A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 26, 1925, at 11:45 a.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on August 25th was dispensed with.

Report of Law Committee submitting memorandum from Counsel dated August 15th, with reference to the application of the First National Bank, Oneonta, Ala., for general fiduciary powers; Counsel stating that there is no legal reason why the application should not be approved and Mr. Platt, on behalf of the Law Committee, stating that in his opinion the Board should not give trust powers to so small a bank, having only $25,000 capital, even if the state laws permit.

After discussion, upon motion by Mr. Miller, it was voted to disapprove the above application, Governor Crissinger not voting.

Report of Law Committee on memorandum of Counsel dated August 15th, with reference to the application of the First State Bank and Trust Company, Columbus, Miss., for permission to exercise trust powers if and when converted into a national bank under the title of "First National Bank of Columbus"; Counsel recommending that the application of the First State Bank Trust Company be approved effective if and when the bank has converted into a national bank, the permit being issued in the name of the national bank, and Mr. Platt, on behalf of the Law Committee, also recommending approval.

Approved.
Letter dated August 24th from the Deputy Governor of the Federal Reserve Bank of Boston, advising of the resumption of the sale of cable transfers by the Bank's Havana Agency, upon advice from the Agency's counsel that its operations are exempt from the provisions of the recent Cuban tax law.

Noted.

Draft of reply to letter dated August 10th from the Federal Reserve Agent at San Francisco, with regard to the simplification of separate reports of condition covering branches required from state member banks; the proposed reply stating that the combined reports showing condition of the head office and all branches are all the Board requires except on special occasions and that if the bank feels it necessary for their own purpose to have a brief report showing the condition of the head office and each branch, the Board will interpose no objection to the furnishing of such information by member banks on a special form to be prepared by the Federal Reserve bank.

Upon motion, the proposed letter was approved.

The Secretary then reported that in recent correspondence with the Federal Reserve Bank of Atlanta regarding the revolving currency fund of $2,000,000, deposited with the First National Bank of Miami, Fla., the Federal Reserve Bank has occasionally referred to the fund as an agency.

Upon motion, it was voted that a letter be addressed to the Federal Reserve Bank of Atlanta, calling its attention to the fact that the currency fund at Miami is not to be considered as an agency.
Memorandum dated August 19th from Mr. James, member of the Committee on Examinations, with reference to the action of the Board on August 6th, in approving an application of the Farmers Bank, Pelham, Ga., for permission to establish a branch at Sale City, Ga., in connection with which the Federal Reserve Bank of Atlanta was directed not to advise the Pelham Bank of the Board's action until the Federal Reserve bank was satisfied that the institution is in condition to extend out of its own resources the banking accommodation required by the residents of Sale City and surrounding community; Mr. James submitting letter from the Chairman of the Federal Reserve Bank of Atlanta on the subject and recommending that permission for the establishment of the branch be held in abeyance until such time as the Farmers Bank of Pelham shall have reduced its rediscounts and bills payable materially and demonstrated its ability to be of some real service to the community in and adjacent to Sale City.

After discussion, Mr. McIntosh moved the Board's action of August 6th in approving the application of the Farmers Bank of Pelham for permission to establish a branch at Sale City be reconsidered and that the application be held in abeyance in accordance with the above recommendation.

Carried.

Draft of telegram to the Federal Reserve Agent at San Francisco, who is Chairman of the Federal Reserve Agents' Conference, advising that the Board desires to meet the wishes of the Agents in the matter of the Fall Conference and inquiring as to the kind and time of conference desired.

Approved as amended.
Letter dated August 18th from the Chairman of the Federal Reserve Bank of Atlanta, transmitting blue prints and specifications of the proposed building for the Birmingham branch and stating that while the Building Committee of the bank has approved same and recommended approval to the Board of Directors of the Bank, no action in the matter was taken at the last meeting of the directors because of lack of quorum. The Secretary then presented a letter dated August 14th from Mr. A. B. Trowbridge, Consulting Architect, stating that he has given thorough consideration to the plans and specifications and is unable to approve a number of features and submitting copy of a report to the local architects, also dated August 14th, containing criticisms and suggestions regarding the plans and specifications; the Secretary stated that a copy of this report had been forwarded to the local architects and that the Deputy Chairman of the Federal Reserve Bank of Atlanta had been advised by him, under authority of the Governor of the Board, that the Board will not give consideration to the plans and specifications until the Board of Directors of the Federal Reserve Bank of Atlanta have passed upon same in the light of criticisms and suggestions contained in Mr. Trowbridge's report.

