

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 17th at 11 o'clock, a. m.

PRESENT: Vice Governor Platt  
 Mr. Hamlin  
 Mr. Miller  
 Mr. James  
 Mr. Eddy, Secretary  
 Mr. Noell, Assistant Secretary.

Telegram dated July 11 from the Chairman of the Federal Reserve Bank of Dallas 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.

Letter dated July 12 from the Secretary of the Federal Reserve Bank of New York advising that the Board of Directors, at their meeting on July 12, adopted the following schedule of purchase rates:

<u>Bankers' acceptances</u>	
1 to 120 days -----	4 1/4%
5 and 6 months-----	4 1/2%
Repurchase-----	4 1/2%
<u>Trade bills</u> -----	5 %
 <u>Government securities</u>	
Repurchase-----	5 %

The letter also stated that no changes were made in the bank's existing minimum rates.

Without objection, noted with approval.

Letter dated July 13 from the Chairman of the Federal Reserve Bank of Boston advising that the Board of Directors, at their meeting on July 13th adopted the following schedule of rates for open market purchases:

Acceptances, 1-120 days,	4 1/4%
121-180 days,	4 1/2%
Repurchase - bankers' acceptances,	4 1/2%
government securities	4 1/2%
trade bills.....	5%

Without objection, noted with approval.

Letter dated July 13 from the Governor of the Federal Reserve Bank of Cleveland advising that the Board of Directors, at their meeting on July 13, adopted the following schedule of rates for open market purchases:

Bankers' acceptances:

1 to 120 days.....	4 1/4%
121 to 180 days.....	4 1/2%
Repurchase.....	4 1/2%

Trade bills:

Cleveland.....	4 1/2%
New York.....	5 %

Without objection, noted with approval.

Telegram dated July 13 from the Chairman of the Federal Reserve Bank of Richmond advising that the Executive Committee, at their meeting on that date, adopted the following schedule of rates for purchases of acceptances:

Bankers' acceptances:

1 to 120 days.....	4 3/8%
121 to 180 days.....	4 5/8%

Without objection, noted with approval.

Telegram dated July 12 from the Chairman of the Federal Reserve Bank of St. Louis advising that the Board of Directors, at their meeting on that date, adopted the following schedule of rates for purchases of acceptances:

Bankers' acceptances:

1 to 120 days.....	4 1/4%
For longer maturities.....	4 1/2%

Without objection, noted with approval.

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Letter dated July 13 from the Secretary of the Federal Reserve Bank of Chicago advising that the Executive Committee of that bank, at its meeting on that date, voted to establish minimum buying rates on bankers' acceptances as follows:

1 to 120 days-----4 1/4%  
 121 to 180 days-----4 1/2%

Without objection, noted with approval.

Telegram dated July 14 from the Secretary of the Federal Reserve Bank of Minneapolis advising that the Executive Committee of that bank, at its meeting on that date, approved minimum buying rates for purchases of acceptances as follows:

1 to 120 days-----4 1/4%  
 120 to 180 days-----4 1/2%  
 Repurchase-----4 1/2%

Trade bills-----5 %

Without objection, noted with approval.

Letter dated July 13 from the Secretary of the Federal Reserve Bank of Kansas City advising that the Executive Committee of that bank, at its meeting on that date, adopted the following schedule of rates for purchase of acceptances:

1 to 120 days-----4 1/4%  
 121 to 180 days-----4 1/2%

Without objection, noted with approval.

Letter from Mr. J. H. Case, Deputy Governor of the Federal Reserve Bank of New York and letter from Governor Seay of the Federal Reserve Bank of Richmond dated July 13, in compliance with the Board's request, stating reasons for the actions of the Boards of Directors of their banks in voting to increase the rediscount rate from 4 1/2% to 5%.

The above letters having been circulated among the members of the Board, were noted.

