

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, August 3, 1928 at 11:30 a.m.

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

Matters approved on initials on August 1st, namely, applications of the Hyde Park National Bank, Scranton, Pa. and the Stewardson National Bank, Stewardson, Ill. for stock in the Federal Reserve Banks of Philadelphia and Chicago, respectively, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved by the Governor on July 31st, under the authority granted by the Board on July 18th, namely, telegram dated July 31st from the Governor of the Federal Reserve Bank of Cleveland advising that the Executive Committee, under authority of the board of directors, on that day voted to establish a rediscount rate of 5% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.

The rate of 5% established by the Executive Committee of the Cleveland bank on all classes of paper of all maturities having been informally approved, effective August 1, 1928, was upon motion formally approved.

Telegram dated July 31st from the Chairman of the Federal Reserve Bank of Atlanta, advising of the establishment of the following rates for purchases of bankers acceptances:

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1 to 90 days	-	4 1/2%
91 to 120 days	-	4 5/8%
121 to 180 days	-	5%

Without objection, noted with approval.

Telegram dated August 2nd from the Chairman of the Federal Reserve Bank of San Francisco, advising of the establishment of the following rates for purchases of bankers acceptances:

Effective July 26th-		
1 to 90 days	-	4 1/2%
91 to 120 days	-	4 5/8%
Effective August 1st	-	
Repurchase	-	4 1/2%

Without objection, noted with approval.

Letter dated August 2nd from the Assistant Secretary of the Federal Reserve Bank of New York, telegram dated August 1st from the Chairman of the Federal Reserve Bank of Philadelphia and telegram dated August 1st from the Chairman of the Federal Reserve Bank of St. Louis, 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.

Memorandum dated August 2nd from Mr. Hamlin advising that effective August 1, 1928, the salary of Miss Margaret A. Laning, his Private Secretary, will be increased from \$2600 to \$2700 per annum.

Noted, with approval.

Telegram dated August 2nd from the Chairman of the Federal Reserve Bank of Boston, advising of the election of Mr. A. Farwell Bemis as a Class B Director of the bank for the unexpired term of Mr. Charles G. Washburn, ending December 31, 1930.

Noted.

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Telegram dated August 3rd from the Assistant Federal Reserve Agent at Dallas, advising of the death of Mr. J. H. Nail, Class B Director of that bank.

Noted with regret.

Memorandum dated August 3rd from the Chief Clerk advising of the expiration on July 31st of the extended leave of absence with pay on account of illness granted Mr. T. V. Ott, mail clerk; the Chief Clerk advising that Mr. Ott's condition is somewhat improved and that his physician believes he will be able to resume his duties on September 1st.

Upon recommendation of the Secretary, it was voted to extend for a period of thirty days from August 1st, or as much thereof as may be necessary, the leave of absence with pay previously authorized for Mr. Ott.

Letter dated August 1st from the Chairman of the Federal Reserve Bank of St. Louis, advising that under the authority granted by the Board on April 6th, the directors of that bank have voted to accept bids and let contracts for the construction of a new building to house the Memphis Branch at a total cost of \$275,978.42, including architects' fees; the Board on April 6th having authorized an expenditure up to \$325,000.

Noted with approval;

Report of Committee on Salaries and Expenditures on letter dated August 1st from the Chairman of the Federal Reserve Bank of Philadelphia, transmitting a report of employees for whom the directors of that bank authorized leaves of absence with pay on account of illness during the month of July, where the total of such absence since January 1, 1928 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

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Report of Committee on Examinations on letter dated July 31st from the Federal Reserve Agent at Atlanta, transmitting and recommending approval of an application of the Merchants National Bank, Mobile, Ala. for permission to accept drafts or bills of exchange drawn upon it up to 100% of its paid up and unimpaired capital and surplus, under the provisions of Section 13 of the Federal Reserve Act; the Board's Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated July 30th from the Assistant Federal Reserve Agent at Cleveland, recommending approval of an application of the Guardian Trust Company, Cleveland, Ohio, for permission to purchase the assets of the Washington Savings Bank of Cleveland and its Branch; the Board's Committee also recommending approval.

Approved.

Memorandum dated July 30th from the Chief of the Division of Bank Operations transmitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of June and for the six months period ending June 30th.

Ordered circulated.

Memorandum dated July 27th from General Counsel requesting authority to publish in the Federal Reserve Bulletin a revision now in course of preparation of the analysis previously published by the Board of the provisions of state laws relating to bank reserves; Counsel suggesting that before actual publication takes place copies of the proof of the revision be sent to Counsel for all Federal Reserve Banks for their examination and criticism.

Upon motion, publication of the analysis was authorized in accordance with Counsel's suggestion.

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Report of Law Committee on the matter referred to it at the meeting on July 30th, namely, memorandum from Counsel dated July 23rd submitting in accordance with the instructions of the Board at its meeting on July 17th the following proposed revision of Section IV of the Board's Regulation K, relating to titles of corporations organized under Section 25 (a) of the Federal Reserve Act:

"Inasmuch as the name of the Corporation is subject to the approval of the Federal Reserve Board, a preliminary application for that approval should be filed with the Federal Reserve Board on F. R. B. Form 150, which is made a part of this regulation. This application should state merely that the organization of a Corporation under the proposed name is contemplated and may request the approval of that name and its reservation for a period of 30 days. The title of every such Corporation shall include the word 'foreign' or the word 'international'. No Corporation will be permitted to have the word 'bank' as a part of its title. So far as possible the title of the Corporation should indicate the nature or reason of the business contemplated and should in no case resemble the name of any other corporation to the extent that it might result in misleading or deceiving the public as to its identity, purpose, connections, or affiliations."

