

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, September 20, 1927 at 11:15 a.m.

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

The Vice Governor presented application of The Louisa County National Bank of Columbus Junction, Iowa, for permission to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics; and stated that the bank, since assuming certain assets and liabilities of The Louisa County Savings Bank has been acting as trustee, administrator, executor and guardian without a permit from the Board. The Vice Governor read a recommendation of the Federal Reserve Agent at Chicago that the Board merely permit the national bank to continue the trusts which were actually in existence in the savings bank at the time that institution went out of business, but that the permit extend no further until such time as the Federal Reserve Agent receives a complete report of examination upon which to base an analysis of the condition of the bank and a recommendation as to whether or not it should be permitted the general exercise of trust powers. He also submitted a memorandum from the Board's sub-committee stating that it has been the policy of the Board not to grant fiduciary permits to act in specific cases and recommending that the bank be authorized to act generally as trustee, executor, administrator and guardian, which would cover the authority necessary to make lawful the continuance of the administration of the trusts now in the national bank.

9/20/27

-2-

After discussion, upon motion by Mr. James, it was voted to authorize the Louisa County National Bank, Columbus Junction, Iowa, to act as trustee, executor, administrator and guardian.

The Vice Governor then presented two bonds, dated September 13th and 15th, in the amount of \$50,000 each, covering Mr. W. W. Hoxton, Federal Reserve Agent at Richmond.

Approved.

Memorandum from Counsel dated September 9th, submitting draft of letter to Mr. Joseph C. Specht with reference to his application for permission to serve at the same time as director of the National City Bank and as director of the German American Savings Bank, both of Los Angeles, Calif; the proposed letter stating (1) That it appears from the evidence submitted to the Board that these two banks are in substantial competition within the meaning of the Clayton Act and on the evidence before it the Board has no power under the law to grant the application; (2) That before passing finally upon a case of this kind it is the practice of the Board to afford an opportunity to the applicant to present any additional facts or arguments tending to prove that the banks he wishes to serve are not in substantial competition; and (3) That if the Board does not receive notice within thirty days that Mr. Specht desires to present additional information or arguments in support of his application it will be considered as definitely refused.

Upon motion, the letter submitted by Counsel was approved and ordered transmitted.

Memorandum dated September 14th from the Chief of the Division of Bank Operations, submitting the resignation of Miss Louise Barnard, comptometer operator, effective at the close of business September 19th, and recommending employment of Mrs. Rita S. Fugitt, to fill the vacancy thus

9/20/27

-3-

created, at an annual salary of \$1400.

Upon motion, Miss Barnard's resignation was accepted and the employment of Mrs. Fugitt was approved.

Report of Executive Committee on letter dated September 16th from the Comptroller of the Currency, recommending an increase from \$4800 to \$5,000 per annum in the salary of National Bank Examiner R. W. Byers; the Committee recommending approval.

Formally approved.

Report of Executive Committee on letters dated September 15th and 16th from the Comptroller of the Currency, recommending approval of salaries for National Bank Examiners as follows:

Benjamin H. Wooten, 11th District	-	\$3600	per annum
Chester A. Welday, 12th District	-	2700	" "
William L. Sibley, 11th District	-	2700	" "
Wm. C. Griswold, 4th District	-	5000	" "

Formally approved.

Report of Executive Committee on letter dated September 19th from the Comptroller of the Currency, recommending approval of a salary of \$3600 per annum for National Bank Examiner Verne J. Wilson, assigned to the Seventh Federal Reserve District.

Formally approved.

Report of Committee on Salaries and Expenditures on letter dated September 16th from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of an increase from \$3600 to \$4,000 per annum in the salary of Mr. Travis F. Epes, who has been appointed General Auditor to succeed Mr. Hugh Leach, transferred to the Charlotte Branch as Managing Director; the Committee recommending approval.

9/20/27

-4-

Approved.

Report of Committee on Salaries and Expenditures on letter dated September 8th from the Federal Reserve Agent at Dallas, requesting approval of the action of the board of directors of that bank in voting to extend for a period of twenty-one days from August 9th, with full pay, leave of absence on account of illness previously granted to Mr. R. H. Alexander, an employee of the Insolvent Banks Department; the Committee recommending approval of the salary payment involved.

Approved.

Letter dated September 13th from the Assistant Federal Reserve Agent at San Francisco, advising that on September 1st the American Trust Company of San Francisco moved to 345 Powell Street, San Francisco, the branch formerly located at 465 Powell Street.

Noted.

Report of Committee on Salaries and Expenditures on letter dated September 8th from the Deputy Governor of the Federal Reserve Bank of New York, recommending approval of promotions in the grades of Miss Inez Voelkner and Mr. Henry Perrin, to positions where the grade is in excess of \$2500 per annum, such changes to be effective September 1st; the Committee recommending approval of the promotions which are in accordance with the grade classification plan approved by the Board on January 12, 1926.

Approved.

