

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 7, 1928 at 11:30 a.m.

PRESENT: Governor Young
Mr. Platt
Mr. Miller
Mr. Cunningham
Mr. McIntosh
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary

The reading of the minutes of the meetings of the Federal Reserve Board held on October 30th and 31st was dispensed with.

Matter approved on initials on November 2nd, namely, application of the Commercial National Bank and Trust Company, New York, N. Y., for original stock (8400 shares) in the Federal Reserve Bank of New York, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Letter dated November 1st from the Secretary of the Federal Reserve Bank of New York and telegram dated November 1st from the Chairman of the Federal Reserve Bank of San Francisco, advising that their boards of directors at meetings on that date made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated November 2nd from the Director of the Division of Research and Statistics, recommending that the temporary appointment of Mrs. Mildred D. Murphy (nee deHart) as stenographer in that office, which expires November 15th, be extended until February 15, 1929.

Approved.

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Report of Executive Committee on letter dated November 2nd from the Acting Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner Elbert L. Williams, assigned to the Tenth Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated November 2nd from the Chairman of the Federal Reserve Bank of St. Louis, transmitting list of employees for whom the directors of that bank approved leaves of absence with pay on account of illness during the month of October, 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.

Letter dated October 30th from the Chairman of the Federal Reserve Bank of Chicago, advising of the death on that date of Mr. Charles H. McNider, Class A Director of the bank, whose term would have expired December 31, 1928.

Noted, with regret.

Memorandum dated November 1st from the Assistant Secretary with reference to proposed changes in the Interdistrict Time Schedule of the Federal Reserve Bank of Cleveland and its Branches; the Assistant Secretary stating that the changes are agreeable to the other Federal Reserve banks concerned and recommending approval by the Board.

Upon motion, the changes were approved as follows:

From Cincinnati to Detroit
" Cleveland " St. Louis

From 2 days to 1 day
" 2 " " 1 "

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From Cleveland to Louisville	From 2 days to 1 day
" Cleveland " Oklahoma City	" 3 " " 2 days
" Cincinnati " Oklahoma City	" 3 " " 2 "
" Pittsburgh " Oklahoma City	" 3 " " 2 "
" Cleveland " Dallas	" 3 " " 2 "
" Cincinnati " Dallas	" 3 " " 2 "
" Pittsburgh " Dallas	" 3 " " 2 "
" Cleveland " El Paso	" 4 " " 3 "
" Pittsburgh " El Paso	" 4 " " 3 "
" Cleveland " Los Angeles	" 5 " " 4 "
" Cleveland " Portland	" 5 " " 4 "
" Cleveland " San Francisco	" 5 " " 4 "
" Cleveland " Seattle	" 5 " " 4 "
" Cincinnati " Los Angeles	" 5 " " 4 "
" Cincinnati " San Francisco	" 5 " " 4 "
" Cincinnati " Seattle	" 5 " " 4 "
" Pittsburgh " Los Angeles	" 5 " " 4 "
" Pittsburgh " Portland	" 5 " " 4 "
" Pittsburgh " San Francisco	" 5 " " 4 "
" Pittsburgh " Seattle	" 5 " " 4 "

Report of Committee on Examinations on letter dated November 1st from the Secretary of the Federal Reserve Bank of New York, transmitting and recommending approval of an application of the Bank of America National Association, New York City, for permission to accept drafts and bills of exchange drawn upon it up to 100% of its paid-up capital and surplus, under the provisions of Section 13 of the Federal Reserve Act; the Board's Committee also recommending approval, calling attention to the fact that the Bank of America before conversion into a national association received the authority in question from the Board.

Approved.

Letter dated November 5th from the Assistant Federal Reserve Agent at New York, advising that the New Jersey National Bank and Trust Company, Newark, N. J. will probably take over The Colonial Trust Company and the Vailsburg Trust Company, both nonmember banks in Newark.

Noted.

Memorandum dated November 3rd from General Counsel advising that the United

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States District Court has dismissed the complaint filed against the Federal Reserve Bank of New York in the case of Raichle v. Federal Reserve Bank of New York; Counsel stating that the plaintiff will probably attempt to appeal the case directly to the Supreme Court of the United States on the ground that it involves a constitutional question but that if he does so the Supreme Court will probably refuse to hear the case and will remand it to the Circuit Court of Appeals.

Noted.

