

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 16, 1928 at 11:00 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on January 12th were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on January 13th were read and approved.

Telegram dated January 13th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the board of directors at their meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated January 16th from the Secretary, advising of the re-election of Messrs. P. D. Houston and P. W. Goebel, as members of the Federal Advisory Council during 1928 from the Sixth and Tenth Federal Reserve Districts, respectively.

Noted.

Report of Committee on Salaries and Expenditures on letter dated January 13th from the Chairman of the Federal Reserve Bank of Richmond, advising of the action of the directors of that bank in voting to extend for a period of thirty days from January 5th, with full pay, leave of absence on account of illness previously granted Miss Viola Barnes; the

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Board's Committee recommending approval of the salary payment involved.

Approved.

Matter approved on initials on January 14th, namely, letter dated January 13th from the Comptroller of the Currency recommending increases in the salaries of National Bank Examiners as follows:

R. M. Hodgson	-	\$7,500 to \$8,000	per annum	
C. F. Smith	-	7,500 to 8,000	" "	
Jacob Embry	-	5,100 to 5,400	" "	
Paul Boardman	-	3,000 to 3,300	" "	
L. C. Collins	-	3,900 to 4,200	" "	
Charles W. Foster	-	4,000 to 4,200	" "	
J. O. Roots	-	5,500 to 5,700	" "	
H. B. Gilbert	-	3,900 to 4,000	" "	

Formally approved.

Telegram dated January 13th from the Federal Reserve Agent at Minneapolis, advising that it was necessary to extend from January 3rd to January 17th, the date of the hearing to be afforded by him to the First State Bank, Philipsburg, Montana, in connection with the proceedings instituted by the Board regarding the continuance of that bank's membership in the Federal Reserve System; the Agent suggesting that the date of the hearing to be held before the Board in this matter also be extended from January 18th to January 25th.

Upon motion, the suggestion of the Federal Reserve Agent was approved and the date of the Board's hearing in the above matter was fixed for January 25th.

Report of Executive Committee on letter dated January 12th from the Fidelity Trust Company of New York City, applying for permission under Section 13 of the Federal Reserve Act, to accept drafts drawn upon it by banks or bankers in foreign countries or dependencies or insular

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possessions of the United States for the purpose of furnishing dollar exchange; the Committee submitting a favorable recommendation from the Federal Reserve Agent at New York and recommending approval of the application.

Approved.

Letter dated January 14th from the Chairman of the Federal Reserve Bank of Atlanta, transmitting copy of a resolution adopted by the board of directors of the bank at its meeting on January 13th, amending Section 4 of Article I of the By-laws of the bank so as to provide for the election of officers and the fixing of their salaries at the first meeting of the board of directors in January of each year.

Noted.

Letter dated January 14th from the Chairman of the Federal Reserve Bank of Atlanta, advising that at the meeting of the board of directors of that bank held on January 13th there was rescinded the resolution adopted by the directors at their meeting on December 9, 1927, and transmitted to the Board in the Chairman's letter of December 10, 1927, requesting the Board to so amend its rules and regulations as to permit the selection of Managers of the Branches of the Federal Reserve Bank of Atlanta from outside the personnel of the directorates of such Branches and to render the Managers of the Branch Banks ineligible to serve as directors.

Noted.

Letter dated January 14th from the Chairman of the Federal Reserve Bank of Atlanta, referring to directors elected to serve at the Branches of that Bank and advising that Mr. R. S. Hecht, who was elected to serve at New Orleans, will either decline to qualify or will tender his resig-

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nation, effective at the next meeting of the board of directors of the Atlanta Bank, and that Mr. James E. Bouden, Jr., President of the Whitney-Central National Bank, will be elected to succeed Mr. Hecht.

Noted.

Memorandum from Counsel dated January 6th, submitting draft of reply to letter dated December 31st from the Governor of the Federal Reserve Bank of San Francisco, with regard to the interpretation of the term "calendar month" as used in Section IV of Regulation D, Series of 1928; the proposed reply stating that in using the term "calendar month" in the provision of the Regulation referred to, the Board intended it to mean any of the months as adjusted in the present calendar and now construes it to have that meaning, which construction is believed to be justified in view of the fact that it results in a material simplification of the method of assessing penalties for deficiencies in reserves.

Upon motion, the proposed reply was approved.

Memorandum from Counsel dated January 12th with reference to the matter to which attention was called at the recent conference of Federal Reserve Agents, namely, that Section 22 (b) of the Federal Reserve Act provides that no Examiner shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers without first obtaining permission from the Comptroller of the Currency or from the board of directors of the bank, except in certain specified cases; the question having been discussed by the Federal Reserve Agents in connection with a request made by a receiver of a member state bank

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for certain information obtained by a Federal Reserve Examiner which request was complied with after consultation with the Comptroller of the Currency who expressed the opinion that he did not have authority in the matter. In his memorandum Counsel recommended that no action be taken by the Board as the matter called to the attention of the Agents' Conference is not considered of sufficient importance to justify an attempt to secure an amendment to the Federal Reserve Act.

Noted.

