

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, August 25, 1925, at 11:15 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Miller
Mr. Cunningham
Mr. Eddy, Secretary

The minutes of the meeting of the Federal Reserve Board held on August 14th were read and approved.

Matter approved on August 17th on the initials of two members of the Executive Committee, namely, memorandum dated August 14th from the Division of Examination, recommending approval of an application of The National Bank of Savannah, N. Y. for original stock (18 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.

Matter approved on August 18th on the initials of two members of the Executive Committee, namely, memorandum dated August 17th from the Division of Examination, recommending approval of an application of the First National Bank, Lakeview, Texas for original stock (17 shares) in the Federal Reserve Bank of Dallas, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on August 24th on the initials of two members of the Executive Committee, namely, memorandum dated August 20th from the Division of Examination, recommending approval of an application of the First National Bank of Yukon, Pennsylvania for original stock (26 shares) in the Federal

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Reserve Bank of Cleveland, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on August 24th on the initials of two members of the Executive Committee, namely, memorandum dated August 19th from the Division of Examination, recommending approval of an application of the Crandon National Bank, Crandon, Wisconsin for original stock (18 shares) in the Federal Reserve Bank of Minneapolis, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on August 24th on the initials of two members of the Executive Committee, namely, memorandum dated August 20th from the Division of Examination, recommending approval of an application of the Liberty National Bank, Guttenberg, N.J., for original stock (90 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.

Matter approved on August 24th on the initials of two members of the Executive Committee, namely, memorandum dated August 22nd from the Division of Examination, recommending approval of an application of the South Gate National Bank, South Gate, California, for original stock (18 shares) in the Federal Reserve Bank of San Francisco, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

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Memorandum from Counsel dated August 21st, with regard to application of the First National Bank of Covington, Ky., for general fiduciary powers; together with letter dated August 22nd from the bank stating that the bank will conduct any trust business strictly in accordance with the regulations of the Board, said letter being a reply to an inquiry made of the bank by the Assistant Federal Reserve Agent at Cleveland as to the manner in which it proposes to exercise fiduciary powers which may be granted, with particular reference to the investment of trust funds and the accounting for income derived therefrom and also with regard to the segregation of assets held in a fiduciary capacity.

Upon motion, it was voted to approve the above application.

Memorandum from Counsel dated August 15th, with reference to application of the State National Bank of Frankfort, Ky., for general fiduciary powers; Counsel submitting draft of a letter to the bank inquiring as to the manner in which it proposes to exercise fiduciary powers which may be granted it, with particular reference to the investment of trust funds and the accounting for income derived therefrom and also with regard to the segregation of assets held in a fiduciary capacity.

Upon motion, the proposed letter was approved.

Letter dated August 17th from Paul McGee tendering his resignation as messenger in the Board's Telegraph Office, effective August 31, 1925.

Upon motion, the above resignation was accepted and authority was granted for the employment of a successor.

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Letter dated August 19th from the Secretary of the Federal Advisory Council, advising that the next meeting of the Council will be held on Monday, September 21st and requesting to be advised of topics which the Board wishes to have discussed at the meeting.

Following a discussion, it was voted to refer the matter of topics for the Federal Advisory Council to a special committee consisting of Messrs. Platt, Miller and Cunningham.

Letter dated August 18th from Mr. John W. Barton, Chairman of the American Bankers Association Committee on Collection of Non-Cash Items by Federal Reserve banks, acknowledging receipt of copies of the report of the Committee on Voluntary Services Assumed by Federal Reserve banks, which is in the nature of a reply to the brief filed with the Board by the American Bankers Association Committee, and stating that he will later take up with the Board the matter of a hearing on the subject of non-cash collections.

Noted.

Letter dated August 18th from Mr. John G. Lonsdale, Chairman of the Special Salary Committee of the Federal Reserve Bank of St. Louis, requesting that the Committee be granted a further hearing on the subject of salaries for officers of that bank during the year 1925, with particular reference to the salary of the Governor, and suggesting October 5th or 6th as the date for the hearing.

