

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 24, 1927 at 11:10 a.m.

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

Letter dated August 23rd from the Assistant Federal Reserve Agent at New York, advising that the Manufacturers and Traders - Peoples Trust Company of Buffalo, N. Y. has received permission from the State Banking Department to open and maintain a branch, on and after September 1st, at 3184-3186 Main Street, Buffalo, N. Y.

Noted.

Letter dated August 23rd from the Assistant Federal Reserve Agent at New York, advising that effective as at the close of business August 6th, the Bank of the Manhattan Company, New York City, absorbed the Bank of Washington Heights, the former main office and three branches of the Bank of Washington Heights now being operated as branches of the Bank of the Manhattan Company.

Noted.

Letter dated August 17th from the Assistant Federal Reserve Agent at San Francisco, advising that the American Trust Company, at the close of business August 6th, removed the branch formerly operated at 495 California Street, San Francisco, to 251 Montgomery Street.

Noted.

Letter dated August 17th from the Federal Reserve Agent at San

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Francisco, transmitting and recommending approval of an application of the American Trust Company, San Francisco, for permission to remove the branch formerly operated at Powell and Sutter Streets to a new location at 345 Powell Street - corner of Post and Powell Streets.

Noted with approval.

Report of Committee on Examinations on letter dated August 16th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the American Trust Company of San Francisco for permission to establish a branch at 3600 Balboa Street, San Francisco; the Committee also recommending approval.

Noted with approval.

Report of Committee on Examinations on letter dated August 16th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the American Trust Company of San Francisco, for permission to establish a branch in temporary quarters at 1050 Taraval Street, San Francisco, pending the construction of permanent quarters at 101 Taraval Street; the Committee also recommending approval.

Noted with approval.

Report of Executive Committee on letter dated August 19th from the Comptroller of the Currency, recommending approval of an increase from \$5300 to \$8,000 per annum in the salary of Mr. A. P. Leyburn, who is being appointed Chief National Bank Examiner of the Fourth Federal Reserve District, effective September 1, 1927; the Committee also recommending approval.

Approved.

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Report of Executive Committee on letter dated August 17th from the Comptroller of the Currency, recommending approval of increases in the salaries of National Bank Examiners, as follows:

J. F. Wanberg,	\$4100 to \$4300 per annum
William Taylor,	3900 to 4200 per annum
H. S. French,	2700 to 3300 per annum
John F. Utt,	2700 to 3000 per annum
R. K. Stuart,	5000 to 5400 per annum

Upon recommendation of the Committee, the above increases were approved.

Report of Executive Committee on letter dated August 19th from the Acting Comptroller of the Currency, recommending approval of increases in the salaries of the following National Bank Examiners:

W. W. Kane, Jr.,	\$3600 to \$4000 per annum
R. M. Hodgson,	6500 to 7500 per annum

Upon recommendation of the Committee, the above increases were approved.

Report of Committee on Salaries and Expenditures on letter dated August 19th 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 leave of absence, with full pay, for a period of three months, from July 5th, on account of illness, to Mrs. Elizabeth C. Kemp, an employee of the Payroll Department; the Board's Committee recommending approval of the salary payment involved.

Approved.

Report of Committee on Examinations on memorandum dated August 2nd from Mr. Black, with respect to the recent examination of the State Bank of Madelia, Minn. made as at the close of business July 12, 1927,

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in which he participated; the Committee concurring in the recommendation contained in Mr. Black's memorandum, based upon the examination referred to, that the Board now approve the action of the State Bank of Madelia in absorbing the First National Bank of Madelia without first securing the permission of the Board.

Upon motion, it was voted to approve the consolidation in question.

Letter dated August 15th from the Federal Reserve Agent at Atlanta, with reference to the application for membership in the Federal Reserve System, filed by the Farmers Bank of Royston, Ga., which was approved by the Board on February 14th, and to the Board's action of May 17th in granting an extension of 90 days in the time in which the bank might accept the conditions of membership imposed upon it by the Board; the Agent advising that the Farmers Bank of Royston, Ga. has not up to this time accepted the conditions of membership.

Upon motion, it was voted that the Board's approval of the application of the Royston Bank for membership in the System be rescinded, with the understanding that a new application will be required in the event the bank should later wish to enter the System.

Memorandum from the Division of Examination on letter dated August 5th from the Federal Reserve Agent at Atlanta, advising that he has been unable to secure application for surrender of Federal Reserve bank stock from the Liquidating Committee of the First National Bank of Athens, Ala. which institution was placed in voluntary liquidation effective January 11, 1927; the memorandum concurring in a recommendation of the

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Federal Reserve Agent that the Board issue an order cancelling the fifty shares of stock in the Federal Reserve Bank of Atlanta outstanding in the name of the First National Bank of Athens, in accordance with the provisions of Regulation I, Series of 1924.

