

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, January 7, 1928 at 11:00 a.m.

PRESENT: Governor Young  
 Mr. Hamlin  
 Mr. Miller  
 Mr. Cunningham  
 Mr. McIntosh  
 Mr. Noell, Asst. Secretary  
 Mr. McClelland, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on January 5th were read and approved.

Letter dated January 5th from the Assistant Secretary of the Federal Reserve Bank of New York, telegram dated January 6th from the Secretary of the Federal Reserve Bank of Cleveland, telegram dated January 6th from the Chairman of the Federal Reserve Bank of Chicago and telegram dated January 5th from the Chairman of the Federal Reserve Bank of San Francisco, all advising that their boards of directors 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.

Letter dated January 6th from the Deputy Governor of the Federal Reserve Bank of New York, advising of revised percentages of participation of the Federal Reserve banks in foreign accounts during 1928, based upon capital and surplus of the banks as of the opening of business January 3, 1928.

Noted.

Letter dated January 5th from the Secretary of the Federal Advisory Council, advising that the next meeting of the Council will be held in Washington on Friday, February 17th, and requesting a list of topics

1/7/28

-2-

which the Board desires the Council to discuss.

Referred to the Executive Committee.

Report of Committee on Salaries and Expenditures on letter dated January 4th from the Chairman of the Federal Reserve Bank of Boston, advising of the action of the directors of that bank in voting to extend until their next meeting leaves of absence on account of illness previously granted Mr. Joseph Buckley, Miss Dorothy M. Roberts and Mr. Albert G. Vigneau, Mr. Buckley and Miss Roberts to receive half pay and Mr. Vigneau full pay; the Board's Committee recommending approval of the salary payments involved.

Approved.

Memorandum from the Assistant Secretary dated January 6th, advising of the election of Mr. Walter W. Smith as a member of the Federal Advisory Council from the Eighth District during the year 1928 and the fixing of his compensation at \$1,000 per annum; the Secretary also reporting advice of the appointment of members of the Council from other Districts as follows:

Boston	-	Mr. Arthur M. Heard
Philadelphia	-	Mr. L. L. Rue
Richmond	-	Mr. J. F. Bruton
		Mr. C. E. Rieman (alternate)
Chicago	-	Mr. F. O. Wetmore

The appointment of the several members of the Council was noted, and upon motion, the compensation fixed by the directors of the St. Louis bank for Mr. Smith was approved.

Memorandum from Counsel dated January 3rd, submitting draft of reply to letter dated December 28th from the Federal Reserve Agent at Chicago, inquiring whether that portion of the Board's new Regulation D, which provides that whenever a member bank has an average deficiency in reserves for

1/7/28

-3-

each reserve computation period during six consecutive months the Federal Reserve Agent shall promptly report the facts to the Federal Reserve Board with a recommendation as to what action should be taken, applies to any six months' period of continued deficiencies ending after January 3rd, the effective date of the Regulations, or only in cases where such six months' period has commenced on that date or thereafter; the proposed reply stating that the provision is intended to apply to any six months' period of continued deficiencies ending after January 3, 1928, whether or not it began prior to that date.

Upon motion, the proposed reply was approved.

Memorandum from Counsel dated January 5th, submitting draft of reply to letter dated December 29th from the Federal Reserve Agent at San Francisco, inquiring (1) Whether a Federal Reserve Agent should make reports of violations of the criminal provisions of Section 22 of the Federal Reserve Act and Sections 5208 and 5209 of the Revised Statutes in the case of national banks as well as in the case of state member banks, and (2) Whether upon receipt of unofficial information of violations of criminal statutes by member banks or their officers and employees, the Federal Reserve Agent should follow the matter up to ascertain the facts and make a report to the United States Attorney or whether he should await receipt of information through official channels; the proposed reply stating (1) That the Board does not desire Federal Reserve Agents to make reports of violations of criminal statutes in the case of national banks, because such reports are customarily made to the Attorney General or the local United States Attorney by the Comptroller of the Currency or by his exam-



1/7/28

-4-

iners; and (2) That the Board does not desire the Federal Reserve Agent to follow up all unofficial rumors which come to his attention, but that in exceptional cases where the facts are widely known and the matter is an important one the Agent, if he deems advisable or appropriate, may undertake to ascertain the facts officially and then report the matter to the United States Attorney or to the Board.

