

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, December 16, 1927 at 3:30 p.m.

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

PRESENT ALSO: Mr. W. W. Hoxton, Chairman of the Federal Reserve Bank of Richmond
Mr. G. J. Seay, Governor of the Federal Reserve Bank of Richmond
Mr. Wyatt, General Counsel
Mr. Gilbert, Supervisor of Examinations

The Governor stated that he had called the meeting following a conference with Messrs. Hoxton and Seay, also attended by Messrs. Wyatt and Gilbert, regarding the condition of the Bank of Cheraw, Cheraw, S. C., a member bank and the Bank of Chesterfield County, Chesterfield, S. C., a nonmember bank, the proposed consolidation of which was brought to the attention of the Board on December 13th.

Mr. Hoxton presented reports of recent examinations of both the member and nonmember institution and stated that on the basis of the information contained therein as to their condition his bank would not feel justified in recommending to the Board favorable action on an application which has been filed with him by the Bank of Cheraw for approval of the consolidation.

The Governor stated that, if agreeable to the Board, he proposes to address a letter to Mr. Hoxton as Federal Reserve Agent, advising him (1) That the Board is of the opinion that, if the consolidation is ef-

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fect, and the consolidated institution becomes a member of the Federal Reserve System, it may lawfully retain and operate as a member bank all of the branches which were established and in operation by the Bank of Chesterfield County prior to February 25, 1927, but that the consolidated bank may not retain and operate as a branch the main office of the Bank of Chesterfield County; (2) That with the information the Board has before it at the moment, it can not approve a consolidation; (3) That if the consolidation is effected, however, it will be necessary, if the consolidated bank desires to be a member of the Federal Reserve System, for it to apply for membership or for an application to be made on its behalf by the Bank of Cheraw; (4) That if such an application is filed by the consolidated bank following the consolidation, it will be necessary for the Federal Reserve Agent to make an examination of the parent bank and all branches and to submit the report thereof to the Board with his recommendation before the Board will be in a position to pass upon the application; and (5) That if the application is made by the Bank of Cheraw on behalf of the consolidated bank, prior to the consolidation, it will be necessary for him to examine both the member bank and the nonmember bank with all its branches, and to submit reports of such examinations to the Board with his recommendation.

After discussion, Messrs. Hoxton, Seay, Wyatt and Gilbert left the room.

After further discussion, Mr. Cunningham moved that the matter of the proposed consolidation be referred to the Governor with power.

Carried.

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The Governor also reported that he had arranged with Messrs. Hoxton and Seay that hereafter all reports of examination forwarded to the Board will be accompanied by an analysis prepared by the Federal Reserve Agent and by a definite recommendation from the Federal Reserve bank, based upon the condition of the member bank as disclosed by the examination, as to what, if any, action should be taken by the Board in the matter of permitting the continuance of the bank's membership in the System.

The meeting adjourned at 4:00 o'clock p.m.

Approved:

Raymond

Governor.

W. R. Seay

Secretary.