Report of Committee on Salaries and Expenditures on letter dated July 11, from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of the action of the Board of Directors of that bank in granting to Mr. Z. T. Anderson, a guard at the Head Office, a leave of absence from June 1 to June 24, 1928, on account of illness with full pay; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated July 11, from the Chairman of the Federal Reserve Bank of Dallas, requesting the Board's approval of an increase in the salary of T. W. Hallmark, Assistant Manager of the Service Department of that bank, from \$3,000 to \$3,300 per annum, effective July 1, 1928, the Committee recommending approval.

Approved.

Letter dated July 12 from the Deputy Governor of the Federal Reserve Bank of St. Louis requesting the Board's approval of a change in transit time from two days to one day in items from St. Louis to Cleveland.

Approved.

Letter dated July 9 from Mr. F. E. Scobey, San Antonio, tendering his resignation as a director of the San Antonio Branch of the Federal Reserve Bank of Dallas, to become effective at the Board's pleasure. In this connection, the Secretary stated that Mr. C. C. Walsh, Chairman of the Federal Reserve Bank of Dallas, will be in Washington on Thursday of this week and suggested that the matter of a successor to Mr. Scobey be discussed with Mr. Walsh.

Upon motion, Mr. Scobey's resignation was accepted, and the matter of the appointment of a successor was referred to the Committee on District No. 11.

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Memorandum dated July 12 from Mr. Goldenweiser, Chief of the Board's Division of Research and Statistics, stating that the delay in the publication of the Annual Report of the Federal Reserve Board for 1927 has been due to the fact that a number of statistical series have been compiled for the entire life of the system and that in the future the report will appear much earlier in the year and ultimately the entire report will come out at the same time that the text is submitted to Congress; Mr. Goldenweiser also stating that it is proposed in this report, to publish two sets of figures which have not appeared before relating to earmarked gold and to the volume of securities in the system's investment account and recommending to the Board the question of their publication. In this connection, the Secretary stated that the galley proof of the 1927 report would be ready to send back to the printer tomorrow and that Mr. Goldenweiser would like to have the Board's approval for the publication of the new figures in the 1927 Annual Report.

Upon motion, the recommendations of Mr. Goldenweiser were approved.

Letter dated July 10 from the Chairman of the Federal Reserve Bank of Atlanta stating that their Executive Committee, subject to the Board's approval, had approved bills of Dr. L. Q. C. Lamar for \$2,500 and Messrs. Randolph & Parker, General Counsel, for \$1,000 for services rendered in connection with the assessment on the Havana Agency by the Cuban Government of taxes on the excess of exports over imports of United States currency, which has been dismissed, and future tax exempted, by Presidential decree; Mr. Newton, in his letter, stating that Dr. Lamar rendered a bill for \$5,000 for his services in this matter and the Executive Committee

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considered it excessive, and took the matter up with Dr. Lamar, who agreed to reduce the bill to \$2,500.

Upon motion, it was voted to approve the action of the Executive Committee of the Federal Reserve Bank of Atlanta in approving the bills of Dr. Lamar for \$2,500 and Messrs. Randolph and Parker for \$1,000.

Memorandum from Counsel dated July 10 submitting letter from Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, in which he states that in elections of Class A and B Directors it frequently happens that ballots are sent in by officers of the banks who have not been authorized to vote for such banks and that ballots are sent in by banks when no resolution of authorization has been received from such banks. Mr. Curtiss suggested that when the Federal Reserve Agent discovers this, before the ballot is marked "Official" or "Not official" and placed in the locked ballot box, it would be more equitable to return the certificate envelope to the bank to permit the vote to be properly cast in accordance with the requirements if this can be done before the ballots close. Counsel, in his memorandum, stated there is no legal objection to the adoption of the suggestion made by Mr. Curtiss, but called attention to the fact that its adoption would require a slight change in the present uniform procedure which requires the Federal Reserve Agent, as soon as a ballot is received, to check the signature on the sealed certificate envelope to see whether the proper officer has cast the vote, and that in cases where an unauthorized officer had voted or the voting bank had not authorized any officer to vote, the adoption of Mr. Curtiss' suggestion would require that the sealed envelope containing the ballot be returned to the member bank with appropriate explanation and if

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sufficient time remained the member bank could then take steps necessary to remedy the matter and submit its vote in the proper manner before the ballots close.