Matter approved on initials on November 3rd, namely, letter to Mr. George K. Morrill, regarding the recent action of the Board in refusing his application for permission to serve at the same time as director of the Equitable Trust Company and the Harriman National Bank, both of New York City; the letter requesting that Mr. Morrill advise the Board at the end of the year of the date upon which his resignation as director of the Harriman National Bank is accepted.

Formally approved.

The Governor then reported on the matter referred to him with power at the meeting of the Board on October 30th, namely, the question of a representative of the Division of Research and Statistics attending the Conference on Economic Statistics which will be held under the auspices of the League of Nations on November 26, 1928. He stated that after consultation with the Chairman of the Board he signed and transmitted the letter to the Secretary of State, submitted by the Director of the Division of Research and Statistics with his memorandum of October 30th, inquiring whether it is agreeable to that Department to have a member of the Board's staff attend the Conference.

Noted.

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Letter dated October 29th from the Federal Reserve Agent at Minneapolis, replying to a letter addressed to him by the Governor under authority granted at the meeting on October 26th, with regard to the recommendation of the Federal Reserve Agent that the Board direct the Comptroller of the Currency to bring suit for cancellation of the charter of the First National Bank of Denton, Montana; the Federal Reserve Agent advising that the reserves of the First National Bank have been adjusted and recommending that action by the Board be suspended pending a recurrence of the unsatisfactory reserve condition of the institution.

Noted.

At this point, Mr. James joined the meeting.

Memorandum dated October 30th from Counsel, with reference to letter dated October 25th from the Foreign Trade Securities Company, Ltd., submitting tentative draft of stock prospectus of the proposed "Foreign Discount and Investment Trust", to be organized under Section 25 (a) of the Federal Reserve Act, and requesting the Board's approval of a change in title of the proposed corporation to "Foreign Banking and Investment Trust".

Discussion then ensued with respect to the use of the title "Investment Trust" by corporations organized under Section 25 (a) of the Federal Reserve Act.

The Secretary called attention to the fact that one such corporation is operating under the title "First Federal Foreign Investment Trust" and that the Board has approved and reserved the title "Foreign Discount and Investment Trust" for the corporation under discussion and the title "Federal International Investment Trust" for another proposed corporation.

Mr. Miller moved that the memorandum from Counsel, regarding the prospectus and change of title of the proposed "Foreign Discount and Investment Trust" be laid on the table.

Carried, Mr. Platt voting "no".

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Mr. Miller then moved that the Board reconsider its action in the case of the two pending titles for proposed Edge Act corporations which include the words "Investment Trust".

Carried, Mr. Platt voting "no".

Mr. James then moved that a Committee be appointed by the Governor to consider and report to the Board on the question whether the use of the term "Investment Trust" is proper in the titles of corporations organized under Section 25 (a) of the Federal Reserve Act and is correctly descriptive of the business in which such corporations are permitted to engage.

Carried.

The Governor then appointed Messrs. Miller and Platt as a Committee to consider the question referred to in Mr. James' motion and requested the Committee to endeavor to submit a report at a meeting to be held on Saturday morning, November 10th.

Mr. James suggested that if upon consideration of the Committee report the Board is unable to reach an agreement on the question, it may be advisable to seek advice from certain bankers engaged in acceptance and investment business.

The Governor then requested permission to place before the forthcoming Conference of Federal Reserve Agents the memorandum on the subject of examination of state member banks which he submitted at the meeting of the Board on October 11th and on which no action has yet been taken by the Board.

Approved.

The Governor then reported the results of the Conference which Messrs. Platt, James and he had on last Thursday with the board of directors of the Federal Reserve Bank of New York, regarding the application filed with the Board by the Straus National Bank and Trust Company, organizing, for permission to exercise general fiduciary powers. He stated that when the application to organize the bank was received by the Comptroller of the Currency and referred by him to the Federal Reserve Agent at New York, Mr. McGarran, as Federal Reserve Agent, made an un-