At this point, Mr. McIntosh joined the meeting.

The Law Committee then submitted draft of a letter prepared by Counsel under its direction, addressed to the Attorney General of the United States for the signature of the Secretary of the Treasury, setting forth the views of the Board, which had been requested by the Attorney General, with respect to a proposed amendment to Sections 5208 and 5209 of the Revised Statutes making any violation of either of these Sections a felony instead of a misdemeanor.

After discussion, the proposed letter was approved in the form submitted by the Law Committee.

Memorandum from Counsel dated January 5th, with reference to the right of Mr. Frank O. Wetmore under the Clayton Act to serve the Chicago Title and Trust Company of Chicago, Ill. in addition to the First National Bank and the First Trust Joint Stock Land Bank, both of Chicago, and the First Trust Joint Stock Land Bank of Dallas, Texas; Counsel in his memorandum expressing the opinion that the Chicago Title and Trust Company comes within the prohibitions of the Clayton Act and that Mr. Wetmore must,

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therefore, sever his connection with one of the four institutions named and obtain the permission of the Board to serve the other three. In connection with the above, all members of the Board's Law Committee submitted memoranda expressing doubt as to the applicability of the Clayton Act to an institution such as the Chicago Title and Trust Company which conducts no general banking business.

After discussion, the above memorandum was referred back to the Law Committee with the request that the subject thereof be further discussed with the Board's Counsel.

Report of Executive Committee on the matter submitted to the Committee at its meeting on January 11th, namely, letter dated January 6th from the Chairman of the Federal Reserve Bank of New York with respect to the desire of the directors of the New York bank to further reduce the cost of meals served in the bank's cafeteria through the absorption by the bank annually of an additional \$25,000 of cafeteria expense; the bank during the past two years having absorbed an average of \$58,000 per annum in accordance with a request contained in the Board's letter of April 16, 1926 (X-4579), although the Board on November 17, 1925 had approved of the New York bank absorbing annually cafeteria expense of not to exceed \$100,000.

Upon recommendation of the Executive Committee, the proposal of the New York directors was approved.

Memorandum dated January 16th from the Assistant Secretary, requesting authority for the purchase of an adding machine for use in the Gold Settlement Division at an estimated net cost of \$566.25.

Approved.

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Telegram dated January 12th from the Federal Reserve Agent at San Francisco, recommending approval of an application of the Citizens National Bank of Los Angeles for permission to exercise general fiduciary powers. With the above telegram, the Secretary submitted a memorandum from the Board's Sub-committee recommending approval of the application, which recommendation is concurred in by the members of the Law Committee.

Upon motion, the application of the Citizens National Bank was approved.

The Governor then reported a telephone conversation with Deputy Governor Case of the Federal Reserve Bank of New York, during which he was advised that the Open Market Investment Committee under authority granted by the Board on January 12th has sold government securities until a point has been reached at which further securities will not be absorbed by the market except at a reduced price. The Governor reported advice given him by Mr. Case that the reduction in the System's investment account has already caused considerable discussion in New York and that it is now proposed for a day or two to withhold further offerings of securities.

An informal discussion of the situation then followed during which the Governor was authorized to advise Mr. Case that the Board is in sympathy with the proposal reported by the Governor, but does not, of course, favor any prolonged departure from the program recommended by the committee and approved by the Board on January 12th.

REPORTS OF STANDING COMMITTEES:

Dated, January 14th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, January 14th, Recommending action on application for admission of a state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

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REPORTS OF STANDING COMMITTEES: Cont'd

Dated, January 12th, Recommending approval of the application of Mr. Orville H. Bullitt for permission to serve at the same time as director of the Central National Bank, Philadelphia, Pa. and as partner of the firm of private bankers of W. H. Newbold's Son and Company, Philadelphia, Pa.

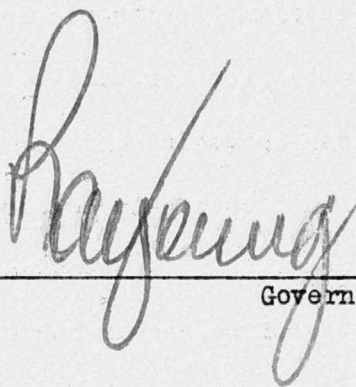
Recommendation approved.

Dated, January 14th, Recommending approval of the application of Mr. H. Arnold Pierce for permission to serve at the same time as director of the National Bank of Fredonia, N. Y. and as director of the Lackawanna National Bank, Lackawanna, N. Y..

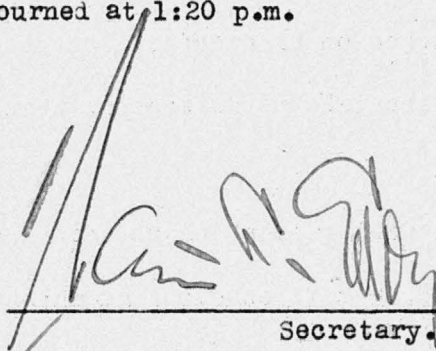
Recommendation approved.

The meeting adjourned at 1:20 p.m.

Approved:



Governor.



Secretary.