Upon motion, the recommendation of the Federal Reserve Agent was approved and the stock of the bank in question was ordered cancelled.

Memorandum from Counsel dated August 22nd, with reference to the Clayton Act application of Mr. Marshal Hale, involving the California National Bank of Sacramento, Cal. and the Bank of Italy National Trust and Savings Association of San Francisco, which latter institution has two branches in Sacramento, within a few blocks of the California National Bank; Counsel recommending (1) That the Board temporarily refuse the application; (2) That the applicant be advised that on the evidence before it the Board can not permit him to serve these institutions but that he may, if he wishes to do so, furnish the Board with additional information; and (3) 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 that time its refusal will become final.

Upon motion, the recommendations of Counsel were approved and the application above referred to was temporarily refused.

The Secretary then presented a letter dated August 11th from the Federal Reserve Agent at Atlanta, inquiring as to the Board's action on an application for permission to exercise fiduciary powers filed by the

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First National Bank of Perry, Fla. The Secretary also presented a memorandum bearing upon this application, action on which has been deferred pending adoption by the Board of a policy with respect to the granting of fiduciary powers to National banks in Florida where the State Bank Commissioner requires a capital of \$100,000 and a paid-in surplus of \$50,000 for the organization of a trust company.

Upon motion, it was voted to refer the question of policy mentioned in the Secretary's memorandum, as well as the fiduciary application of the First National Bank of Perry, to the Law Committee for recommendation.

Letter dated August 20th from the Assistant Federal Reserve Agent at Dallas, with reference to the cancellation of stock in the Federal Reserve Bank of Dallas issued to the First State Bank, Normangee, Texas; the Assistant Federal Reserve Agent stating that the charter of the First State Bank of Normangee expired on December 29, 1926, without notice to the Federal Reserve Bank, and that the institution operating under the new charter does not desire membership in the System.

Referred to Counsel.

Memorandum from Counsel dated August 17th, submitting draft of letter to the First Federal Foreign Investment Trust and circular letter to all Federal Reserve banks advising of the amendment to Paragraph B of Section 11 of Regulation K, approved by the Board on August 11th.

Upon motion, the above letters were approved and ordered transmitted.

Memorandum from Counsel dated August 17th submitting draft of reply to letter dated August 5th from the Federal Reserve Agent at Boston, with reference to the surrender of certain Federal Reserve bank stock by the Worcester

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County National Bank of Worcester, Massachusetts, which is a consolidation of the Merchants National Bank of Worcester, and the Fitchburg Bank and Trust Company of Fitchburg, Massachusetts; the Agent having advised that prior to the consolidation the Fitchburg Bank and Trust Company reduced its surplus \$200,000 but elected to retain the stock to which it had subscribed on the basis of this surplus, and further, that the surplus of the consolidated bank is \$300,000 less than the combined surplus of the two consolidating institutions at the time of the consolidation. The proposed reply submitted by Counsel stated that the Board is of the opinion that the Worcester County National Bank is not required to surrender any of its Federal Reserve bank stock either on account of the reduction which took place in the surplus of the Fitchburg Bank and Trust Company prior to the consolidation or on account of the reduction in surplus which took place at the time of the consolidation.

Upon motion, the proposed letter submitted by Counsel was approved.

Memorandum from Counsel submitting draft of letter to the Supervising Receiver, office of the Comptroller of the Currency, referring to his letter of July 2nd with regard to Federal Reserve banks opening accounts with examiners in charge of suspended National Banks; the letter transmitting copy of a communication received from the Federal Reserve Bank of San Francisco, to which the matter was referred, and inquiring whether an arrangement outlined by the San Francisco bank would be satisfactory to the Comptroller's office.

Upon motion, the proposed letter was approved .

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Letter dated August 22nd from the Secretary of the Federal Advisory Council, advising of topics which have been suggested for discussion at the next meeting of the Council, to be held in Washington on Friday, September 16th, and inquiring whether the Board has any topics which it wishes to place upon the program for the Council meeting.

After discussion, the above letter was referred to the Vice Governor for the preparation of a reply.

Letter dated August 17th from the President of the United States National Bank, Denver, Colorado, transmitting copy of resolutions adopted by the Clearing House Associations of Denver, Wichita, Tulsa, Omaha and Kansas City, requesting that the Federal Reserve Bank of Kansas City and its branches be permitted to discontinue the handling of non-cash collection items.