Report of Executive Committee on letter dated September 13th from the Federal Reserve Agent at Boston, transmitting and recommending approval of an application of the Rhode Island Hospital Trust Company of Providence, R. I. for permission to accept up to 100% of its paid-in and

9/20/27

-5-

unimpaired capital stock and surplus; the Committee recommending approval.

Formally approved.

Letter dated September 16th from the Federal Reserve Agent at Boston, advising that the Merrill Trust Company, Bangor, Me., whose notice of intention to withdraw from the Federal Reserve System does not expire until November 9th, is negotiating to take over the Waldo Trust Company, Belfast, Me. and operate it as a branch; the Agent inquiring whether under the circumstances he should advise the Merrill Trust Company that it can not take over the branch.

Upon motion by Mr. James, the Secretary was directed to advise the Federal Reserve Agent that he should inform the Merrill Trust Company that under the law it can not establish a branch outside the city of Bangor until after its withdrawal from membership in the Federal Reserve System which will become effective on November 9th.

The Vice Governor then submitted the matter which was referred to the Executive Committee on September 8th, namely, letter dated September 6th from the Secretary of the Federal Reserve Agents' Conference, submitting a tentative program for a meeting of the Conference to be held in Washington the latter part of next month.

Upon motion, it was voted to approve the tentative program as submitted.

The Secretary reported that the only topic which the Board has thus far voted to refer to the Federal Reserve Agents' Conference is that of a system policy with respect to the publication by the Federal Reserve Agents or Federal Reserve banks of their findings in examinations of member banks made under their supervision. He referred, however, to the discussion had with the Federal Advisory Council at their last meeting as to the advisability

9/20/27

-6-

of standardizing the forms of statement being required by the Federal Reserve banks in connection with the rediscount of paper.

Upon motion, it was voted to place this question upon the programs for the forthcoming Conferences of Governors and Federal Reserve Agents.

Report of Committee on District #10 recommending the appointment of Mr. Wayland W. Magee of Bennington, Nebraska, as director of the Omaha Branch of the Federal Reserve Bank of Kansas City for the unexpired term of Mr. A. J. Weaver, resigned, ending December 31, 1927.

Upon motion, it was voted that the Executive Committee should endorse the recommendation of the Committee.

Letter dated September 16th from the Federal Reserve Agent at Atlanta, transmitting copy of letter from the Comptroller of the State of Florida advising that he has made no change in his policy of requiring a capital of \$100,000 and a surplus of \$50,000 to be paid in by trust companies before beginning business in that state.

Noted.

Memorandum from the Secretary dated September 16th advising that by direction of Mr. Cunningham he furnished to each member of the Federal Advisory Council a copy of Mr. Cunningham's statement made at the meeting of the Federal Reserve Board on July 13th and recorded in the minutes of said meeting, with respect to his view of the credit policy to be followed during the period of the ensuing several weeks.

Noted.

Letters dated September 15th and 16th from the Chairmen of the Federal Reserve Banks of San Francisco and Richmond, respectively, advising

9/20/27

-7-

of amendments to the By-laws of those banks with relation to the annual election of officers, adopted by their boards of directors in conformity with the request made in the Board's letter of August 16th (X-4928).

Noted, with approval.

Letter dated September 13th from the Federal Reserve Agent at Dallas, transmitting copy of a further circular letter being sent out to member banks in the Twelfth Federal Reserve District by Mr. J. P. Williams, President of the First National Bank, Mineral Wells, Texas, with respect to the policies and administration of the Federal Reserve Bank of Dallas; the Agent stating that Mr. Williams is also sending out another letter to certain member banks inviting them to attend a meeting to be held in Fort Worth the latter part of September.

Noted, and ordered filed.

Letter dated September 13th from the Federal Reserve Agent at Boston, inquiring whether deposits in member banks by building and loan associations, mutual savings banks, co-operative banks, credit unions and Morris Plan banks should be classed as amounts "due to banks" within the meaning of Section 19 of the Federal Reserve Act, or should be classed as demand or time deposits, against which amounts "due from banks" can not be applied in arriving at the basis for ascertaining required reserves.

After discussion, it was voted to refer the above question to the forthcoming Conferences of Governors and Federal Reserve Agents.

Letter dated September 13th from the President of the Marine Bank and Trust Company of New Orleans, suggesting that the New Orleans Branch of

9/20/27

-8-

the Federal Reserve Bank of Atlanta be permitted to make advances to member banks against the pledge of sixty day sterling bills on prime English banks, with documents attached, which bills would be deposited with the Federal Reserve bank for collection; the letter stating that if this permission should be granted the New Orleans Branch it would enable New Orleans banks to purchase considerable quantities of cotton and grain import bills which originate in that territory and which should be handled by the banks there.

After discussion, it was voted to refer the above letter to the Federal Reserve Bank of Atlanta for recommendation and at the same time to request the Board's Counsel for an opinion as to the legality of compliance with the suggestion contained therein.