Upon motion, Mr. Curtiss' recommendation was approved and the Secretary was instructed to prepare the necessary advice to the Chairmen of all Federal Reserve Banks.

Memorandum from Counsel dated July 14 submitting letter from the attorneys for Mr. Paul Klopstock and associates asking that the application for reservation of title for a corporation proposed to be organized under Section 25 (a) of the Federal Reserve Act be amended to read "Foreign Discount and Investment Trust" instead of "Federal Discount and Investment Trust" in accordance with the Board's letter of June 19, 1928.

Upon motion, the reservation of the title "Foreign Discount and Investment Trust" was approved.

Memorandum from Counsel dated June 27 submitting letters from several national banks in Pennsylvania with reference to the matter of investing small cash balances of trust estates in such a manner as to bring in the maximum obtainable income for such estates on these balances.

Upon motion, the memorandum from Counsel was ordered circulated.

Report of Executive Committee on letter dated June 28 from the Secretary of the Federal Reserve Bank of New York, enclosing application, dated June 25, 1928 from the Interstate Trust Company, New York, N. Y. for permission to accept drafts and bills of exchange drawn upon it up to 100% of its paid up capital and surplus in accordance with the provisions of Section 13 of the Federal Reserve Act; the Committee recommending approval.

Approved.

Memorandum from Counsel dated July 12 submitting draft of an amendment to Section 4 of the Board's Regulation "K" so as to prohibit the use of the word "bank" in the title of any corporation organized under Section 25 (a) of the Federal Reserve Act.

Upon motion, it was voted that this regulation be further amended so as to require that the titles of corporations organized under Section 25 (a) of the Federal Reserve Act include the word "Foreign" or "International."

Matter referred to Committee on District No. 9 at the meeting May 28, namely, report of examination of the Federal Reserve Bank of Minneapolis and its Helena Branch made as at the close of business February 15, 1928; the report calling attention to the fact that of the total membership of 746 banks in this district, 274 banks are listed for special attention because of unsatisfactory condition, with 58 banks showing capital impairment and 91 showing impairment of surplus; the Committee reported that this "emphasizes the necessity for the Board adopting some policy, but until such action is taken there is nothing to do but report to the Board 'Noted.'"

Memorandum from Counsel dated July 9 submitting letters from Governor Geery of the Federal Reserve Bank of Minneapolis and draft of proposed reply with reference to the eligibility for rediscount at a Federal Reserve Bank of the paper of General Mills, Inc., which has been organized for the purpose of buying the business of the Washburn-Crosby Company and all of the companies affiliated therewith, together with one outside mill.

Upon motion, the draft of letter prepared by Counsel was approved.



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Report of Executive Committee on memorandum from the Acting Comptroller of the Currency recommending that the application of the First National Bank of Commerce of Tarpon Springs, Florida (consolidation of the First National Bank and Bank of Commerce and Trust Company of Tarpon Springs, Florida) for permission to reduce its capital stock from \$100,000 to \$75,000 be approved, such reduction to become effective if and when the First National Bank of Tarpon Springs and the Bank of Commerce and Trust Company of Tarpon Springs, Florida, consolidate, the Committee recommending approval.

Approved.

Letter dated July 11 from the Chairman of the Federal Reserve Bank of San Francisco, California, advising the Board that at a meeting of the Executive Committee held on July 10, there was presented a memorandum prepared by Mr. Sargent, Assistant Federal Reserve Agent, reviewing the condition of the Gunnison Valley Bank, Gunnison, Utah, and it was voted to recommend to the Federal Reserve Board that a hearing be held at the Salt Lake City Branch on the question of cancellation of membership, and that the bank be advised - (a) that the bank may take steps to restore the impairment of its capital; or (b) that it will be given an opportunity to make application for withdrawal of its membership; or (c) that steps will be taken to have its membership cancelled; also telegram dated July 16 from Mr. Newton stating that the Gunnison Valley Bank, Gunnison, Utah, is requesting additional advances including new names and asking the Board's advice in the premises.

