

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, September 9, 1925 at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on August 25th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on August 26th were read and approved as amended.

The minutes of the meeting of the Executive Committee held on September 2nd were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on September 8th were read and approved.

The Secretary reported that a representative of the Farmers Bank of Pelham, Georgia, was in his office and desired a conference with the Board regarding its action in holding in abeyance that bank's application for permission to establish a branch de novo at Sale City, Georgia.

Upon motion by Mr. Miller, it was voted that the representative of the Pelham bank should be heard by Governor Crissinger and Mr. James.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated September 1st from the Controller of Administration of the Federal Reserve Bank of Chicago, with further reference to the Bank's request for the approval of a salary of \$2520 per annum for Mr. Julius Arnold, employed as a pastry cook in the Bank's cafeteria; the Committee recommending

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disapproval of the salary.

Disapproved.

Letter dated September 1st from the President of the Peoples Bank, Crystal Springs, Mississippi, with reference to the resolution adopted by the board of directors of that bank applying for withdrawal from the Federal Reserve System, one of the preambles of which stated 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; the letter stating that the bank should have stated in its resolution that the ruling in question was adopted by the Executive Committee of the Federal Reserve Bank of Atlanta.

Noted.

Letter dated August 25th from the Federal Reserve Agent at San Francisco on the subject of member bank reserve deposits.

Ordered circulated.

Letter dated August 26th from the Federal Reserve Agent at San Francisco on the subject of classification of member banks for election of Class A and B directors, the Federal Reserve Agent making several suggestions for a change in the method of classification which has been in effect since 1918 and enclosing statements of the effect of the suggested changes in his own district.

Referred to the Law Committee.

Letter dated August 24th from the Federal Reserve Agent at San Francisco on the subject of bank examination and credit work; the Federal

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Reserve Agent transmitting a memorandum on the subject prepared by the Chief Examiner of the bank and containing suggestions, as a tentative basis for uniform procedure by all Federal Reserve banks, of the scope of examinations and credit investigations, of a plan for classifying banks to determine the character and frequency of examinations and of rules for determining the apportioning of charges for examinations, and suggesting that a committee of Federal Reserve Agents be chosen to study the matter and draw up recommendations for the Board.

Referred to the Committee on Examinations  
for study and report.

Letter dated August 25th from the Federal Reserve Agent at San Francisco, on the subject of membership conditions restricting the purchase of interests in other banks; the letter stating that the present Sub-section 5 of Section 4 of the Board's Regulation H, covering this matter, is not enforceable and recommending that same be abrogated unless it can be practically modified.

Ordered circulated.

Report of Committee on Salaries, Expenditures and Efficiency on memorandum dated August 27th from the Chief of the Division of Bank Operations on the subject of changes in the functional expense reports; the Committee recommending that (1) authority be given to the Committee to call a conference early in September of the representatives of three or four of the nearby Federal Reserve banks with the Board's staff for the purpose of suggesting recommendations and reductions in the report, (2) the subject of the effectiveness of budget control of expenses be put on the program for the forthcoming

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Governors' Conference and (3) approval be given to a form of letter, submitted by the Chief of the Division, to the Governors of those banks from whom the representatives are to be chosen.

Upon motion, the recommendations of the Committee were approved.

Report of Committee on Salaries, Expenditures and Efficiency on memorandum dated August 24th from the Chief of the Division of Bank Operations on the subject of the cost to the Federal Reserve banks of operating their cafeterias; the Committee recommending that approval be given to a proposed letter on the subject, submitted by the Chief of the Division, and that the subject be placed on the program of the forthcoming Governors' Conference.

Upon motion, the proposed letter was approved as amended and the subject ordered placed on the program for the forthcoming Governors' Conference.

Letter dated September 2nd from the Chairman of the Federal Reserve Bank of Philadelphia, replying to the Board's letter of August 26th advising of the approval of increases in the salaries of certain bank examiners and stating that from the evidence it has before it the Board feels that the Federal Reserve Bank of Philadelphia is not as yet collecting sufficient assessments on account of its examinations, as directed by the Board; the letter from the Chairman stating that they have endeavored to follow the Board's Regulations concerning the charges to be made in the examination of state member banks and requesting that they be furnished with the evidence on which the Board bases its opinion above expressed.

After discussion, upon motion by Mr. Miller, it was voted that the letter be referred to the Governor for the preparation of a reply.

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Memorandum dated August 28th from the Fiscal Agent, approved by the Committee on Examinations and on Salaries, Expenditures and Efficiency, submitting vouchers of the Federal Reserve Banks of Boston, Philadelphia, Cleveland and Richmond, covering expenses, totaling \$4,047.97, of employees of those banks detailed to assist the Board's Examiner in his recent examination of the Federal Reserve Bank of New York.

Upon motion, the vouchers were approved for payment.

REPORTS OF STANDING COMMITTEES:

Dated, September 8th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

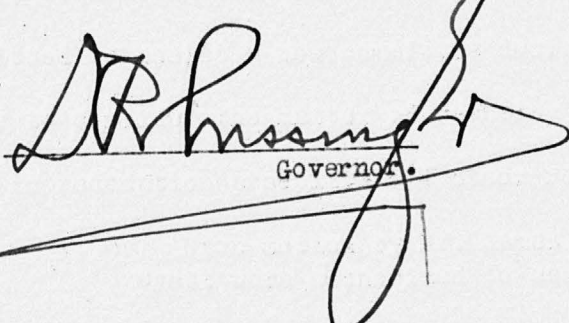
Approved.

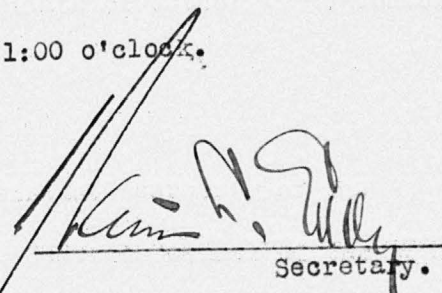
Dated, September 9th, Recommending approval of the application of Mr. J. K. McCornack for permission to serve at the same time as director of the Old National Bank of Spokane, Wash., and as officer of the First National Bank of Wenatchee, Wash. and as officer of the Security National Bank of Palouse, Wash.

Approved.

The meeting adjourned at 1:00 o'clock.

Approved:

  
Governor.

  
Secretary.