Ordered circulated and filed.

Matter approved on initials on August 19th, namely, letter dated August 17th, from the Federal Reserve Agent at Chicago, requesting the designation of Mr. Edmond J. Quandt, as alternate during the absence of Mr. John F. Billig, to act as representative of the Federal Reserve Agent at the Detroit Branch to receive, endorse and release collateral to Federal Reserve notes.

Formally approved.

Matter approved on initials on August 19th, namely, letter dated August 18th from the Governor of the Federal Reserve Bank of New York, requesting approval of the action of the Board of Directors of that bank in authorizing the officers to open an account for the Austrian National

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Bank, Vienna, to establish a relationship with that bank along the same general lines as arrangements with other foreign central banks and to appoint the bank as agent and correspondent of the Federal Reserve Bank of New York in return for a similar appointment from it.

Formally approved.

Letter dated August 22nd from the Deputy Governor of the Federal Reserve Bank of New York, transmitting copy of letter addressed to the Austrian National Bank, outlining the terms of that bank's appointment as agent and correspondent of the Federal Reserve bank.

Noted.

Matter approved on initials on August 18th, namely, reply to telegram dated August 17th from the Federal Reserve Agent at San Francisco, with reference to the arrest of Mr. John W. Crownover, formerly assistant teller of the Security Trust and Savings Bank of Los Angeles, who is charged with the theft of \$52,000, and inquiring whether report to the United States District Attorney should be made on the basis of information obtained through the press or deferred until firsthand information can be obtained through examination; the telegraphic reply stating that an examiner of the Federal Reserve bank should visit the Security Trust and Savings Bank for the purpose of ascertaining the basis of charges made against Mr. Crownover and that the examiners findings should then be reported to the local United States District Attorney.

Formally approved.

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Report of Committee on Examinations on letter dated August 18th from the Federal Reserve Agent at Boston, transmitting and recommending approval of an application of the Exchange Trust Company of Boston, for permission, under special legislative authority, to increase the amount of its investment in real estate, said increase being in connection with the construction of a new bank building; the Committee recommending approval of the application.

Approved.

Memorandum from Counsel dated August 17th on letter dated July 12th from the Chairman of the Federal Reserve Bank of Atlanta, submitting for the Board's approval the action of the directors of that bank in fixing fees for Messrs. Randolph and Parker, regular Counsel, and for Messrs. Smith and Vertrees, local Counsel, in connection with the case of the L & N Railroad Company against Nashville Branch of the Federal Reserve Bank of Atlanta; Counsel recommending approval of the fees voted by the Atlanta directors, namely, \$2500 for each firm of attorneys, said fee covering their entire services in the case, including trial before the Supreme Court of the United States.

Upon motion, the action of the Atlanta directors was approved.

Draft of reply, prepared by Counsel, to letter dated August 8th from the First Federal Foreign Investment Trust with regard to the information which that corporation is required by the terms of Regulation K to file with the Board within ten days after the issuance of any debentures, bonds, notes or other obligations.

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Upon motion, the above letter was approved.

Memorandum from Couhnel dated August 23rd, submitting draft of reply to letters dated August 4th and 22nd from the First Federal Foreign Investment Trust, inquiring as to the right of that corporation to act as co-trustee for an issue of foreign bonds which will be purchased half by the corporation and half by another corporation in the United States; the proposed reply stating that upon the basis of the facts before it the Board is of the opinion that the exercise of the function described may properly be construed as incidental to the foreign business of the corporation.

Approved.

Letter dated August 18th from the Assistant Secretary of the Federal Reserve Bank of New York, 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 August 22nd from the Assistant Federal Reserve Agent at New York, advising of the establishment of a rate of 3% for purchases of bankers acceptances with maturities from one to 45 days; the Assistant Agent advising that all other rates for purchases of acceptances remain unchanged.

Noted, with approval.

Telegram dated August 17th from the Assistant Federal Reserve Agent of the Federal Reserve Bank of Philadelphia, advising that the

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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 August 19th from the Chairman of the Federal Reserve Bank at Chicago, 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 August 18th from the Chairman of the Federal Reserve Bank of San Francisco, 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.

The Vice Governor then presented letters dated August 15th, 16th and 19th from the Governor of the Federal Reserve Bank of New York, with reference to conditions in the money market, transactions in the open market investment account, and changes in the London account of the bank due to the sale of Sterling.

Noted.