Upon motion, the above letters and report were ordered circulated.

Memorandum dated August 20th addressed to Mr. James by the Secretary of the Board, with regard to memorandum of the same date from the Chief of the Division of Bank Operations on the subject of the quarterly statement of deficiencies in reserve balances of member banks; the Secretary suggesting
that an arrangement might be worked out whereby the reserve banks would report chronic cases of deficiencies to the Superintendent of Banks in the various states and to the Comptroller of the Currency, after an understanding has been reached with these officials that they will promptly communicate with the directors of the banks concerned, and suggesting that the matter be discussed at the Fall Conferences of Governors and Federal Reserve Agents.

Upon motion, it was voted that the above suggestion be placed upon the programs for the Conferences.

Letter dated August 17th from the editor of "Successful Farming", Des Moines, Iowa, with regard to the credit status of agricultural co-operative associations.

Upon motion, it was voted that the Secretary should have prepared a memorandum covering the various phases of the question referred to, for submission to the Board, following which it can be determined whether or not the memorandum should be made public.

Letter dated August 17th from Messrs. Cramer and Gordon, Attorneys, Cincinnati, Ohio, requesting certain information with regard to the purchase by the Federal Reserve Bank of Cleveland of a building site in Cincinnati from the Union Central Life Insurance Company of Cincinnati in connection with a contemplated suit against that company by Mr. David J. Dickson, a real estate agent of that city.

After discussion, Mr. Miller moved that a copy of the above letter be transmitted to the Federal Reserve Bank of Cleveland and that particular inquiry be made with reference to a statement contained therein that title to the property purchased by the Federal Reserve Bank of Cleveland in Cincinnati has been carried in the name of Mr. William Reehl as trustee.

Carried.
After further discussion, it was voted that a letter to Cramer and Gordon be prepared for submission to the Board stating that upon proper application, the Board stands ready to furnish any information it has in connection with the transaction.

Draft of letter to the Federal Reserve Agent at Philadelphia, advising of the action of the Board at the meeting yesterday in approving salary increases for Messrs. Walker, Deitz and Donnelly, members of the Bank's examining force, and advising further that in the opinion of the Board both the number and expense of examiners at the Philadelphia bank are excessive and out of line with the examining departments at other comparable Federal Reserve banks, in view of which opinion the Board was reluctant to approve the increases in question.

Thereupon ensued a discussion during which the Governor stated that in his opinion the comparisons contained in the above letter were not fair for the reason that the Federal Reserve Bank of Philadelphia conducts more thorough and more numerous examinations than the other Federal Reserve banks, and that, as he saw it, the only criticism against the examining work of the bank was that it did not assess the state member banks examined to the full extent.

Following the discussion, Mr. Miller moved that the above letter be revised so as to state that the Board from such evidence as it has before it, does not believe that the Federal Reserve Bank of Philadelphia is yet collecting sufficient assessments on account of its examinations.

Carried.

Draft of letter to the Federal Reserve Agent at San Francisco, prepared in accordance with action taken at the meeting yesterday, with reference to the request of the bank for approval of a six months' leave of absence with half pay for Mr. Ernest C. Mailliard, Assistant Cashier, who has previously
been granted three months' leave with full pay on account of illness.

After discussion, Mr. Miller moved that the Board adopt a ruling that leaves of absence with salary for officers and employees of Federal Reserve banks should never be granted for periods of more than three months and that applications for leave in excess of two months will be approved only on the affirmative vote of five members of the Board.

Carried.

Mr. Miller then moved that the Board reconsider its action of yesterday regarding the application for leave for Mr. Mailliard.

