A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Tuesday, August 30, 1927 at 11:30 a.m.

PRESENT: Governor Crissinger
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Bidy, Secretary
Mr. McClelland, Asst. Secretary

Telegram dated August 25th from the Chairman of the Federal Reserve Bank of Kansas City, 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, with approval.

Letter dated August 25th 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, with approval.

Telegram dated August 26th and letter dated August 27th from the Chairman of the Federal Reserve Bank of Chicago, advising of the action of the board of directors of that bank at its meeting on August 26th in voting that the bank's present rediscount of 4½ should be continued.

Thereupon ensued a discussion, following which Mr. James moved that the action of the directors of the Federal Reserve Bank of Chicago, with respect to the rediscount rate in effect at that bank, be not approved.

Mr. James' motion being put by the Chair was carried by the affirmative vote of all members present at the meeting.
Memorandum dated August 26th from the Secretary, advising that the Comptroller of the Currency has increased the salary of his private secretary, Mr. S. E. Kimball, from 2800 to 3000 per annum, effective September 1, 1927, an anniversary of his appointment.

Noted.

Report of Executive Committee on letter dated August 27th from the Comptroller of the Currency, recommending approval of an increase from $2700 to $3,000 per annum, in the salary of National Bank Examiner J. H. Roberts; the Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 27th from the Federal Reserve Agent at St. Louis, requesting approval of the action of the Executive Committee of the bank in voting to extend for a period of 30 days from August 27, 1927, leave of absence on account of illness granted Mr. R. E. Niese, Manager of the Custody Department of the Memphis Branch; the Board's Committee recommending approval of the salary payment involved.

Approved.

Telegram dated August 27th from the Federal Reserve Agent at San Francisco, advising of the death on that date of Mr. William Duling, one of the Board's appointees to the directorate of the Spokane Branch.

Noted, with regret and referred to the Committee on District #12 for recommendation as to the appointment of a successor.

The Secretary was requested to communicate regarding the above matter with Mr. Miller, Chairman of the Committee, who is now in California.
Report of Committee on Salaries and Expenditures on letter dated August 22nd from the Governor of the Federal Reserve Bank of Dallas, with reference to an expenditure of $316.50 made by the San Antonio Branch for membership of the Managing Director in the San Antonio Casino Club; the Board's Committee recommending approval of the expenditure.

Approved.

Letter dated August 24th from the Governor of the Federal Reserve Bank of Richmond, submitting an estimate of the cost of vault equipment for the branch to be established at Charlotte.

Noted.

Matter approved on initials on August 26th, namely, telegraphic reply to telegram dated August 24th from the Federal Reserve Agent at San Francisco, with reference to arrangements being made for simultaneous examination of the Security Trust and Savings Bank of Los Angeles and a request of the State Banking Department that the Federal Reserve bank consent to be billed for copies of the report of the examination in order to reimburse the state department for extra expense in connection with simultaneous entry of the bank and its branches; the telegraphic reply approving the absorption of the expense referred to and also participation in the examination by the Federal Reserve Agent's examiners as outlined in his telegram.

Upon motion, the telegraphic reply was formally approved.

The Governor then submitted a proposed statement for the press containing an advance release, for publication in the morning papers of
September 1st, of the Review of the Month which will appear in the September issue of the Federal Reserve Bulletin.

Upon motion, the proposed review, which has previously been studied by the individual members, was approved for publication.

Letter dated August 25th from the Governor of the Federal Reserve Bank of New York, suggesting that the regular Fall conferences of Governors and Federal Reserve Agents be held this year in October rather than November and requesting to be advised of dates which will be satisfactory to the Board.

After discussion, it was voted to fix the week of October 24th for the Conferences, the Federal Reserve Agents to meet October 24th, 25th and 26th and the Governors on October 26th, 27th and 28th, with a joint conference on October 29th.

