A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Friday, March 2, 1928 at 11:00 a.m.

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

Telegram dated February 29th from the Secretary of the Federal Reserve Bank of Boston, telegram dated March 1st from the Chairman of the Federal Reserve Bank of San Francisco and letter dated March 1st from the Secretary of the Federal Reserve Bank of New York, 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.

Memorandum dated March 2nd from the Chief Examiner recommending that the resignation of Mr. R. B. Wiltse, Federal Reserve Bank Examiner, be accepted effective February 15th and that permission be granted to fill the vacancy.

Upon motion, the above recommendations were approved.

Memorandum dated March 1st from the Chief of the Division of Bank Operations, recommending that the resignation of Mrs. Grace Keegin Haley as comptometer operator be accepted effective at the close of business March 20th and that authority be granted for the employment of another operator at a salary not exceeding $1500 per annum.

Upon motion, the recommendations were approved.

Report of Committee on Salaries and Expenditures on letter dated February 29th from the Secretary of the Federal Reserve Bank of Boston,
advising of the action of the board of directors of that bank in voting to extend until its next meeting leaves of absence on account of illness previously granted Mr. Joseph Buckley, Miss Dorothy M. Roberts and Mr. Frank C. Hoyt, Mr. Buckley and Miss Roberts to receive half pay and Mr. Hoyt full pay; the Board's Committee recommending approval of the salary payments involved.

Approved.

Letter dated February 28th from the Federal Reserve Agent at St. Louis, recommending approval of the appointment as an Assistant Federal Reserve Examiner of Mr. F. P. Maguire, an employee of the Examination Division of the bank.

Approved.

Letter dated February 28th from the Federal Reserve Agent at New York, with respect to an application of the Grace National Bank of New York, for permission under Section 13 of the Federal Reserve Act to accept drafts up to 50% of its unimpaired capital and surplus for the purpose of creating dollar exchange; the Federal Reserve Agent recommending approval.

Upon motion, it was voted to authorize the Grace National Bank to accept drafts drawn upon it by banks or bankers in the countries heretofore designated by the Board for the purpose of furnishing dollar exchange.

Memorandum from Counsel dated February 29th, submitting draft of reply to letter dated February 15th from Messrs. Pitney, Hardin and Skinner, attorneys at Newark, N. J., inquiring as to the necessity for a new Clayton Act application by Mr. Ray E. Mayham who has been granted permission to serve as Vice President and director of the Peoples National Bank.
the South Side National Bank and Trust Company and the West Side Trust Company, all of Newark, N. J., and who has recently been elected president of each of these institutions; the proposed reply stating that inasmuch as the Board has heretofore authorized Mr. Mayham to serve as an officer of each of the banks it will not object to his serving as president of the institutions under the permit heretofore granted and it will not be necessary for him to file a new application.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated February 29th with reference to letter dated February 6th from the Federal Reserve Agent at San Francisco, regarding his inability to secure from Mr. William G. Kerckhoff an application for the Board's permission to serve at the same time as director of the Farmers and Merchants National Bank and the Security Trust and Savings Bank, both of Los Angeles, Cal., both of which come within the prohibitions of the Clayton Act; Counsel recommending that before the Board institutes proceedings to require Mr. Kerckhoff to sever his connection with one of the institutions he be given a final opportunity to file an application for permission to serve them, and submitting draft of a letter to Mr. Kerckhoff advising that unless he files an application with the Federal Reserve Agent at San Francisco within twenty days the Board will institute proceedings under the provisions of the Clayton Act to require him to sever his connection with one of the two banks he is now serving.

Upon motion, Counsel's recommendation was approved and the letter submitted by him was ordered transmitted.

Memorandum from Counsel dated February 29th with reference to the
Clayton Act application of Mr. Parmely W. Herrick, involving the Harriman National Bank of New York City, the New York Joint Stock Land Bank of Rochester, the Ohio-Pennsylvania Joint Stock Land Bank of Cleveland and the Union Trust Company of Cleveland, all of which come within the prohibitions of the Clayton Act; Counsel stating that the Board is authorized to grant permission to Mr. Herrick to serve not more than three banks or trust companies coming within the provisions of the Clayton Act, provided such institutions are not in substantial competition. With his memorandum, Counsel submitted draft of a proposed letter to Mr. Herrick advising that the Board will be glad to approve his application for permission to serve three of the banks named upon receipt of advice from him that he has severed his connection with one of the institutions, since it appears that none of them are in substantial competition.