Carried.

Mr. Miller then moved that the Federal Reserve Bank be advised that the Board will approve, if recommended, leave of absence for Mr. Mailliard with half pay for the month of September.

Carried.

Mr. Platt moved that the ruling just adopted be placed on the program for discussion at the Fall Conference of Governors and Federal Reserve Agents and become effective after consideration by the Conferences.

Mr. Platt's motion being put by the chair was lost, Mr. Platt voting "aye".

Mr. McIntosh then reported that during his visit to the Pacific Coast rumors had reached him, in connection with the closing of the Ladd and Tilton Bank, Portland, Ore., that the institution had been in an insolvent condition for a period of four or five years with losses aggregating $9,000,000 in total loans of $14,000,000 and that examinations participated in by Examiners of the Federal Reserve Bank of San Francisco had failed to disclose this condition.
After discussion, Mr. Miller moved that the Governor address a letter to the Federal Reserve Bank of San Francisco, setting forth the facts in the above matter as reported by the Comptroller of the Currency, with a view to determining the official and personal responsibility for any deficiencies in Federal Reserve examinations of the Ladd and Tilton Bank, the nature of the examinations or credit investigations participated in or made by the Federal Reserve bank, under whose supervision such examinations were made and requesting copies of the reports of such examinations.

Carried.

Letter dated August 18th from the Chairman of the Federal Reserve Bank of Atlanta, submitting report by a special committee appointed by the directors of that bank to consider the feasibility of reducing the activities of the Bank's branches and agencies, without affecting their usefulness and of conducting as much business as possible at the home office thus minimizing the expense of the branches and agencies to the greatest possible degree; the Chairman also submitting copies of surveys of the various branches and agencies made by a sub-committee.

Ordered circulated and referred to the Committee on Branches.

The Governor then presented the matter ordered circulated at the meeting on August 6th, namely, memorandum of Counsel dated August 3rd with reference to the right of a Federal Reserve bank to charge the reserve account of a member bank with paper held under rediscount prior to the maturity of such paper.

After discussion, it was voted that a copy of the above opinion be forwarded to the Federal Reserve Bank of Atlanta, which bank is alleged to have so charged the reserve account of the Unaka and City National Bank, Johnson City, Tenn.
Letter dated August 15th from the Assistant Federal Reserve Agent at Boston, transmitting and recommending approval of an application of the Quincy Trust Company, Quincy, Mass., for an extension until October 1st of the period in which the bank may accept conditions of membership imposed upon it by the Board.

Upon motion, the extension was granted.

Letters dated August 18th and 22nd from the Chairman of the Federal Reserve Bank of Atlanta, advising that the Peoples Bank and Trust Company, Bell Buckle, Tenn., against which the Board on July 31st ordered the institution of proceedings for the forfeiture of membership because of a reduction in capital from $25,000 to $15,000, wishes to remain a member of the Federal Reserve System subject to the conditions imposed on banks originally admitted to membership with a capital of $15,000, and submitting form of resolution to be adopted by the Board of Directors of the bank applying for such continuation of membership. The Secretary stated that the Board's Counsel has reported the resolution in proper form and that the Board may, if it desires, permit the continuance of membership by the bank upon adoption of the resolution.

After discussion, Mr. Platt moved that the Board entertain from the Peoples Bank and Trust Company an application for the continuation of its membership with a capital of $15,000.

Carried.

Mr. Miller then stated that he wished to give notice of the following
suggested amendment to the by-laws of the Board, in accordance with the provisions of the by-laws that copies of amendments shall be delivered to each member of the Board at least seven days prior to the meeting at which they are considered - "No authorization for the expenditure of money for the construction of any Federal Reserve Bank or branch building shall be made except on the affirmative vote of five members of the Board at a meeting called for that purpose with not less than two weeks' notice."

REPORTS OF STANDING COMMITTEES:

Dated, August 20th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, August 20th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

Dated, August 20th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Refused.

The meeting adjourned at 1:30 p.m.

Approved:

Governor.

Secretary.