Letter dated August 26th from the Vice President and Treasurer of the First Federal Foreign Investment Trust, New York City, transmitting detailed information required by the Board's Regulation K in connection with an issue made by the Corporation on August 1, 1927 of $2,000,000 of five year 5½ gold notes.

Referred to Counsel.

Memorandum from Counsel dated August 19th, approved by the Law Committee, submitting a proposed revision of the form of application for surrender of stock provided under Sub-division (b) of Section 2 of the Board's Regulation I, revised so as to show clearly that it is intended for use by receivers of insolvent state member banks as well as insolvent national banks.

Upon motion, the revised form was approved.
Memorandum from Counsel dated August 17th, with reference to the action of the Board on July 15th in requesting his office to prepare and submit in due course the regulation contemplated by the resolution adopted by the Board on July 12th, with regard to purchases and sales of foreign bills of exchange and acceptances; Counsel requesting further information as to the character of the regulation which the Board desires his office to prepare.

After discussion, it was voted to defer action on the above matter until a meeting of the Board.

Memorandum from the Secretary dated August 26th, submitting letter dated August 20th from the Governor of the Federal Reserve Bank of Richmond, replying to a letter which the Board addressed to the Federal Reserve Agent at Richmond under date of August 19th with regard to the condition of the Farmers Bank and Trust Company of Forest City, N. C. as disclosed by recent examination of that bank. With his memorandum, the Secretary also submitted an analysis of the condition of the bank prepared by Mr. Gilbert, Supervisor of Examinations, with which Mr. Gilbert submitted the following recommendation:

"In view of the apparent seriousness of the situation, it is believed by this office that the board of directors of this bank should be formally notified by the Federal Reserve Agent, by letter, of the persistent violations of the Federal Reserve Act and called upon to show cause why the bank should not be expelled from the System. Pending action of the Board on the question of expulsion, it is recommended by this office that the Federal Reserve Agent be instructed to make another examination within the next thirty days and to direct his examiners to enter into negotiations with the directors, looking to the reduction to proper limits of the bank's extended condition and the excessive lines of credit to directors, officers, employees and their enterprises. It is also recommended in this
"...connection that the services of Mr. Black be loaned to Mr. Horton as was done in the case of the Madelia (Minnesota) State Bank."

After discussion, it was voted to approve Mr. Gilbert's recommendation quoted above.

Memorandum from Counsel dated August 25th, submitting draft of letter to the Assistant Federal Reserve Agent at Dallas, with reference to the surrender and cancellation of Federal Reserve bank stock allotted to the First State Bank of Normangee, Texas and the First State Bank of Seminole, Texas, due to the expiration of the charters of those institutions; the proposed letter submitting a form of application to be used in connection with the surrender of stock.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated August 19th with regard to an inquiry received from Honorable Morris Sheppard, United States Senator from Texas, with regard to an amendment to the Federal Reserve Act which would make eligible for rediscount sight and demand bills secured by shipping documents covering the domestic shipment of any non-perishable readily marketable staples whether agricultural or non-agricultural, and also sight and demand drafts secured and accompanied by shipping documents and foreign bills of exchange covering foreign shipments of readily marketable staples; Counsel stating that the matter has been taken up with the Governor of the Federal Reserve Bank of New York, from whom the Board has received a letter with respect to the practical effect of the amendment referred to, but that no action by the Board on the matter seems necessary at
this time.

Noted.

Memorandum dated August 16th from the Secretary, submitting and summarizing letters received from the Governors of the various Federal Reserve banks with respect to the practice being adopted by certain banks of making a charge of twenty-five cents on checks drawn against insufficient funds, on which question a ruling by the Board was requested by the Governor of the Federal Reserve Bank of Minneapolis, in whose district the charge is being made against the bank which sends the item, rather than against the drawer of the check.

Ordered circulated.

