

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Governor on Wednesday, September 5, 1928 at 11:00 a.m.

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

Letter dated August 30th from the Secretary of the Federal Reserve Bank of New York and telegram dated September 5th from the Chairman of the Federal Reserve Bank of Philadelphia, 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.

Matter approved on initials on August 29th, namely, letter dated August 29th from the Comptroller of the Currency, requesting approval of a salary of \$5,000 per annum for National Bank Examiner Jesse M. Strong, assigned to the Second Federal Reserve District.

Formally approved.

The Assistant Secretary then stated that Mr. Vernon Ott, mail clerk in the Secretary's office, who has been on extended leave of absence with pay, on account of illness, since July 1st will not, according to his physician, be able to resume his duties for a month or more. He recommended that Mr. Ott be granted additional leave of absence, with pay, for one month beginning September 1st.

Approved.

Telegram dated August 31st from the Deputy Governor of the Federal Reserve Bank of Dallas, advising of a request received from the Federal

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Intermediate Credit Bank of Houston for an advance of \$3,500,000 against the rediscount of eligible paper or against the Intermediate Credit bank's ninety day debentures, at the rediscount rate in effect when the transaction is handled; the telegram stating that the bank is disposed to grant the accommodation but can not accept paper for rediscount unless the Board is willing to waive the provision of its Regulations prohibiting a Federal Reserve bank from rediscounting for any Federal Intermediate Credit bank when its own reserves amount to less than 50%.

The Secretary presented copy of a telegraphic reply made on initials on August 31st, referring to the amendment to Subdivision (d) of Regulation "A" adopted on August 30th and advising that the Board grants permission to the Federal Reserve Bank of Dallas to rediscount eligible paper for the Intermediate Credit Bank of Houston up to \$3,500,000.

Upon motion, the telegraphic reply was formally approved.

Telegram dated September 1st from the Governor of the Federal Reserve Bank of Minneapolis, advising that the Federal Intermediate Credit Bank at St. Paul is now rediscounting with that bank approximately \$2,000,000 of agricultural paper and inquiring whether the Board will approve if they should decide to rediscount an additional \$1,000,000 on September 15th.

The Governor presented a telegraphic reply which he made on September 1st, advising that the Board will approve the additional rediscount in question.

Upon motion, the telegram sent by the Governor was approved.

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Letter dated August 24th from the Federal Reserve Agent at San Francisco, calling attention to comments made by the Bank Commissioner of Idaho, in letters of criticism addressed to state member banks, regarding the cost of the banks' membership in the Federal Reserve System, based upon loss of interest on reserve deposits carried with the Federal Reserve bank.

After discussion, it was voted to request the Chief of the Board's Division of Bank Operations to advise the Board as to the difference in the reserves carried by the state banks as members of the System and the amounts they would be required to carry were they not members, with a statement as to the loss, if any, suffered by the member banks in view of the reduced reserves carried by them as members of the System.

Letter dated August 28th from the Federal Reserve Agent at Kansas City, transmitting and recommending approval of an application of The American-First National Bank, Oklahoma City, Okla. for permission, under Section 13 of the Federal Reserve Act, to accept drafts and bills of exchange drawn upon it up to 100% of its paid-up and unimpaired capital stock and surplus.

Approved.

Report of Committee on Examinations on letter dated August 30th from the Federal Reserve Agent at San Francisco, concurring in a recommendation of the Executive Committee of the bank that approval be given to a proposed reduction from \$50,000 to \$25,000 in the capital of the Gunnison Valley Bank, Gunnison, Utah, the amount of the reduction to be used to eliminate losses which at present result in a capital impairment; the Agent also recommending that consideration of the question of forfeiting the bank's membership in the System, which has been taken up with the Board informally, be deferred until

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after an examination of the bank has been made subsequent to the reduction in capital.

Upon motion, on recommendation of the Committee on Examinations, it was voted to approve the proposed capital reduction, as well as the recommendation of the Federal Reserve Agent that consideration of the question of forfeiting the bank's membership in the System be deferred.

Memorandum from Counsel dated August 31st, submitting draft of reply to letter dated August 28th from the Secretary of the Equitable Eastern Banking Corporation, New York City, requesting authority for the establishment of a branch in the city of Tientsen, China; the proposed reply stating that neither the Board's Regulations nor its agreement with the Equitable Eastern Banking Corporation require the Corporation to secure the Board's permission before establishing the branch office.