Discussion ensued during which Mr. Hamlin suggested that in cases of national banks where the Federal Reserve Agent obtains information which may not come to the attention of the National Bank Examiner such information should be reported by the Agent to the National Examiner.

Upon motion, the proposed letter was referred back to Mr. Hamlin for revision along the lines of his suggestion.

Memorandum from Counsel dated January 5th, recommending that the Board authorize the publication of a new edition of 3,000 copies of its book containing a digest of the published rulings of the Board, the text of the Federal Reserve Act, the Regulations and other related matters; Counsel stating that if the Board approves he will bring up to date the material contained in the last issue and add the text of the National Bank Act, as amended to date, and the printed instructions of the Comptroller of the Currency relative to the organization and powers of National Banks. In his memorandum, Counsel also stated his belief that by selling the new book at about \$2.00 a copy it will be possible to defray all cost of printing and binding.

Upon motion, it was voted to authorize the publication of a new Digest of Rulings, as recommended by Counsel, and the printing of 3,000 copies thereof, to be sold at a price of \$2.00 per copy.

1/7/28

-5-

The Governor then submitted letters prepared under his direction, addressed to the Federal Reserve Agent at Kansas City, with respect to the condition of the Farmers State Bank, Genoa, Nebraska and the Oakland State Bank, Oakland, Nebraska.

Upon motion, the letters were referred to the Committee on Examinations.

REPORTS OF STANDING COMMITTEES:

Dated, January 5th, Recommending changes in stock at Federal Reserve  
6th, banks as set forth in the Auxiliary Minute Book  
7th, of this date.

Recommendations approved.

Dated, January 3rd, Recommending action on application for fiduciary  
powers as set forth in the Auxiliary Minute Book  
of this date.

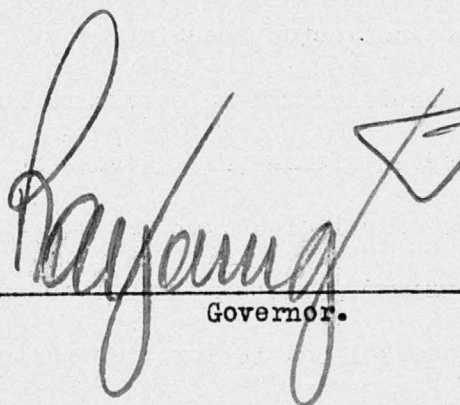
Recommendation approved.

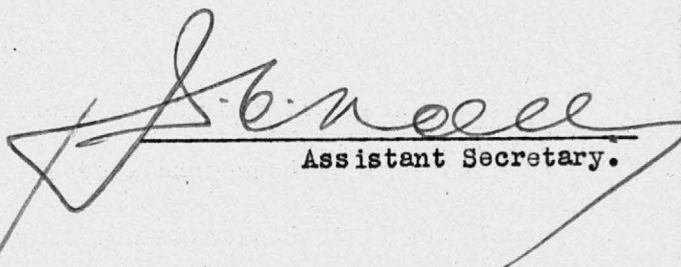
Dated, January 5th, Recommending approval of the application of Mr.  
M. D. Thatcher for permission to serve at the  
same time as director and officer of the First  
National Bank, Pueblo, Colo., as director and  
officer of the Pueblo Savings and Trust Company,  
Pueblo, Colo. and as director of the First  
National Bank, Denver, Colo.

Recommendation approved.

The meeting adjourned at 12:30 p.m.

Approved:

  
\_\_\_\_\_  
Governor.

  
\_\_\_\_\_  
Assistant Secretary.