

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Thursday, August 23, 1928 at 11:45 a.m.

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

Matters approved on initials on August 17th and 20th, namely, applications of the Pacific National Bank, Seattle, Wash. and the Citizens National Bank, Point Pleasant, W. Va. for stock in the Federal Reserve Banks of San Francisco and Richmond, respectively, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on initials on August 20th, namely, application of the Amoskeag National Bank, Manchester, N. H. for permission to act as executor.

Formally approved.

Letter dated August 16th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors at a meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated August 16th from the Deputy Chairman of the Federal Reserve Bank of San Francisco, advising that due to lack of a quorum no meeting of the board of directors of the bank was held on that date and no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

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Memorandum dated August 17th from the Director of the Division of Research and Statistics, recommending that the temporary appointment of Miss Louise Cohen, which expires on September 4th, be terminated at the close of business on August 28th.

Approved.

Reports of Committee on Salaries and Expenditures on letters dated August 16th from the Comptroller of the Currency, recommending increases from \$5,100 to \$5,400 per annum, and from \$6,700 to \$8,500 per annum, respectively, in the salaries of National Bank Examiners T. J. Cottingham and I. D. Wright; the Board's Committee also recommending approval.

Approved.

Reports of Committee on Salaries and Expenditures on letters dated August 16th and 18th from the Comptroller and Deputy Comptroller of the Currency, recommending approval of salaries of \$3,900 and \$3,000 per annum for National Bank Examiners John F. Lilly and Louis A. Norman, assigned to the Eighth and Fourth Federal Reserve Districts, respectively; the Board's Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated August 17th from the Chairman of the Federal Reserve Bank of Kansas City, transmitting report of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the month of July, where the total of such absences since January 1, 1928 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

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Letter dated August 15th from the Assistant Federal Reserve Agent at New York, advising that the Municipal Bank, Brooklyn, N. Y. on that date changed its name to "Municipal Bank and Trust Company" and its location to 70 Wall Street, Manhattan.

Noted.

Telegram dated August 17th from Mr. John M. Bennett, accepting appointment as director of the San Antonio Branch of the Federal Reserve Bank of Dallas for the term expiring December 31, 1930.

Noted.

Letter dated August 21st from the Vice President of the Foreign Trade Securities Company, Ltd., requesting continuation of the reservation of the title "Foreign Discount and Investment Trust", which was approved by the Board on July 17, 1928 for a corporation proposed to be organized under Section 25 (a) of the Federal Reserve Act.

Upon motion, it was voted to reserve the title mentioned for an additional period of thirty days.

Memorandum from Counsel dated August 20th, submitting material for publication in the forthcoming issue of the Federal Reserve Bulletin.

Approved.

Memoranda dated August 22nd from General Counsel, advising that all Federal Reserve banks have signified their willingness to bear their pro-rata shares of the expense of the employment of Hon. Newton D. Baker as special counsel in the cases brought against the Federal Reserve Bank of Chicago by depositors of the insolvent Neoga National Bank, and the Federal Reserve Bank of New York by Mr. Frank G. Raichle; Counsel submit-

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ting drafts of circular letters to all Federal Reserve banks advising them accordingly.

Upon motion, the circular letters were approved and ordered transmitted.

Memorandum from Counsel dated August 20th, submitting replies received from authorities of several states to the Board's recent letter, calling attention to the provisions of the Act of May 24, 1926, limiting the use of the words "United States", "Federal" or "Reserve" in the titles of corporations, and requesting their cooperation in the enforcement of the provisions of that Act.

Noted.

Draft of reply, prepared by Counsel, to letter dated August 3rd from the Commissioner of Corporations and Taxation of Massachusetts, referring to the limitation on the use of the words "United States", "Federal" or "Reserve" as part of the corporate title of any corporation not organized under the laws of the United States, and suggesting that the Board prohibit the use of the words "trust company" and "savings bank" by corporations not organized under state law; the proposed reply stating that reference is probably made to the use of the words "trust company" and "savings bank" as part of the corporate titles of national banks, which titles are approved by the Comptroller of the Currency, but that the Board feels, inasmuch as national banks have been authorized to engage in trust business and to receive savings deposits and in the absence of state legislation, that the use of the words as part of their corporate titles is entirely proper.

Upon motion, the proposed reply was approved.

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Draft of reply, prepared by Counsel, to letter dated August 8th from the Secretary of State of Nevada, inquiring whether the Act of May 24, 1926 prohibits ordinary business corporations from using the words "United States" "Federal" or "Reserve" as part of their corporate titles; the proposed reply stating that the statute in question applies to no corporations except those engaged in the banking, loan, building and loan, brokerage, factorage, insurance, indemnity or trust business.