Upon motion, it was voted to send the following telegram to Mr. Newton:

"Your telegram re granting further rediscounts to Gunnison Valley Bank. This is a matter for the determination of your Board of Directors. Would call attention to fact that until membership is terminated bank is entitled to all privileges and benefits of membership. Since you have asked our advice in this particular case our suggestion would be pending hearing at least, that you rediscount for the member bank any new paper that may be offered applying your general policies with respect to amount of line of accommodation, etc., and provided of course, the quality of paper is satisfactory and considered self-liquidating without regard to member bank's endorsement."

The Vice Governor then referred to the Board's action on July 10 in adopting the following resolution:

"After discussion, upon motion it was voted 'that a majority of the members present, provided that the number present be not less than three, may approve applications for increases in rediscount rates up to 5% - this authority to continue until revoked.'"

The Vice Governor stated that as there may not be three members of the Board present at all times he thought the above resolution should be amended, and after considerable discussion the following resolution was presented by Mr. Platt and approved by the Committee, subject to approval by the Board at its next meeting, Mr. James stating he had no objection to the procedure involved but disapproved of any rate changes.

WHEREAS: The Federal Reserve Board at its meeting on July 10th approved the establishment of a rediscount rate of 5 per cent by the Federal Reserve Bank of Chicago after full discussion, and

WHEREAS: The Board, having considered the question of possible increases to 5 per cent by action of the directors of the other eleven Banks, delegated to a committee of three by resolution authority to approve further increases to 5 per cent if and when they should be voted by the directors of the several Banks, and

WHEREAS: the aforesaid committee in pursuance of this authority has since then approved increases to 5 per cent by the Federal Reserve Banks of Richmond, New York and Atlanta, and

WHEREAS: the establishment of 5 per cent rates by the remaining Reserve banks is a matter purely for regional determination, the approval of which may be considered an executive or administrative act, THEREFORE, BE IT RESOLVED:

That if within the next 30 days the directors of any of the remaining Federal Reserve Banks notify the Board that they have established 5 per cent rates the Executive officer of the Board present at the time be and is hereby authorized and directed to notify such bank or banks of the Board's approval.

REPORTS OF STANDING COMMITTEES:

- Dated, July 11th Recommending changes in stock at Federal Reserve Banks  
12th as set forth in the Auxiliary Minute Book of this  
15th date.  
16th Recommendations approved.
- Dated, July 6th Recommending action on applications for fiduciary powers  
13th as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.
- Dated, June 18th Recommending approval of the application of Mr. Geo.  
W. Bard, for permission to serve at the same time as  
director of the Penn National Bank, Reading, Pa., and  
as director and officer of the Reading Trust Company,  
Reading, Pa.  
Recommendation approved.
- Dated, June 18th Recommending approval of the application of Mr.  
Ferdinand Thun, for permission to serve at the same  
time as director and officer of the Penn National Bank,  
Reading, Pa., and as director of the Reading Trust  
Company, Reading, Pa.  
Recommendation approved.
- Dated, June 18th Recommending approval of the application of Mr. Philip  
S. Zieber, for permission to serve at the same time  
as director of the Penn National Bank, Reading, Pa.,  
and as director of the Reading Trust Company, Reading,  
Pa.  
Recommendation approved.
- Dated, July 7th Recommending approval of the application of Mr. W. H.  
Belk, for permission to serve at the same time as  
director of the Merchants and Farmers National Bank,  
Charlotte, N. C., as director of the Charlotte National  
Bank, Charlotte, N. C., and as director of the

REPORTS OF STANDING COMMITTEES (Continued):

Independence Trust Company, Charlotte, N. C.

Recommendation approved.

Dated, July 10th Recommending approval of the application of Mr. B. F. Schlesinger, for permission to serve at the same time as director of the Anglo & London Paris National Bank, San Francisco, Cal., and as director of the First National Bank in Oakland, Oakland, Cal.

Recommendation approved.