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After discussion, it was voted to advise Mr. Lonsdale that either October 5th or 6th would be a satisfactory date to the Board for the hearing.

Letter dated August 21st from the Deputy Governor of the Federal Reserve Bank of New York, requesting approval of a salary of \$4,000 per annum for Colonel Hiram I. Bearss, whom the bank wishes to employ to take charge of its protection function.

After discussion, Mr. Platt moved approval of the salary.

Mr. Platt's motion being put by the chair was lost, the members voting as follows:

Governor Crissinger, "aye"
Mr. Platt, "aye"
Mr. Miller, "no"
Mr. Cunningham, "no"

Mr. Miller then moved that the Governor be requested to make further investigations with regard to the proposed employment of Colonel Bearss with a view to ascertaining all conditions involved therein.

Carried.

Mr. Miller then moved that the question of proper Federal Reserve bank protection be made a topic for consideration at the Fall Conference of Governors.

Carried.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated August 11th, from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of leave of absence with one-half pay, for six months beginning September 1st, for Mr. E. C. Mailliard, Assistant

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Cashier of the Bank, who has previously been granted three months' leave with full pay on account of illness, from which he has not yet recovered; the Committee reporting that it reluctantly recommends approval of the request and suggesting that the Board undertake to formulate a definite policy in the matter of granting leaves of absence to Federal Reserve Bank officials, it being of the opinion that leave with full pay for not exceeding one month in a year is reasonable, and that additional leave should be without pay except in cases of illness where the payment of half salary might be justified.

After discussion, upon motion by Mr. Miller, it was voted that the Federal Reserve Bank of San Francisco be advised that the Board has never, except in the case of three senior officers and one Assistant Cashier, granted extended leaves of absence either with full or half pay and knowing nothing of special circumstances which may surround the present case hesitates to approve the request of the bank.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated August 19th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting changes from Assistants to Examiners to Examiners in the designations of Mr. Samuel A. Walker and Mr. Hobart B. Dietz, with increases in salary for both from \$2800 to \$3600 per annum, and also an increase from \$2520 to \$2800 per annum in the salary of Mr. John F. Donnelly, Assistant to Examiners, all effective September 1st; the Committee recommending approval of the three proposed increases and also of the changes in design-

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nations of Messrs. Walker and Dietz, but recommending further that the Board of Directors of the Philadelphia Bank be advised through the Chairman of a comparison in the number of Examiners employed at Philadelphia with those at Cleveland, Richmond, Minneapolis and Boston, by which comparison both the number and expense of the Philadelphia examiners appear excessive.

Upon motion by Mr. Miller, it was voted to approve the recommendations of the Committee.

Draft of letter to the Comptroller of Administration of the Federal Reserve Bank of Chicago, requesting further information with regard to the employment of Mr. Julius Arnold, pastry man in the Bank's cafeteria, for whom the Board's approval of a salary of \$2520 per annum was requested.

Upon motion, the proposed letter was approved.

Report of Law Committee on memorandum dated August 14th from General Counsel submitting, with recommendation for its approval, a statement for \$275.02 rendered by Mr. Montgomery B. Angell for legal services in connection with the Pascagoula par clearance case, together with draft of a letter to the Governor of the Federal Reserve Bank of Atlanta, transmitting the statement for payment and suggesting that the amount thereof be not pro-rated until the end of the litigation at which time the entire expense of special counsel in the case will be pro-rated.

Upon motion, it was voted to approve the statement and the form of letter to the Governor of the Atlanta bank.

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Letter dated August 20th from the Assistant Federal Reserve Agent at Boston, transmitting and recommending approval of an application from the Inman Trust Company, Cambridge, Massachusetts, which the Board on January 3, 1925 authorized to establish a branch at 759 Massachusetts Avenue, Cambridge, for permission to remove its head office to that location and to establish the branch in question in the present premises of the bank at Inman Square.

Approved.