Upon recommendation of the Law Committee, it was voted to amend Section IV of Regulation K as quoted above.

Memorandum from Counsel dated July 30th submitting letter to the Federal Reserve Agent at Atlanta with reference to previous correspondence regarding the use of the word "reserve" by the Lake County Reserve Company of Mt. Dora, Fla.; the proposed letter stating that inasmuch as the company has amended its charter so as to eliminate the word "reserve" from its corporate title and thus has brought itself into compliance with the provisions of the Act of May 24, 1926, no further action is necessary and the matter is considered a closed incident.

Upon motion, the proposed letter was approved.

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Memorandum from Counsel dated July 20th, submitting draft of a circular letter to the Chairman of all Federal Reserve banks advising of the amendment to the procedure in elections of Class A and B Directors adopted by the Board at its meeting on July 17th.

Upon motion, the circular letter was approved.

Memorandum from Counsel dated August 1st with reference to the Clayton Act application of Mr. George M. Laughlin, Jr. involving the Keystone National Bank and the Pittsburgh Trust Company, both of Pittsburgh, Pa.; Counsel stating that in his opinion there is no legal reason why the application should not be granted if in the Board's judgment it would not be incompatible with the public interest and that the Assistant Federal Reserve Agent at Cleveland believes such approval would not be incompatible with the public interest. The Secretary stated that the Law Committee does not recommend approval of the application feeling that upon the basis of the information it now has the Board is not in position to take such action.

After discussion, upon motion, it was voted to refer the application back to the Federal Reserve Agent at Cleveland for further information.

Memorandum from Counsel dated July 28th, submitting draft of letter to the Vice President of the South Carolina National Bank, Greenville, S. C. with reference to service by Mr. F. W. Symmes as a member of the Advisory Board of a Branch of that bank in addition to service as director of another national bank; the proposed reply stating that upon the basis of the information before it the Board is of the opinion that members of the Advisory Board of the branch of the South Carolina National bank are not directors, officers or employees of that bank within the meaning of the Clayton Act and under the circumstances

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Mr. Symmes' service upon the Board does not come within the provisions of the Clayton Act and a permit from the Board is unnecessary.

Upon motion, the letter submitted by Counsel was approved.

Draft of letter prepared by Counsel to Honorable Arthur Capper, United States Senator, relative to a suggestion that the Federal Reserve Act be amended so as to require the Board to furnish a cipher code for the use of all member banks and correspondents of member banks; the proposed reply stating that practically all banks in the United States are members of the American Bankers Association and use the code furnished by that association, and further, that the preparation and distribution of a new code by the Federal Reserve System would be very expensive and would constitute an unnecessary and useless duplication of a valuable service now being performed by the American Bankers Association.

Upon motion, the above letter was approved.

Report of Examination of the Federal Reserve Bank of New York and its Buffalo Branch made as at the close of business May 26, 1928; together with letter dated August 2nd from the Chairman of the Federal Reserve Bank of New York, transmitting a report with regard to the principal criticisms and other matters which the Board's Examiner discussed with the officers of the bank.

Referred to Committee on Examinations and Committee on District #2.

REPORTS OF STANDING COMMITTEES:

Dated, August 1st, Recommending changes in stock at Federal Reserve banks  
2nd, as set forth in the Auxiliary Minute Book of this date.  
Recommendation approved.

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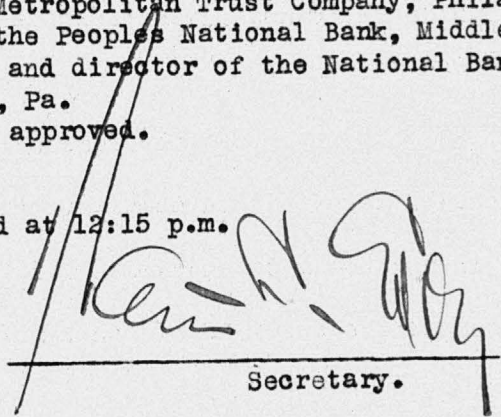
REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, July 28th, 30th, 31st, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, July 21st, Recommending approval of the application of Mr. Franklin Chandler for permission to serve at the same time as officer and director of the West Philadelphia Title and Trust Company, Philadelphia, Pa. and as director of the Laurel Springs National Bank, Laurel Springs, N. J. Recommendation approved.
- Dated, July 23rd, Recommending approval of the application of Mr. Ernest Iselin, Jr., for permission to serve at the same time as a member of the firm of private bankers of A. Iselin & Company, New York, N. Y., as director of the Hanover National Bank of the City of New York, New York, N. Y. and as director of the Central Union Trust Company, New York, N. Y. Recommendation approved.
- Dated, July 28th, Recommending approval of the application of Mr. Joseph Kaye for permission to serve at the same time as director of the Lycoming Trust Company, Williamsport, Pa., and as director of the First National Bank, Emporium, Pa. Recommendation approved.
- Dated, July 28th, Recommending approval of the application of Mr. David Burpee for permission to serve at the same time as director of the Market Street National Bank, Philadelphia, Pa., and as director of the Integrity Trust Company of Philadelphia, Pa. Recommendation approved.
- Dated, August 2nd, Recommending approval of the application of Mr. Frank H. Tuft for permission to serve at the same time as officer and director of the Metropolitan Trust Company, Philadelphia Pa., as director of the Peoples National Bank, Middletown, Del., and as officer and director of the National Bank of Lansdowne, Lansdowne, Pa. Recommendation approved.

The meeting adjourned at 12:15 p.m.

Approved:

  
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Governor.

  
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Secretary.