Memorandum dated August 26th from Counsel, submitting copy of letter from Honorable Newton D. Baker, with respect to the handling by the Federal Reserve Bank of Atlanta of checks bearing the notation "Payable in New York Exchange at current rates" which are being used by certain banks in the Sixth Federal Reserve District; Counsel advising that the Federal Reserve Bank of Atlanta is declining to handle the checks in question and is returning them to the endorsers and stating that no action by the Board appears to be necessary for the present.

Noted.

Mr. McIntosh then brought up the matter which was referred to the Law Committee at the meeting on August 24th, namely, the application of the First National Bank of Perry, Fla. for permission to exercise fiduciary powers. He stated that he believed the application should be approved and that the bank has a capital of $50,000, surplus $50,000 and undivided
profits of approximately $15,000. He stated, however, that Messrs. Hamlin
and Platt, the other members of the Committee, do not favor approval of the
application, believing that the Board in acting upon applications of nation-
al banks in Florida for permission to exercise trust powers should conform
to a ruling made some time ago by the Commissioner of Banking of the state
of Florida requiring a capital of $100,000 and a paid-in surplus of 50%
for the chartering of trust companies in that state.

Following the discussion, it was voted that the
above matter be taken up as special order of business
on Tuesday, on which day a quorum of the Board will be
present.

REPORTS OF STANDING COMMITTEES:

Dated, August 29th,

Recommending changes in stock at Federal Reserve
banks as set forth in the Auxiliary Minute Book
of this date.

Recommendations approved.

Dated, August 24th,

Recommending action on applications for fiduciary
powers as set forth in the Auxiliary Minute Book
of this date.

Recommendations approved.

Dated, August 20th,

Recommending approval of the application of Mr.
John L. Kiser for permission to serve at the same
time as director of the Liberty National Bank,
New York, N. Y. and as director of the Fidelity
Union Trust Company, Newark, N. J.

Recommendation approved.

Dated, August 24th,

Recommending approval of the application of Mr.
Joseph W. Henderson for permission to serve at the
same time as director of the National Bank of Mt.
Airy, Philadelphia, Pa. and as director of the National

Recommendation approved.

Dated, August 29th,

Recommending approval of the application of Mr.
W. C. Washburn for permission to serve at the same
time as director of the Peoples National Bank,
Edwardsville, Pa. and as director of the Miners
Bank of Wilkes-Barre, Pa.

Recommendation approved.

Dated, August 29th,

Recommending approval of the application of Mr.
Parmely W. Herrick for permission to serve at the
same time as director of the Union Trust Company, Cleveland, Ohio, as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio and as director of the Harriman National Bank, New York, N. Y.

Recommendation approved.

Dated, August 29th, Recommending approval of the application of Mr. Arthur H. Seibig for permission to serve at the same time as director and officer of the United Banking and Trust Company, Cleveland, Ohio, as director and officer of the New York Joint Stock Land Bank, New York, N. Y. and as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio.

Recommendation approved.

Dated, August 29th, Recommending approval of the application of Mr. J. C. Nichols for permission to serve at the same time as director and officer of the Central National Bank, Cleveland, Ohio and as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio.

Recommendation approved.

Dated, August 29th, Recommending approval of the application of Mr. W. H. Yeasting for permission to serve at the same time as President and director of the Commercial Savings Bank and Trust Company, Toledo, Ohio and as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio.

Recommendation approved.

Dated, August 29th, Recommending approval of the application of Mr. R. V. Mitchell for permission to serve at the same time as director of the Union Trust Company, Cleveland, Ohio and as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio.

Recommendation approved.

Dated, August 29th, Recommending approval of the application of Mr. O. N. Sams for permission to serve at the same time as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio and as Class "A" director of the Federal Reserve Bank, Cleveland, Ohio.

Recommendation approved.

Dated, August 30th, Recommending approval of the application of Mr. Samuel L. McCune for permission to serve at the same time as director of the United Banking and Trust Company, Cleveland, Ohio, as director and officer of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, and as director and officer of the New York Joint Stock Land Bank, New York, N. Y.

Recommendation approved.

Approved: [Signature]

Governor.