A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, November 8, 1927 at 10:30 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on the morning of November 4th were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on the afternoon of November 4th were read and approved.

Memorandum dated November 4th from the Assistant Secretary, requesting authority to dispense with the services of LeRoy Hicks, messenger, effective at the close of business November 15, 1927.

Approved.

Report of Executive Committee on letter dated November 3rd from the Assistant Federal Reserve Agent at Minneapolis, transmitting and recommending approval of an application of the Minnehaha National Bank, Minneapolis, Minn., an outlying institution, for a reduction in its reserve requirements from 10% to 7% of demand deposits; the Board's Committee also recommending approval.

Approved.

Letter dated November 3rd from the President of the New Orleans Clearing House Association, transmitting copy of resolutions adopted by that association protesting against the discontinuance of the office of Assistant Federal Reserve Agent at the New Orleans Branch.

Noted.
Memorandum from Counsel dated November 2nd, submitting draft of reply to letter dated October 27th from the Deputy Comptroller of the Currency, with reference to the authority of the Board to grant to national banks located in the District of Columbia the general power, contained in Section 11 (k) of the Federal Reserve Act, "to act in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the state in which the national bank is located"; the proposed reply stating that the Board has been requested in a number of instances to grant the general power to national banks located in the District but has consistently taken the position that the District of Columbia is not a "state" within the meaning of the provisions of Section 11 (k) of the Act and that, therefore, it does not have authority to grant the general power to national banks located in the District.

Upon motion, the letter submitted by Counsel was approved.

The Governor then submitted application of the Liberty National Bank of Washington, for permission to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics and "in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the state in which the national bank is located."

He also submitted a memorandum from Counsel calling attention to the Board's position that it has no authority to grant the general power to national banks in the District of Columbia, but that there is no legal reason
why the Board should not approve the application of the Liberty National Bank for all of the other trust powers applied for.

Upon recommendation of the Law Committee, it was voted to approve the application of the Liberty National Bank to exercise all powers applied for other than the general power.

Report of Committee on Salaries and Expenditures dated October 3rd, submitting report of the conference held at the Federal Reserve Bank of Chicago on June 2 and 3, 1927, at which were considered questions regarding accounting procedure with reference to bank premises and certain phases of functional expense reports; the Committee also submitting memorandum dated September 30th from the Chief of the Board’s Division of Bank Operations and recommending approval of a suggestion contained in that memorandum that the following substitute be approved by the Board for the recommendation of the conference with respect to the cost of building alterations made for tenants:

"The cost of repairs and alterations made for the use of tenants should be amortized against earnings (rent received) over the period of the lease for the premises affected, unless the amount involved is relatively small, in which case the cost may be charged directly against rent received. Rental commissions should be amortized over the period of the lease, unless paid monthly or of a relatively small amount, when they may be charged directly against rent received."

After discussion, it was voted to approve the recommendations contained in the conference report, with the substitution suggested by Mr. Smead, and to request each Federal Reserve bank to adjust its accounts in accordance therewith before the closing of books at the end of the current year.

The Governor then submitted a letter addressed to him under date of
November 5th by Mr. Milton C. Elliott, local attorney for the State-Planters Bank and Trust Company of Richmond, Va., with reference to the inquiry made of the Board by the President of that institution under date of October 24th as to whether it would be considered by the Board as a violation of any provision of the Federal Reserve Act or any Regulation of the Board if that institution should purchase the entire capital stock (except directors' qualifying shares) of a new bank to be organized at Hopewell, Va.; the letter from Mr. Elliott stating that counsel for the State-Planters Bank and Trust Company are now so definitely of the opinion that the transaction does not involve any violation of any provision of the Federal Reserve Act or Regulations made by the Board pursuant thereto, that the President of the institution feels justified in acting upon their advice and has authorized the withdrawal of his request for a ruling or opinion of the Board.

Noted.

Discussion then ensued as to whether the question involved in the proposed action of the State-Planters Bank and Trust Company should be submitted to the Attorney General in accordance with the action taken by the Board on November 4th. The Governor stated that in accordance with that action a letter had been prepared requesting the Secretary of the Treasury to secure an opinion of the Attorney General, but that in view of the withdrawal of the inquiry of the State-Planters Bank and Trust Company, it will be necessary to revise this letter before its transmittal.

Upon motion, the Governor was authorized to have the proposed letter requesting the opinion of the
Attorney General revised in order to meet the present circumstances, and to submit same to the Board at a later meeting for determination whether the question involved should be referred to the Attorney General.

The Governor then submitted a memorandum dated October 31, 1927 from the Chief of the Division of Bank Operations submitting, in accordance with the resolution adopted by the Board on September 7, 1927, a detailed report as to the amount of float, both inter- and intra-district, carried by each Federal Reserve bank and the states or districts on which the items causing the float are drawn.

Upon motion, the report submitted by Mr. Smead was ordered circulated for the information of the members of the Board prior to action thereon.

The Governor then announced that if agreeable to the Board he would like to designate one of the officers of the Board to act for him in the matter of signing vouchers covering salaries and expenses of the Board. He stated that informal inquiry made of the Solicitor for the Comptroller General discloses no objection to such designation, with the suggestion that the person so designated sign "By direction of the Governor".

Upon motion, the Governor was authorized to designate an officer or officers of the Board to sign vouchers in his stead and by his direction and accordingly he designated the Secretary of the Board and Assistant Secretary Noell.

The Governor then referred to the matter of appointments by the Board of Class C Directors of Federal Reserve banks and branch bank directors. He requested that the various District Committees prepare and submit their recommendations prior to December 8th, at the meeting on which date they will be taken up as special order of business.
REPORTS OF STANDING COMMITTEES:

Dated, November 4th, recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, November 5th, recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

The meeting adjourned at 11:30 a.m.

Approved: 

[Signature]

Governor.