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favorable recommendation on the application; having certain objections to its approval, some of which were set forth in his letter to the Comptroller. He advised, however, that when the objections made known to the Comptroller were met by the organizers Mr. McGarrah wrote the Comptroller to the effect that he was prepared to withdraw his unfavorable recommendation on the application to organize the bank. The Governor stated, however, that when the application for permission to exercise trust powers was submitted to the board of directors of the New York bank in accordance with their usual procedure, some of the directors were not satisfied with the business ethics of certain of the organizers of the bank and, therefore, recommended that the application for trust powers be disapproved, believing that the bank should demonstrate its quality before receiving trust powers. Individual directors, he stated, expressed the opinion that the favorable recommendation of the Federal Reserve Agent on the application to organize and their unfavorable recommendation on the application for trust powers are not inconsistent, feeling that in certain cases while organizers of a national bank may be fitted to direct a commercial institution they would not necessarily be capable of supervising the exercise of trust powers. He stated that the objections of the New York bank involve the results of an investigation made by the Attorney General of the State of New York into the business activities of certain of the organizers and that if the Board desires it can probably secure a copy of the report on the investigation through the New York bank.

Mr. Cunningham moved that the Board request the New York bank to furnish it with a copy of the report of the investigation by the Attorney General of the State of New York, referred to by the Governor.

Carried.

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The Governor then submitted a memorandum dated November 3rd, with reference to revision of the Board's practice in the matter of granting trust powers to national banks, especially in the case of new banks at the time of organization. He also submitted a memorandum from Counsel dated November 5th expressing the opinion that the present general policy of the Board (to which exceptions have been made) of waiting one year after the organization of a new national bank before granting trust powers is contrary to the policy of Congress.

Upon motion, it was voted that copies of the Governor's memorandum, together with that of Counsel, be furnished to each member of the Board and brought up for consideration at the meeting on Saturday.

Draft of letter prepared by Counsel, and approved by the Law Committee, replying to letter dated October 6th from the Governor of the Federal Reserve Bank of Boston, requesting consideration by the Board of the question of the eligibility for rediscount or purchase by Federal Reserve banks of so-called bankers acceptances issued by the Shawmut Association; the proposed reply setting forth a ruling that the proposed acceptances of the Shawmut Association would not be bankers acceptances within the meaning of the Board's Regulations, and therefore, would not be eligible for rediscount or purchase as such by Federal Reserve banks.

Upon motion, the letter was approved.

REPORTS OF STANDING COMMITTEES:

- Dated, November 2nd, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, October 29th, Recommending action on applications for fiduciary powers
November 7th, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, October 27th, Recommending approval of the application of Mr. Maurice Newton for permission to serve at the same time as a member of the firm of private bankers of Hallgarten and Company, New York, N. Y., as director of the Commercial National Bank and Trust Company of New York, N. Y., and as director of the State Bank and Trust Company, New York, N. Y.
Recommendation approved.
- Dated, October 29th, Recommending approval of the application of Mr. Parker S. Williams for permission to serve at the same time as director of the Central National Bank of Philadelphia, Pa., as officer and director of the Provident Trust Company, Philadelphia, Pa., and as a director of the Merion Title and Trust Company, Ardmore, Pa.
Recommendation approved.
- Dated, October 29th, Recommending approval of the application of Mr. A. G. Casper for permission to serve at the same time as officer of the First Wisconsin National Bank, Milwaukee, Wis., and as director of the Northwestern National Bank, Milwaukee, Wis.
Recommendation approved.
- Dated, October 29th, Recommending approval of the application of Mr. Charles T. Wakefield for permission to serve at the same time as director of the Bank of Philadelphia and Trust Company, Philadelphia, Pa., and as director of the Northeast National Bank of Holmesburg, Philadelphia, Pa.
Recommendation approved.
- Dated, October 29th, Recommending approval of the application of Mr. H. C. Wiess for permission to serve at the same time as director of the South Texas Commercial National Bank, Houston, Texas and as director of the American National Bank, Beaumont, Texas.
Recommendation approved.
- Dated, October 29th, Recommending approval of the application of Mr. E. H. Buckner for permission to serve at the same time as director of the South Texas Commercial National Bank, Houston, Texas and as director of the San Jacinto Trust Company, Houston, Texas.
Recommendation approved.
- Dated, October 31st, Recommending approval of the application of Mr. Harold O. Barker for permission to serve at the same time as member of the firm of private bankers of Jesup & Lamot, New York, N. Y., and as director of the Commercial National Bank and Trust Company, New York, N. Y.
Recommendation approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, October 31st, Recommending approval of the application of Mr. J. Ford Johnson, Jr., for permission to serve at the same time as member of the firm of private bankers of Charles D. Barney and Company, New York City, and as director of the Commercial National Bank and Trust Company, New York, N. Y.

