

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

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

The minutes of the meetings of the Federal Reserve Board held on November 10th and 14th were read and approved.

Telegram dated November 10th from the Chairman of the Federal Reserve Bank of Boston, letter dated November 10th from the Assistant Secretary of the Federal Reserve Bank of New York, telegram dated November 10th from the Secretary of the Federal Reserve Bank of Cleveland, telegram dated November 10th from the Chairman of the Federal Reserve Bank of Richmond, and telegram dated November 12th from the Secretary of the Federal Reserve Bank of Atlanta, all advising that the boards of directors of the banks at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Report of Committee on Salaries and Expenditures on letter dated November 10th from the Chairman of the Federal Reserve Bank of Boston, advising of the action of the board of directors of that bank in voting, subject to the approval of the Board, to extend until the next meeting of the directors, with half pay, leaves of absence on account of illness previously granted Mr. Joseph Buckley and Miss Dorothy M. Roberts; the Board's Committee recommending approval of the salary payments involved.

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Approved.

Report of Committee on Salaries and Expenditures on letter dated November 10th from the Chairman of the Federal Reserve Bank of Philadelphia, advising of the action of the Executive Committee of that bank in voting to extend for a period of 60 days, with pay, leave of absence on account of illness previously granted Mr. Henry S. McCleary, an employee of the Auditing Department; the Board's Committee recommending approval of the salary payment involved.

Approved.

Letter dated November 12th from the Secretary of the Federal Advisory Council, advising that no topics have been received either from the Board or from the members of the Council for discussion at the meeting to be held on November 18th.

The Secretary reported to the Board that the report of the Sub-committee of the General Acceptance Committee, which the Board yesterday voted to refer to the Council, is being mimeographed, but that it will be necessary to submit it to the members of the Council when they arrive in Washington.

Report of Executive Committee on letter dated November 9th from the Federal Reserve Agent at Minneapolis, transmitting and recommending approval of applications of The Third Northwestern National Bank and the Fifth Northwestern National Bank, both outlying institutions in Minneapolis, for a reduction in their reserve requirements under Section 13 of the Federal Reserve Act from 10% to 7% of demand deposits; the Board's Committee recommending approval.

Approved.

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Letter dated November 10th from the Chairman of the Federal Reserve Bank of New York, requesting approval of the designation of Mr. William H. Dillistin as Federal Reserve Examiner.

Approved.

Memorandum from Assistant Counsel dated November 9th, submitting letter from the Assistant Federal Reserve Agent at New York, advising that Messrs. H. H. Parmelee and W. B. Gourley who are serving two banks which come within the prohibitions of the Clayton Act, The First National Bank of Paterson, N. J. and the Lincoln National Bank of Passaic, N. J., expect to sever their connections with the Lincoln National Bank at the end of the year; Counsel submitting draft of letter to the President of the Lincoln National Bank advising that the Board will not insist that Messrs. Parmelee and Gourley file applications at this time for permission to serve the banks referred to, but requesting that the Board be advised at the end of the year whether the gentlemen have severed their connection with one of the banks, and if so, the date upon which their resignations become effective.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated November 10th submitting draft of reply to letter dated November 4th from the First Federal Foreign Investment Trust, inquiring whether the Board will approve the splitting of the present \$100 par value shares of the corporation into shares having a par value of \$25, in order that the bank may facilitate the wider dissemination of its stock; the proposed reply stating that the Board has no objection to the proposal to reduce the par value of the stock of the corporation in accordance with

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the plan outlined, and further, that the reduction may be effected by an amendment to the articles of association of the corporation by a vote of the stockholders owning a majority of the stock.

Upon motion, the proposed letter was approved.

Report of Executive Committee on memorandum dated November 10th from the Deputy Comptroller of the Currency, referring to the Board's action of September 27, 1927 in approving a reduction in the capital stock of the First National Bank of Madison, Ga., from \$150,000 to \$100,000 provided that no dividends be paid to shareholders in cash, but that assets amounting to not less than \$70,000 including "other real estate" and certain other undesirable assets to be designated by the National Bank Examiner, be withdrawn and placed in the hands of a trustee for the benefit of the shareholders of record on the date the reduction becomes effective; the Deputy Comptroller recommending, in view of the condition of the bank as disclosed by the recent examination, that the reduction in capital be now approved on condition that assets amounting to \$50,000, including "other real estate" and certain other undesirable assets to be designated by the National Bank Examiner, be withdrawn and placed in the hands of a trustee for the benefit of shareholders of record on the date of reduction.

Upon recommendation of the Executive Committee, it was voted to reconsider the Board's action of September 27th and to approve the capital reduction in accordance with the recommendation contained in the memorandum from the Deputy Comptroller.