Dated, July 11th Recommending approval of the application of Mr. Charles E. Robertson, for permission to serve at the same time as director of the First National Bank, Dunmore, Pa., and as director of the Anthracite Trust Company, Scranton, Pa.

Recommendation approved.

Dated, July 11th Recommending approval of the application of Mr. Wm. Muir, for permission to serve at the same time as an officer of the First National Bank, Warren, Pa., and as director of the American Bank & Trust Co., St. Petersburg, Fla.

Recommendation approved.

Dated, July 11th Recommending approval of the application of Mr. John T. Dillon, for permission to serve at the same time as director of the First National Bank, Warren, Pa., and as director of the Marine Trust Co., Buffalo, N. Y.

Recommendation approved.

Dated, July 11th Recommending approval of the application of Mr. John C. Cutler, for permission to serve at the same time as an officer and director of the Deseret National Bank, Salt Lake City, Utah, as director and officer of the Deseret Savings Bank of Salt Lake City, Utah, and as director and officer of the Pacific Coast Joint Stock Land Bank, Salt Lake City, Utah.

Recommendation approved.

Dated, July 13th Recommending approval of the application of Mr. Louis N. Jacobs, for permission to serve at the same time as director and officer of the First National Bank, Exeter, Pa., and as director of the Kingston Bank and Trust Co., Kingston, Pa.

Recommendation approved.

Dated, July 14th Recommending approval of the application of Mr. M. J. Murray, Jr., for permission to serve at the same time as director of the First National Bank, Dunmore, Pa., and as director of the Anthracite Trust Company, Scranton, Pa.,

Recommendation approved.

Dated, July 14th Recommending approval of the application of Mr. Delmer Runkle, for permission to serve at the same time as an officer of the National City Bank, Troy, N. Y., as an officer of the Peoples National Bank, Hoosick Falls, N. Y., and as a Class A Director of the Federal Reserve Bank of New York, N. Y.

Recommendation approved.

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REPORTS OF STANDING COMMITTEES (Continued):

Dated, July 14th Recommending approval of the application of Mr. Samuel N. Rhodes, for permission to serve at the same time as director of the Media Title & Trust Co., Media, Pa., and as director of the Morton National Bank, Morton, Pa.  
Recommendation approved.

Dated, July 14th Recommending approval of the application of Mr. Harry Burnley, for permission to serve at the same time as director of the Morton National Bank, Morton, Pa., and as director of the Media Title & Trust Company, Media, Pa.  
Recommendation approved.

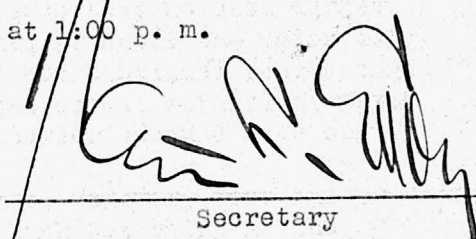
Dated, July 14th Recommending approval of the application of Mr. Perry R. Long, for permission to serve at the same time as director of the Media Title & Trust Company, Media, Pa., and as director of the Morton National Bank, Morton, Pa.  
Recommendation approved.

Dated, July 14th Recommending approval of the application of Mr. Frank B. Rhodes, for permission to serve at the same time as director of the Media Title & Trust Co., Media, Pa., and as director of the Morton National Bank, Morton, Pa.  
Recommendation approved.

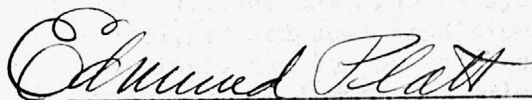
Dated, July 14th Recommending approval of the application of Mr. Joseph Hallas, Jr., for permission to serve at the same time as director of the Media Title & Trust Co., Media, Pa., and as director of the Morton National Bank, Morton, Pa.  
Recommendation approved.

Dated, July 14th Recommending approval of the application of Mr. Harry J. Makiver, for permission to serve at the same time as director of the Media Title & Trust Co., Media, Pa., and as director of the Morton National Bank, Morton, Pa.  
Recommendation approved.

The meeting adjourned at 1:00 p. m.

  
Secretary

Approved:

  
Vice Governor