Recommendation approved.

Dated, October 31st, Recommending approval of the application of Mr. Samuel L. Fuller for permission to serve at the same time as member of the firm of private bankers of Kissel, Kinnicutt & Company, New York, N. Y., and as director of the Commercial National Bank and Trust Company of New York, N. Y.

Recommendation approved.

Dated, October 31st, Recommending approval of the application of Mr. Richard F. Hoyt for permission to serve at the same time as member of the firm of private bankers of Hayden, Stone and Company, New York, N. Y., and as director of the Commercial National Bank and Trust Company, New York, N. Y.

Recommendation approved.

Dated, October 31st, Recommending approval of the application of Mr. William B. Scarborough for permission to serve at the same time as member of the firm of private bankers of Hitt, Farwell and Company, New York, N. Y., and as director of the Commercial National Bank and Trust Company, New York, N. Y.

Recommendation approved.

Dated, October 31st, Recommending approval of the application of Mr. C. M. Keys for permission to serve at the same time as member of the firm of private bankers of C. M. Keys and Company, New York City, N. Y., and as director of the Commercial National Bank and Trust Company, New York, N. Y.

Recommendation approved.

Dated, November 1st, Recommending approval of the application of Mr. Josiah Richards for permission to serve at the same time as director of the Spokane and Eastern Trust Company, Spokane, Wash., and as director of the First National Bank, Medical Lake, Washington.

Recommendation approved.

Dated, November 2nd, Recommending approval of the application of Mr. Dale M. Parker for permission to serve at the same time as member of the firm of private bankers of W. A. Harriman and Company, New York, N. Y., and as director of the Commercial National Bank and Trust Company, New York, N. Y.

Recommendation approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, November 5th, Recommending approval of the application of Mr. G. E. Dowis for permission to serve at the same time as officer and director of the First National Bank, Blackwell, Okla., and as director of the Fourth National Bank, Wichita, Kansas.

Recommendation approved.

Dated, November 5th, Recommending approval of the application of Mr. John L. Alcock for permission to serve at the same time as director of the Maryland-Virginia Joint Stock Land Bank, Baltimore, Md., and as director of the Equitable Trust Company, Baltimore, Md.,

Recommendation approved.

Dated, November 5th, Recommending approval of the application of Mr. Stuart Olivier for permission to serve at the same time as director of the Maryland-Virginia Joint Stock Land Bank, Baltimore, Md., and as director of the Equitable Trust Company, Baltimore, Md.

Recommendation approved.

Dated, November 5th, Recommending approval of the application of Mr. Alfred W. Gieske for permission to serve at the same time as director of the Maryland-Virginia Joint Stock Land Bank, Baltimore, Md., and as director of the Equitable Trust Company, Baltimore, Md.

Recommendation approved.

Dated, November 5th, Recommending approval of the application of Mr. Elmore B. Jeffery for permission to serve at the same time as director of the Maryland-Virginia Joint Stock Land Bank, Baltimore, Md., and as director of the Equitable Trust Company, Baltimore, Md.

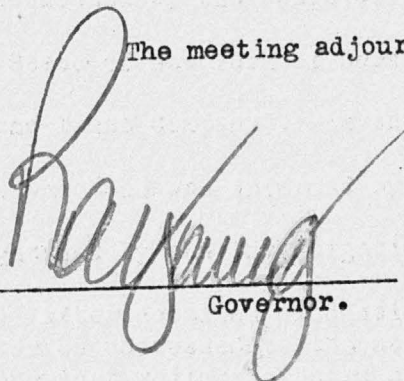
Recommendation approved.

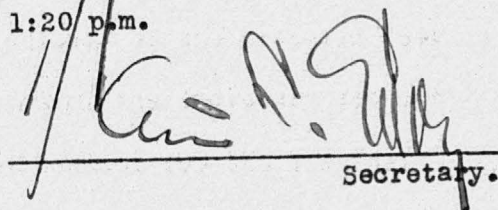
Dated, November 6th, Recommending approval of the application of Mr. Frank C. Nichols for permission to serve at the same time as director of the Merchants National Bank, Salem, Mass., and as officer of the National Shawmut Bank, Boston, Mass.

Recommendation approved.

The meeting adjourned at 1:20 p.m.

Approved:


Governor.


Secretary.