Letter dated August 10th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of applications of the Pacific Southwest Trust and Savings Bank for permission to remove its branch at 1510 West Seventh Street, Los Angeles to 1301 West Seventh Street, that at 2079 West Jefferson Street to the southeast corner of Jefferson Street and Arlington Avenue and that at 1501 West Pico Street to the southwest corner of Pico and Valencia Streets.

Upon motion, it was voted to interpose no objection to the above changes.

Report of Committee on Examinations on letter dated August 14th from the Assistant Federal Reserve Agent at New York, transmitting and recommending approval of an application of the City Bank Trust Company, Syracuse, New York for permission to open a branch at 255 Wolf Street, Syracuse; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated August 14th from the Assistant Federal Reserve Agent at New York, transmitting and

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recommending approval of an application of the Peoples Trust Company, Brooklyn, N.Y. for permission to establish a branch at the southwest corner of Eighty-Fifth Street and Fourth Avenue, Brooklyn; the Committee also recommending approval.

Approved.

Letters dated August 17th and 20th from the Chairman of the Federal Reserve Bank of Cleveland, with reference to the Board's letter of July 14th advising that in its opinion the Commercial Savings Bank and Trust Company of Toledo, Ohio, before further expanding its business by the establishment of additional branches should considerably increase the ratio of its capital assets to its deposit liability; the Chairman in his first letter stating that he is in absolute accord with the position of the Board in this matter and in his later letter inquiring, in view of certain facts set forth therein, whether the Board does not wish to change its attitude with respect to the bank's application for permission to establish a branch at the intersection of Detroit, Delaware and Hollywood Avenues, Toledo.

After discussion, Mr. Miller moved that the application of the Commercial Savings Bank and Trust Company be disapproved and that a letter be prepared, for submission to the Board, advising the Chairman of the Federal Reserve Bank of Cleveland that this action has been taken by the Board in accordance with the opinion set forth in its letter to him of August 14th, and in the interest of the public welfare and the safety of the bank.

Carried.

Letters dated August 20th and 22nd from the Deputy Governor of the Federal Reserve Bank of New York, the first advising of a credit of \$10,000,000

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to be opened for the Bank of Poland, secured by gold of a value of \$10,500,000 to be deposited for the Federal Reserve Bank's account at the Bank of England, and the second enclosing copies of correspondence defining the terms of the credit.

Noted and ordered circulated.

Letter dated August 21st from the Chairman of the Federal Reserve Bank of Atlanta, enclosing copy of opinion by the Attorney for the Bank's Havana Agency with regard to the recently enacted Cuban tax law.

Ordered circulated.

Draft of circular letter to all Federal Reserve Agents, with reference to the manner in which bank suspensions and insolvencies are to be reported to the Board.

Approved.

Draft of letter to the Federal Reserve Agent at Philadelphia, advising of approval or disapproval of certain charts proposed for inclusion in the Federal Reserve Exhibit at the Fall convention of the American Bankers Association and suggesting changes in certain other charts.

Upon motion, the proposed letter was approved.

Memorandum dated August 21st from the Under Secretary of the Treasury, submitting letter from the Attorney General, inquiring whether there would be any objection to the publication of the Attorney General's opinion concerning the proposal of the Federal Reserve Bank of Cleveland to lease property in Cincinnati to the Chamber of Commerce of that city and to lease quarters for

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the Cincinnati Branch in a building to be erected by the Chamber on such property.

Upon motion, it was voted that the Under Secretary of the Treasury be advised the Board has no objection to the publication of the opinion in question.

Letter dated August 14th from the Governor of the Federal Reserve Bank of Dallas, submitting copy of a letter to the Fiscal Agent of the Federal Land and Intermediate Credit Banks with regard to inquiry from the Agent whether the Federal Reserve Bank would find it convenient to take on a line of debentures of the Intermediate Credit Banks.

Upon motion by Mr. Platt, it was voted to approve the position taken by the Governor of the bank in his letter to the Fiscal Agent.