Memorandum from Counsel dated November 10th, approved by the Law Committee, referring to the action of the Board at its meeting on October 13th in requesting the Law Committee to consider the advisability of in-

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corporating in the proposed new regulation governing reserves of member banks, the provisions of the ruling adopted by the Board on October 13th to the effect that when there is an agreement by a correspondent bank to give credit to a forwarding bank immediately upon receipt, items such as coupons, checks drawn on themselves by corporation other than banks, bill of lading drafts, etc., which have been placed in the mails and charged to the account of the correspondent bank in accordance with the existing agreement, should be considered deposit liabilities of the forwarding bank against which reserves should be computed; Counsel stating that it has never been the policy of the Board to incorporate into the regulations all of its detailed rulings on specific questions, but that on the contrary the regulations have generally been confined to statements of general principles and matters wherein it is necessary to issue regulations to supplement the law.

Upon recommendation of the Law Committee, it was voted not to include the ruling above referred to in the new regulation "D" concerning reserves of member banks.

Memorandum from Counsel dated November 7th with reference to application by the Security Bank and Trust Company of Bakersfield, Calif. for the surrender and cancellation of 690 shares of stock in the Federal Reserve Bank of San Francisco, formerly held by the Security Trust Company of Bakersfield, one of the institutions involved in a consolidation which resulted in the formation of the Security Bank and Trust Company of Bakersfield; Counsel stating that the application in his opinion is in proper legal form and may be approved.

Upon motion, the surrender and cancellation of the stock referred to was approved.

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Memorandum from Counsel dated November 9th, submitting a revised draft, prepared under direction of the Governor in accordance with action taken by the Board at the meeting on November 8th, of a proposed letter to the Secretary of the Treasury requesting him to obtain an opinion from the Attorney General of the United States with regard to the authority of the Board in connection with the contemplated action of the State-Planters Bank and Trust Company of Richmond, Va. in purchasing the entire capital stock, except directors' qualifying shares, of a new bank to be organized at Hopewell, Va.

A discussion ensued as to whether or not the letter as prepared is a clear presentation of the question regarding which the Board desires the opinion of the Attorney General.

Upon motion, it was referred back to the Governor with power.

The Governor then announced that special order of business for this morning's meeting would be further consideration of the matter discussed by the Board at its meetings on December 15, 1926 and May 16, 1927, namely, possible changes to be made by the Board effective January 1, 1928 in the position of Federal Reserve Agent at certain of the Federal Reserve banks.

Informal discussion ensued during which the Governor was advised of the nature of the consideration which has previously been given by the Board to the matter, and was acquainted with the attitude of various members of the Board therein.

Following the discussion, the Governor stated that it was not contemplated any formal action would be taken by the Board at this time and called attention to the fact that the matter of considering the appointment of Federal Reserve Agents will come up as special order of business on December 8th.

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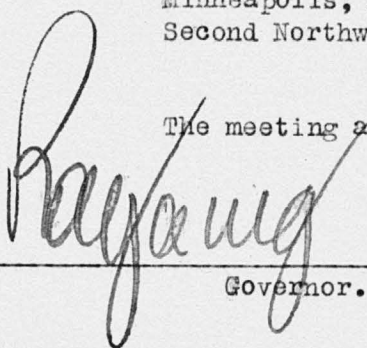
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REPORTS OF STANDING COMMITTEES:

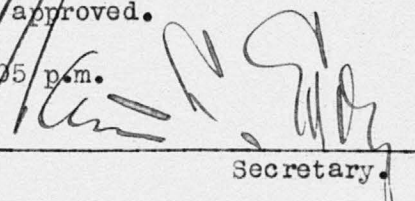
- Dated, November 14th, 15th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, November 10th, Recommending approval of the application of Mr. Clarence E. Hill for permission to serve at the same time as officer and director of the Northwestern National Bank, Minneapolis, Minn. and as officer and director of the Fifth Northwestern National Bank, Minneapolis, Minn.
Recommendation approved.
- Dated, November 10th, Recommending approval of the application of Mr. H. P. Newcomb for permission to serve at the same time as officer of the Northwestern National Bank, Minneapolis, Minn. and as director of the Fifth Northwestern National Bank, Minneapolis, Minn.
Recommendation approved.
- Dated, November 10th, Recommending approval of the application of Mr. Albert Dollemayer for permission to serve at the same time as director of the Marquette National Bank, Minneapolis, Minn. and as director of the Chicago-Lake State Bank, Minneapolis, Minn.
Recommendation approved.
- Dated, November 11th, Recommending approval of the application of Mr. Gustav H. Moldenhauer for permission to serve at the same time as director of the Alliance National Bank, Chicago, Ill. and as director of the Division State Bank, Chicago, Ill.
Recommendation approved.
- Dated, November 11th, Recommending approval of the application of Mr. C. S. McCain for permission to serve at the same time as director and president of the National Park Bank, New York, N. Y. and as director of the Bankers Trust Company, Little Rock, Ark.
Recommendation approved.
- Dated, November 11th, Recommending approval of the application of Mr. Robert E. Macgregor for permission to serve at the same time as vice president and director of the Northwestern National Bank, Minneapolis, Minn. as president and director of the Third Northwestern National Bank, Minneapolis, Minn. and as president and director of the Second Northwestern State Bank, Minneapolis, Minn.
Recommendation approved.

The meeting adjourned at 1:05 p.m.

Approved:



Governor.



Secretary.