

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 30, 1927 at 11:15 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on November 28th were read and approved.

Telegram dated November 29th from the Chairman of the Federal Reserve Bank of Kansas City and telegram dated November 28th from the Secretary of the Federal Reserve Bank of Minneapolis, both advising that at meetings on the dates stated the boards of directors of the banks made no changes in their existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated November 26th from the Secretary requesting authority to purchase, at a price of \$358, one electric calculating machine for use in the office of the Board's Supervisor of Examinations.

Approved.

Telegram dated November 29th from the Chairman of the Federal Reserve Bank of Dallas, replying to a telegraphic inquiry made of him by the Governor of the Board in accordance with action at the meeting on November 25th and stating that after consulting with Mr. J. P. Williams the bank estimates that it will cost between \$3,500 and \$4,000 to hold the hearing which is to be accorded Mr. Williams and his associates, including traveling expenses of those attending the meeting and the cost of a stenographic record of

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testimony given.

After discussion, it was voted to interpose no objection to the expenditure mentioned by the Federal Reserve Bank of Dallas.

On this motion Mr. Miller requested to be recorded as voting "no".

Letter dated November 23rd from the Federal Reserve Agent at San Francisco, with reference to the action taken by the Board at its meeting on October 13, 1927 in voting that the action of the Bancitaly Corporation in acquiring 37.9 percent of the stock of the United Bank and Trust Company, without the approval of the Board and the Comptroller of the Currency, was in violation of the agreement of the Bancitaly Corporation filed with the Federal Reserve Agent under date of February 17, 1927, whereby it promised and agreed that it would not acquire the stock of any independent bank in the state of California to an extent exceeding twenty-five percent of the capital stock of such independent bank without permission of both the Federal Reserve Board and the Comptroller of the Currency, for five years after the date of approval of the consolidation of the Bank of Italy and the Liberty Bank of America; the Agent transmitting copy of letter from the President of the Bancitaly Corporation expressing disagreement with the Board's opinion and also copy of a memorandum from counsel to the Federal Reserve Bank of San Francisco stating his opinion to the effect that the Bancitaly Corporation has not violated its agreement of February 17, 1927.

Referred to the Law Committee.

Memorandum dated November 28th from the Board's Counsel, submitting for publication in the December issue of the Federal Reserve Bulletin the

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ruling adopted by the Board on that date with regard to acceptances growing out of transactions involving the importation or exportation of goods.

Upon motion, the publication of the ruling was approved.

Memorandum from Counsel dated November 28th submitting draft of letter to the Federal Reserve Agent at Kansas City, transmitting letters to be delivered to the Custer State Bank, Broken Bow, Nebr. and to the Guarantee Fund Commission of Nebraska advising of a hearing to be held by the Board at which representatives of the Custer State Bank should appear to show cause why the bank should not be required to surrender its stock in the Federal Reserve Bank of Kansas City and to forfeit all rights and privileges in the Federal Reserve System; Counsel stating that the bank has failed to maintain the reserves required by law and that the Federal Reserve Agent at Kansas City has been unable to secure from it certain reports requested of all member banks.

Upon motion, the proposed letter was approved and December 30, 1927 was fixed as the date for the hearing.

Memorandum dated November 28th from the Director of the Division of Research and Statistics, submitting an article on the subject of the "Federal Reserve System in 1927" prepared by Mr. Burgess, Assistant Federal Reserve Agent at New York, for publication in the American Year Book; the Director stating that he has gone over the article and sees no objection to its publication. The Secretary stated that the article has been read by the Governor of the Board who has questioned the advisability of making certain statements contained therein.

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After discussion, the article prepared by Mr. Burgess was ordered circulated among the members of the Board and brought up at a later meeting attended by the Governor.

Memorandum dated November 28th from Assistant Counsel with reference to the condition of the Oakland State Bank of Oakland, Nebr. which has been the subject of study by the Board's Supervisor of Examinations and of correspondence with the Federal Reserve Agent at Kansas City; together with recommendation of the Board's Committee on Examinations that the Board approve the opinion of Counsel to the effect that the Board has no authority under the conditions of membership imposed upon the bank at the time of its admission to the System to require improvement of its condition or termination of its membership.

After considerable discussion, it was voted that the matter be referred to the Executive Committee with power.

REPORTS OF STANDING COMMITTEES:

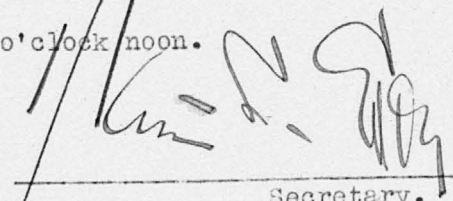
Dated, November 29th, Recommending changes in stock at Federal Reserve
30th, banks as set forth in the Auxiliary Minute Book
of this date.

Recommendations approved.

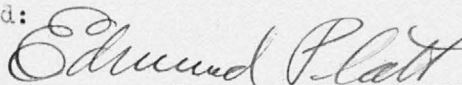
Dated, November 26th, Recommending action on applications for fiduciary
powers as set forth in the Auxiliary Minute Book
of this date.

Recommendations approved.

The meeting adjourned at 12:00 o'clock noon.


Secretary.

Approved:


Vice-Governor.