Upon motion, the proposed reply was approved.

Draft of reply, prepared by Counsel, to letter dated August 6th from the Secretary of the State of Florida, referring to the Act of May 24, 1926 and inquiring whether there is not also a statute prohibiting any corporation other than those organized under Federal law from using the words "First National" as part of its corporate title; the proposed reply calling attention to Section 5243 of the revised statutes prohibiting the use of the word "National" by banks, bankers, brokers or savings institutions other than national banks.

Upon motion, the proposed reply was approved.

Memorandum from Counsel dated August 20th, stating that the State Corporation Counsel of Virginia, in response to the Board's recent letter calling attention to the Act of May 24, 1926, advised that on July 19, 1928 he issued a charter to the "Reserve Finance Corporation" of Arlington, Va.; Counsel suggesting that the matter be taken up with the attorney for the Corporation in question, Mr. Jesse C. Duke of Washington, D. C. and submitting draft of a letter to Mr. Duke, calling attention to the Act of May 24, 1926.

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Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated August 15th, with reference to the Clayton Act application of Mr. George K. Morrow, involving the Harriman National Bank and the Equitable Trust Company, both of New York City; Counsel stating that the Federal Reserve Agent at New York is of the opinion that it would be incompatible with the public interest for the Board to approve the application and recommends that it be refused. The Law Committee of the Board, although expressing the opinion that there does not seem to be much competition between the institutions, recommended that the application be temporarily refused, in accordance with the recommendation of the Federal Reserve Agent, but that the applicant be granted a hearing before the Board if he desires to present additional information.

Upon motion, the application was temporarily refused in accordance with the recommendation of the Law Committee.

Memorandum dated August 11th from the Chief of the Division of Bank Operations, recommending that the Board request the forthcoming Conferences of Governors and Federal Reserve Agents to consider whether special effort should not be made - (1) To impress upon member banks the desirability of maintaining an adequate portfolio of paper eligible for rediscount at the Federal Reserve banks; and (2) To more fully acquaint member banks with the kind of paper eligible for rediscount.

Upon motion, the suggestion was approved.

Memorandum from Counsel dated August 10th, with reference to an application by Mr. Julius Spiegel and others, for reservation of the title "International American Banking Corporation" for a corporation proposed to be organized under Section 25 (a) of the Federal Reserve Act; Counsel stat-

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ing that the Board may wish to disapprove the use of the word "Banking" in the title of the corporation as being synonymous with the word "Bank", which has been prohibited by regulation, and may also object to the use of the word "American", having disapproved the inclusion of the words "United States" in titles of such corporations.

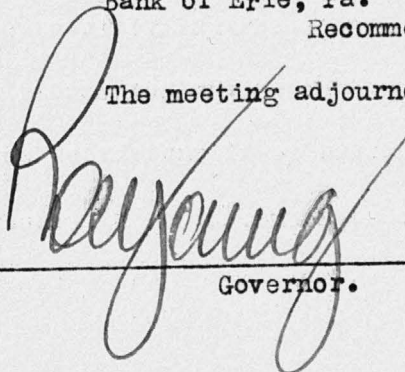
After discussion of the possible objections raised by Counsel, it was voted to approve the title "International American Banking Corporation" and to reserve it for a period of thirty days.

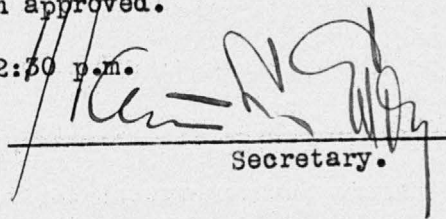
REPORTS OF STANDING COMMITTEES:

- Dated, August 21st, 22nd, 23rd, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, August 14th, 17th, 20th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
- Dated, August 21st, Recommending approval of the application of Mr. Israel M. Bertolet for permission to serve at the same time as director of the Reading Trust Company of Reading, Pa. and as director of the First National Bank of Oley, Pa.  
Recommendation approved.
- Dated, August 20th, Recommending approval of the application of Mr. Fred J. Fisher for permission to serve at the same time as director of the National City Bank of New York, N. Y., as director of the Peoples Wayne County Bank, Detroit, Mich., and as director of the Guardian Trust Company of Detroit, Mich.  
Recommendation approved.
- Dated, August 22nd, Recommending approval of the application of Mr. F. M. Wallace for permission to serve at the same time as director of the Union Trust Company, Pittsburgh, Pa., and as officer and director of the Second National Bank of Erie, Pa.  
Recommendation approved.

The meeting adjourned at 12:30 p.m.

Approved:

  
Governor.

  
Secretary.