Upon motion, the letter submitted by Counsel was approved.

The Secretary then referred to the action of the Board at its meeting on January 21st in referring back to the Law Committee a proposed letter to the Federal Reserve Agent at Kansas City, with respect to the desire of the Conqueror Trust Company, Joplin, Mo., a state member bank which has disposed of its entire commercial business, to surrender its stock in the Federal Reserve bank; the reference having been made in order that the Committee might discuss with the Board's Counsel the question whether a procedure may be legally adopted whereby the Conqueror Trust Company, or any other state member bank under similar conditions might, with the approval of the Board, surrender its Federal Reserve Bank stock without the necessity of
awaiting the expiration of the six months' notice of intention to withdraw from the System required by Section 9 of the Federal Reserve Act. The Secretary stated that Counsel has reported that unless the membership of the Conqueror Trust Company is forfeited he knows of no procedure whereby its membership may be terminated in accordance with the provisions of the Federal Reserve Act without awaiting the expiration of the six months' notice of intention to withdraw. He submitted draft of a revised letter to the Federal Reserve Agent, prepared by Counsel, setting out the legal situation with reference to the possibility of voluntary withdrawal by the bank and requesting the Agent to advise the Board whether the institution desires that its membership be forfeited inasmuch as it appears that the trust company has violated the Board's general condition of membership through giving up its commercial business, thus causing a material change in the scope of the functions exercised by it without securing the Board's approval.

After discussion, the letter submitted by the Secretary was approved.

The Governor then presented a letter addressed to the Secretary of the Treasury under date of February 18th by the Attorney General of the United States, submitting the opinion requested at the instance of the Board with respect to its authority in connection with the action of the State-Planters Bank and Trust Company of Richmond, Va., a member bank, in purchasing the entire capital stock (except directors qualifying shares) of a new bank located at Hopewell, Va.; the Attorney General answering the specific inquiries made as follows:
1. The State-Planters Bank & Trust Company, being authorized so to do by its charter and the laws of the State of Virginia, may lawfully purchase the controlling stock interest of a new bank to be located at Hopewell, Virginia.

2. The Federal Reserve Board has no present statutory authority, either express or implied, to regulate, control or prevent the purchase of such stock interest by said bank, so long as the solvency of the bank or the safety of its customers are not jeopardized thereby, and the standard required as a condition of membership is maintained.

3. Not possessing the power to prevent the purchase, the Board would have no power to compel said bank to divest itself of the stock when purchased, except under the circumstances above indicated.

4. In the event the Board should order said State-Planters Bank & Trust Company to divest itself of such stock ownership and upon refusal or failure of said bank to comply with the order, the Board would have no authority, pursuant to the provisions of Section 9 of the Federal Reserve Act, as amended, to require said bank to surrender its stock in the Federal Reserve Bank and forfeit all rights and privileges of membership in the Federal Reserve System, unless the amount and character of the stock investments held by such bank is deemed by the Board to jeopardize the safety of depositors, the solvency of the bank and/or lower the standard required as a condition of membership in the Federal Reserve System.

The Secretary then referred to the recent action of the Fidelity Trust Company of Portland, Me. in purchasing and continuing to operate the Westbrook Trust Company of Westbrook, Me. and in later filing notice of intention to withdraw from the Federal Reserve System. He stated he has had some correspondence with the Governor of the Federal Reserve Bank of Boston who has been attempting to secure cancellation of the bank's notice of withdrawal, believing that the member bank felt its acquisition of the stock of the Westbrook institution required such action in its part. He requested authority to furnish the Governor of the Federal Reserve Bank of Boston with a copy of the opinion of the Attorney General for his information in connection with his
negotiations with the Fidelity Trust Company of Portland and his request was granted.

The Secretary then reported an interview this morning with the Cashier, the attorney and one of the directors of the Myerstown National Bank, Myerstown, Pa., which was authorized by the Board to exercise limited trust powers prior to the amendment of the Federal Reserve Act which prohibited the granting of such powers to national banks having less than the capital required by state law of trust companies and banks doing a trust business in the same state.