Memorandum from Counsel dated September 8th, with regard to an inquiry made by Mr. Gilbert, Supervisor of Examinations, as to whether a member bank that is violating one or more provisions of the Federal Reserve Act and United States Statutes made applicable by that act to member banks; regulations of the Federal Reserve Board or conditions of membership, has a right to the enjoyment of any or all privileges of membership during the time that such violations may be continuing and if not, whether the Federal Reserve Board has power, by general or special instructions or by regulation to require Federal Reserve banks to withhold from the banks so delinquent their privileges of membership including the privilege of discounting eligible paper during the period of such delinquency.

Ordered circulated.

Memorandum from Counsel dated September 2nd, with regard to the matter referred to him at the meeting on August 11th, namely, memorandum dated August 10th from the Supervisor of Examinations setting forth certain

9/20/27

-9-

questions regarding the interpretation of Sections 5204, 5205 and 5209 of the Revised Statutes of the United States, in connection with state member banks which, through losses or other withdrawals, have suffered impairments of their capital.

Ordered circulated.

The Secretary then referred to a request made by the President of the Federal Advisory Council at the time of the meeting here on September 16th that the Executive Committee of the Council be furnished with copies of the draft of the Board's proposed new regulation regarding the computation of reserves of member banks.

Upon motion, the Secretary was authorized to furnish copies of the tentative regulation to the President of the Council.

Matter ordered circulated at the meeting on August 30th, namely, memorandum dated August 19th from the Secretary submitting and summarizing letters received from the Governors of the various Federal Reserve banks, with respect to the practice of certain banks of making a charge of twenty-five cents on checks drawn against insufficient funds, which letters were addressed to the Board in connection with a request from the Governor of the Federal Reserve Bank of Minneapolis for a ruling as to whether the Federal Reserve bank should remove from the par list certain non-member banks in the ninth District which have adopted the practice of making the charge against the bank which sends the item rather than against the drawer of the check.

After discussion, it was voted to submit the above question to the forthcoming Conference of Governors for discussion.

9/20/27

-10-

Memorandum from the Assistant Chief of the Division of Bank Operations dated September 20th, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of August and during the eight month period ending August 31st.

Ordered circulated.

REPORTS OF STANDING COMMITTEES:

- Dated, September 16th, 17th, 20th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, September 16th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, September 16th, Recommending approval of the application of Mr. F. W. Shelton for permission to serve at the same time as director of the National Bank of Hermosa Beach, Hermosa Beach, Cal. and as officer of the Pacific National Bank, Los Angeles, Cal.
Recommendation approved.
- Dated, September 17th, Recommending approval of the application of Mr. Stewart Cosgriff for permission to serve at the same time as President and director of the Commercial National Bank, St. Anthony, Idaho and as Assistant Cashier of the Continental National Bank, Salt Lake City, Utah.
Recommendation approved.
- Dated, September 10th, Recommending approval of the application of Mr. Charles A. Miller for permission to serve at the same time as director of the First National Bank, Allegany, N. Y. and as Assistant Cashier of the Exchange National Bank, Olean, N. Y.
Recommendation approved.
- Dated, September 16th, Recommending approval of the application of Mr. J. Arthur House for permission to serve at the same time as director and officer of the Guardian Trust Company, Cleveland, Ohio and as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, O.
Recommendation approved.
- Dated, September 15th, Recommending approval of the application of Mr. Maurice N. Niezer for permission to serve at the same time as director of the Lincoln National Bank, Fort Wayne, Ind. and as director and Vice President of the Lincoln Trust Company, Fort Wayne, Ind.
Recommendation approved.

9/20/27

-11-

REPORTS OF STANDING COMMITTEES: (Cont'd)

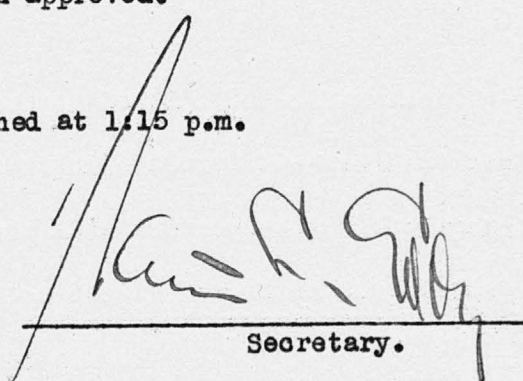
Dated, September 15th, Recommending approval of the application of Mr. Samuel M. Foster for permission to serve at the same time as director and Chairman of the Lincoln National Bank, Fort Wayne, Ind. and as director and Chairman of the Lincoln Trust Company, Fort Wayne, Ind.

Recommendation approved.

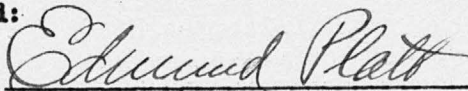
Dated, September 16th, Recommending approval of the application of Mr. M. S. Eccles for permission to serve at the same time as officer and director of the First National Bank, Ogden, Utah, as officer and director of the National Bank of Idaho, of Pocatello, Idaho and as officer and director of the First National Bank of Rock Springs, Wyoming.

Recommendation approved.

The meeting adjourned at 1:15 p.m.


Secretary.

Approved:



Vice Governor.