Report of Committee on Examinations on the matter referred to Mr. Gilbert at the meeting on August 17th, namely, application of the National Loan and Exchange Bank of Columbia, S. C. for permission to accept drafts and bills of exchange up to 100% of its paid-in and unimpaired capital and surplus; the Committee submitting an analysis of the last report of examination of the applicant bank, prepared by Mr. Gilbert, and recommending

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approval of the application be withheld.

Upon motion, it was voted to withhold approval of the application pending another examination of the National Loan and Exchange Bank.

The Vice Governor then submitted a draft of a statement for the press setting forth the personnel of the directorate of the Branch of the Federal Reserve Bank of Richmond to be established at Charlotte, N. C.

Approved.

Informal discussion then ensued of the rediscount rate policy and the possibility of a discussion thereof appearing in the Review of the Month in the forthcoming issue of the Federal Reserve Bulletin.

Following the discussion, it was voted that should the subject be given a place in the Review of the Month, and particularly should the Review be released to the press in advance of the regular distribution of the Bulletin, all members present at this meeting would vote in favor of any published discussion of the subject of rate adjustments which may be unanimously approved by the members of the Board present when said discussion is presented for approval.

REPORTS OF STANDING COMMITTEES:

- Dated, August 20th, 22nd, 24th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 17th, 19th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, August 20th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, August 15th, Recommending approval of the application of Mr. Michael F. Dooley for permission to serve at the same time as director of the First National Bank, Attleboro, Mass. and as director of the Industrial Trust Company, Providence, R. I.
Recommendation approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, August 15th, Recommending approval of the application of Mr. Frederick S. Peck for permission to serve at the same time as director of the First National Bank, Attleboro, Mass. and as director of the Industrial Trust Company, Providence, R. I.

Recommendation approved.

Dated, August 22nd, Recommending approval of the application of Mr. Denman Kountze for permission to serve at the same time as director and officer of the First National Bank, Omaha, Nebraska and as member of the firm of private bankers of Kountze Brothers, New York, N. Y.

Recommendation approved.

Dated, August 20th, Recommending approval of the application of Mr. Theodore Stempfel for permission to serve at the same time as director and officer of the Fletcher American National Bank, Indianapolis, Ind., as director of the Indianapolis Joint Stock Land Bank, Indianapolis, Ind. and as director of the Belmont State Bank, Indianapolis, Ind.

Recommendation approved.

Dated, August 20th, Recommending approval of the application of Mr. Charles B. Sommers for permission to serve at the same time as director of the Fletcher American National Bank, Indianapolis, Ind. and as director of the Indianapolis Joint Stock Land Bank, Indianapolis, Ind.

Recommendation approved.

Dated, August 20th, Recommending approval of the application of Mr. Gustav H. Mueller for permission to serve at the same time as director and officer of the Fletcher American National Bank, Indianapolis, Ind., as director of the Indianapolis Joint Stock Land Bank, Indianapolis, Ind. and as director of the Madison Avenue State Bank, Indianapolis, Ind.

Recommendation approved.

Dated, August 20th, Recommending approval of the application of Mr. Elmer W. Stout for permission to serve at the same time as director and officer of the Fletcher American National Bank, Indianapolis, Ind., as director of the Indianapolis Joint Stock Land Bank, Indianapolis, Ind. and as director of the Belmont State Bank, Indianapolis, Ind.

Recommendation approved.

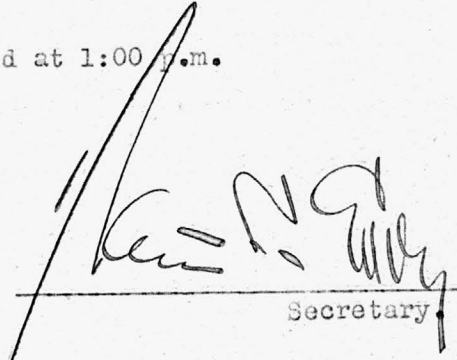
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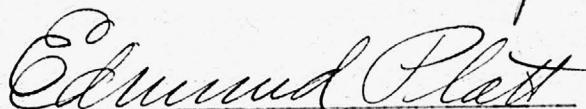
REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, August 20th, Recommending approval of the application of Mr. George C. Forrey, Jr. for permission to serve at the same time as director and officer of the Fletcher American National Bank, Indianapolis, Ind. as director of the Indianapolis Joint Stock Land Bank, Indianapolis, Ind. and as director of the Belmont State Bank, Indianapolis, Ind.
Recommendation approved.

The meeting adjourned at 1:00 p.m.


Secretary

Approved:


Vice Governor.