The Secretary reported that prior to the amendment the Board granted limited trust powers to about fifteen national banks in Pennsylvania having smaller capital than that required by state law and subsequently has held that these banks have authority to exercise the powers granted them by the Board. He stated that the Superintendent of Banks of Pennsylvania has disagreed with this ruling of the Board but has had no occasion to contest it because none of the banks in question have actually exercised the powers granted them by the Board. He stated that about a year ago, under the impression that it had the necessary authority, the Myerstown National Bank accepted several trusts and when this was reported to the State Superintendent in regular course, he questioned their authority and quite possibly may take legal steps against the institution. He stated that the officials of the Myerstown National Bank discussed the matter with the Board's counsel and agreed to submit full details to the Board in writing.

REPORTS OF STANDING COMMITTEES:

Dated, March 1st, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
Dated, March 1st, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

Dated, February 29th, 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.

Recommendations approved.

Dated, February 28th, Recommending approval of the application of Mr. H. L. Durell for permission to serve at the same time as director of the Harriman National Bank, Harriman, Tenn., and as director of the Holston National Bank, Knoxville, Tenn.

Recommendation approved.

Dated, February 28th, Recommending approval of the application of Mr. Harper Sibley for permission to serve at the same time as officer and director of the New York Joint Stock Land Bank, Rochester, N. Y., as director of the Lincoln Alliance Bank, Rochester, N. Y. and as director of the Security Trust Company, Rochester, N. Y.

Recommendation approved.

Dated, February 28th, Recommending approval of the application of Mr. Charles L. Boyd for permission to serve at the same time as director and officer of the Merchants National Bank, Middletown, N. Y. and as director of the New York Joint Stock Land Bank, Rochester, N. Y.

Recommendation approved.

Dated, February 28th, Recommending approval of the application of Mr. Ledyard Cogswell, Jr., for permission to serve at the same time as director of the New York State National Bank, Albany, N. Y. and as director of the New York Joint Stock Land Bank, Rochester, N. Y.

Recommendation approved.

Dated, February 28th, Recommending approval of the application of Mr. R. V. Mitchell for permission to serve at the same time as director of the Union Trust Company, Cleveland, Ohio, as director of the Ohio-Pennsylvania Joint Stock Land Bank, Cleveland, Ohio and as director of the New York Joint Stock Land Bank, Rochester, N. Y.

Recommendation approved.

Dated, February 28th, Recommending approval of the application of Mr. Philip I. Nash for permission to serve at the same time as member of the Advisory Committee of the Bank of Coney Island Branch of the Brooklyn Trust Company, Brooklyn, N. Y. and as director of the Bensonhurst National Bank, Brooklyn, N. Y.

Recommendation approved.
REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, February 26th, 1930: Recommending approval of the application of Mr. Harold D. Watson for permission to serve at the same time as director of the Midwood Trust Company, Brooklyn, N. Y. and as director of the Bensonhurst National Bank, Brooklyn, N. Y.

Recommendation approved.

Dated, February 28th, 1930: Recommending approval of the application of Mr. Louis K. Hull for permission to serve at the same time as director of the First National Bank in Minneapolis, Minn. and as director of the Minneapolis-Trust Joint Stock Land Bank, Minneapolis, Minn.

Recommendation approved.

Dated, February 29th, 1930: Recommending approval of the application of Mr. David R. Carson for permission to serve at the same time as director of the National Bank of Lansdowne, Lansdowne, Pa. and as officer of the Central National Bank, Philadelphia, Pa.

Recommendation approved.

Dated, March 1st, 1930: Recommending approval of the application of Mr. Maurice Reinitz for permission to serve at the same time as director of the Bay Parkway National Bank, Brooklyn, N. Y. and as director of the Midtown Bank, New York, N. Y.

Recommendation approved.

Dated, March 1st, 1930: Recommending approval of the application of Mr. Wirt Franklin for permission to serve at the same time as director of the Security National Bank, Oklahoma City, Okla. and as director of the American National Bank, Ardmore, Okla.

Recommendation approved.

The meeting adjourned at 11:45 a.m.

Approved:

[Signature]

Governor

[Signature] Secretary