Draft of letter to the Federal Reserve Agent at Atlanta, with regard to resolution adopted by the Board of Directors of the Peoples Bank, Crystal Springs, Mississippi, applying for withdrawal from the Federal Reserve System; the proposed letter calling attention to one of the preambles of the resolution which states that the Federal Reserve Board has adopted a ruling limiting the amount of rediscounts of a member bank to the amount of its capital and surplus and suggesting that the Federal Reserve Agent secure a new resolution from the Peoples Bank.

After discussion, it was voted that the letter be addressed direct to the Peoples Bank advising them that the Federal Reserve Board has adopted no ruling such as that in question and requesting a resolution amended accordingly.

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REPORTS OF STANDING COMMITTEES:

- Dated, August 14th, 17th, 19th, 21st, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 25th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Ordered held.
- Dated, August 14th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 22nd, Recommending approval of the application of Mr. Harry L. Bailey to serve at the same time as director of the National Shawmut Bank, Boston, Mass. and as director of the Boston Safe Deposit and Trust Company, Boston, Mass.
Approved.
- Dated, August 19th, Recommending approval of the application of Mr. Jesse Bull to serve at the same time as director of the Chester National Bank, Chester, N.Y. and as director of the Columbus Trust Company, Newburgh, N.Y.
Approved.
- Dated, August 19th, Recommending approval of the application of Mr. Thomas Brisch to serve at the same time as director of the Guardian National Bank of Chicago, Ills., and as director of the Crawford State Savings Bank of Chicago, Ills.
Approved.
- Dated, August 19th, Recommending approval of the application of Mr. Hugh White to serve at the same time as director of The Scarsdale National Bank, Scarsdale, N.Y. and as director of The Hamilton National Bank of New York City.
Approved.
- Dated, August 19th, Recommending approval of the application of Mr. J. Sheehan to serve at the same time as officer and director of the Reno National Bank of Reno, Nevada, as officer and director of the First National Bank of Winnemucca, Nevada and as officer and director of the Farmers and Merchants National Bank of Eureka, Nevada.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, August 19th, Recommending approval of the application of Mr. George Wingfield to serve at the same time as President and director of the First National Bank of Winnemucca, Nev. and as President and director of the Reno National Bank of Reno, Nev.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. J. G. Taylor to serve at the same time as officer and director of the Reno National Bank of Reno, Nev. and as officer and director of the First National Bank of Winnemucca, Nev.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. Luke L. Goodrich to serve at the same time as Assistant Vice President of the Anglo and London Paris National Bank of San Francisco, as director and President of the Longview National Bank of Longview, Washington, and as director of the First National Bank of Weed, Cal.

Approved.

Dated, August 19th, Recommending approval of the application of Mr. J. A. Norway to serve at the same time as director of the First National Bank of Monroe, Washington and as director and Cashier of the First National Bank of Everett, Washington.

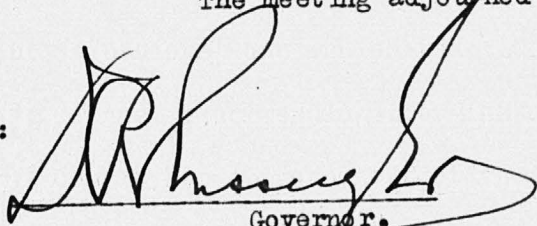
Approved.

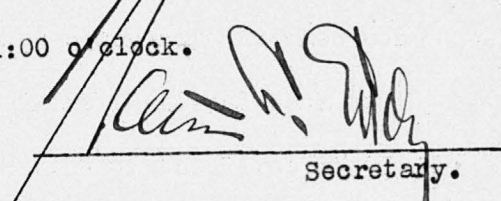
Dated, August 19th, Recommending approval of the application of Mr. A. C. Robinson to serve at the same time as director of the First National Bank at Pittsburgh, Pa. as director and officer of the Peoples Savings and Trust Company of Pittsburgh, Pa. and as director of the Anchor Savings Bank of Pittsburgh, Pa.

Approved.

The meeting adjourned at 1:00 o'clock.

Approved:


Governor.


Secretary.