks by the Federal Reserve Bank; this circular being the result of a judgment rendered against the Federal Reserve Bank of Minneapolis in the case brought against it by the Hugo State Bank.

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After discussion, it was voted to approve Counsel's suggestion that the above circular be sent out to all Federal Reserve banks, with the understanding that the letter of transmittal shall contain a statement relative to the present status of the case referred to.

At the request of the Secretary, it was voted to authorize the employment of a stenographer to be assigned to assist in the Trust Division of his office, with salary at the rate of \$1500 per annum.

Report of Committee on District #5 dated August 13th, submitting a memorandum from the Secretary relative to the present status of various matters in connection with the opening of the branch of the Federal Reserve Bank of Richmond to be established at Charlotte, N. C.; the Committee recommending (1) That a copy of the Secretary's memorandum be transmitted to the Federal Reserve Bank of Richmond for their information; (2) That the Board make definite the tentative appointments of Messrs. Morehead, Cannon and Law, as directors of the Charlotte Branch; (3) That the Secretary advise the appointees of their selection and, if acceptances are received, arrange for simultaneous announcement of the directors appointed both by the Board and the Federal Reserve Bank of Richmond; (4) That the terms of office for directors of the Branch begin with the date of its formal opening and expire December 31, 1928, 1929 and 1930, according to the term of the respective directors.

Upon motion, the recommendations of the Committee were approved.

REPORTS OF STANDING COMMITTEES:

Dated, August 16th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, July 27th, Recommending action on applications for fiduciary
August 6th, powers as set forth in the Auxiliary Minute Book of
9th, this date.

11th, Recommendations approved.

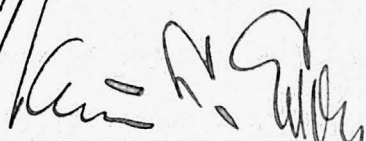
Dated, August 15th, Recommending approval of the application of Mr.
Edward A. Davis for permission to serve at the
same time as director and Vice President of the
National Shawmut Bank, Boston, Mass. and as
director and Vice President of the National White
River Bank, Bethel, Vt.

Recommendation approved.

Dated, August 12th, Recommending approval of the application of Mr.
J. L. Mitchell for permission to serve at the same
time as director of the First National Bank, Sioux
City, Iowa and as director of the American National
Bank, Spearfish, South Dakota.

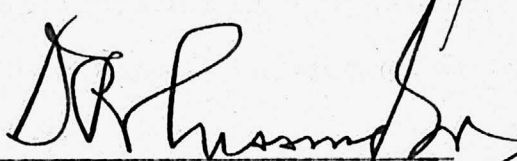
Recommendation approved.

The meeting adjourned at 11:30 a.m.



Secretary.

Approved:



Governor.