Upon motion, the proposed letter was approved.

Memorandum from Counsel dated August 31st, submitting draft of letter to Mr. Ben Mays replying to his communication to the Board dated August 10th and advising that the Board has carefully considered the information contained therein and does not feel that it can change the decision made on his Clayton Act application, involving the Grand National Bank of St. Louis, Mo. and the First National Bank of Clayton, Mo.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel dated August 28th, with reference to the Clayton Act application of Mr. Vann M. Howell, who has heretofore been authorized to serve at the same time as director of the American-Southern Trust Company

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of Little Rock, Ark. and the First National Bank of Junction City, Ark., for permission to serve also as officer and director of the First National Bank of Batesville, Ark.; Counsel calling attention to the fact that the Federal Reserve Agent at St. Louis not only recommends that the present application be refused, but that the Board revoke the permit previously granted Mr. Howell to serve the American-Southern Trust Company and the First National Bank of Junction City, Ark. In his memorandum, Counsel called attention to the fact, however, that the Board's Regulations provide for revocation of Clayton Act permits only after "reasonable notice and opportunity to be heard".

After discussion, it was voted to advise Mr. Howell that the Board believes it would be incompatible with the public interest for it to approve his present application and, further, that it believes that the public interest requires revocation of the permit previously granted him, but that he may, if he desires, appear before the Board, or preferably before the Federal Reserve Agent at St. Louis, for the purpose of presenting additional information in support of his application or in support of continuance of the permit heretofore granted him.

REPORTS OF STANDING COMMITTEES:

- Dated, August 29th, 30th, September 1st, 4th, .
 Dated, August 28th, September 1st,
 Dated, August 29th,
- Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
 Recommendations approved.
 Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
 Recommendations approved.
 Recommending action on an application for admission of a state bank, subject to the conditions stated in the individual report 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, August 28th, Recommending approval of the application of Mr. Walter J. Riley for permission to serve at the same time as director of the Chicago Trust Company of Chicago, Ill., as officer and director of the First National Bank & Trust Company of East Chicago, Ind., and as officer and director of the United States National Bank of Indiana Harbor of East Chicago, Ind.

Recommendation approved.

Dated, August 30th, Recommending approval of the application of Mr. Robert Lamberton for permission to serve at the same time as director of the Lamberton National Bank of Franklin, Pa. and as officer and director of the First National Bank of Cochranton, Pa.

Recommendation approved.

Dated, August 30th, Recommending approval of the application of Mr. Harry Lamberton for permission to serve at the same time as director of the Lamberton National Bank of Franklin, Pa., and as director of the First National Bank of Cochranton, Pa.

Recommendation approved.

Dated, August 30th, Recommending approval of the application of Mr. Chess Lamberton for permission to serve at the same time as director of the Lamberton National Bank of Franklin, Pa., as officer and director of the First National Bank of Cochranton, Pa., and as Class A director of the Federal Reserve Bank of Cleveland, Ohio.

Recommendation approved.

Dated, August 29th, Recommending approval of the application of Mr. Leon D. Rothschild for permission to serve at the same time as director of the Ithaca Trust Company of Ithaca, N. Y., and as director of the Tompkins County National Bank of Ithaca, N. Y.

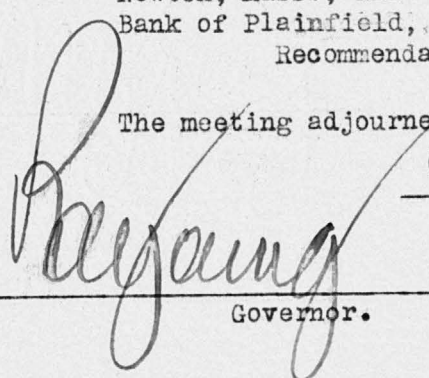
Recommendation approved.

Dated, August 27th, Recommending approval of the application of Mr. S. Harold Greene for permission to serve at the same time as director of the American Trust Company of Boston, Mass., as director of the Newton Trust Company of Newton, Mass., and as director of the First National Bank of Plainfield, Conn.

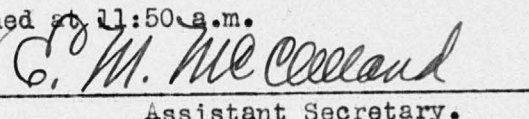
Recommendation approved.

The meeting adjourned at 11:50 a.m.

Approved:



Governor.



Assistant Secretary.