A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, September 17, 1925 at 11:15 a.m.

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

PRESENT ALSO: Dr. Stewart, Director of the Division of Research and Statistics.

The minutes of the meeting of the Federal Reserve Board held on September 15th were read and approved.

The Vice Governor then stated that the Board would first proceed with the special order business and Dr. Stewart presented an analysis of the business and credit situation since the first of the year, following which he left the meeting.

Report by Mr. Cunningham on matter referred to him at the meeting on September 15th, namely, letter dated September 8th from the Federal Reserve Agent at Chicago suggesting the appointment of Mr. Ralph H. Buss as "Assistant Federal Reserve Agent", upon the pending resignation of Mr. E. L. Harris, who holds the title of Acting Assistant Federal Reserve Agent; Mr. Cunningham reporting that he had communicated with Mr. Heath and learned that Mr. Buss, who is at present one of the Bank's Managers of Loans, is contemplating resigning from the Bank and that it would be unwise to take him into the Federal Reserve Agent's Department at this time. He also reported that Mr. Heath would be in Washington in the near future and would take the matter up personally at that time.

Noted.
Report of Committee on Salaries, Expenditures and Efficiency on letter dated September 16th from the Comptroller of the Currency recommending approval of an increase from $3900 to $4500 per annum in the salary of National Bank Examiner R. E. Power; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated September 16th from the Comptroller of the Currency, recommending approval of a salary of $2400 per annum for National Bank Examiner C. E. Morgan, Junior Grade, to be assigned to the 12th Federal Reserve District; the Committee also recommending approval.

Approved.

Memorandum dated September 17th from the Assistant Secretary, submitting the resignation of Paul J. Randall as messenger in the Board's Telegraph Office, effective September 15th, and requesting authority to employ Raymond Burrows to succeed him at a salary of $50 per month.

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

Letter dated September 11th from the Governor of the Federal Reserve Bank of Dallas, quoting from a letter received from the Vice President of the Fort Worth National Bank of Fort Worth, Texas, to the effect that a representative of Henry L. Doherty and Company is stating to prospective purchasers of bonds of the Empire Gas and Fuel Company that such bonds are rediscountable or purchasable by Federal Reserve
banks for investment purposes.

After discussion, upon motion by Mr. James, the Vice Governor was authorized to address a letter to the Company advising of the statements being made by its representative and inquiring as to his authority for same.

Report of Committee on Examinations on letter dated September 14th from the Federal Reserve Agent at Chicago, with reference to the application for withdrawal from membership presented by the Commercial State Bank, Constantine, Michigan, which recently increased its capital, changed its name to the First Commercial Savings Bank and consolidated with the First State Bank of Constantine without the permission of the Board; the Committee recommending approval of the suggestion of the Federal Reserve Agent that the bank be not penalized for its action in consolidating without the Board's approval, such action being taken at the suggestion of the State Bank Commissioner, and that its six months' notice of intention to withdraw be accepted as of September 2nd, the date on which it notified the Federal Reserve bank of its desire to cancel its membership, rather than September 10th, the date on which the formal resolutions of withdrawal were adopted by its board of directors.

On motion of Mr. McIntosh, it was voted to approve the recommendations of the Committee.

Drafts of letters to the Secretary of the Governors' Conference and to the Chairman of the Executive Committee of the Federal Reserve Agents' Conference, prepared in accordance with action taken at the meeting on September 2nd and advising of topics which the Board has thus far ordered placed on the
programs of the respective conferences at their forthcoming sessions. Mr. Platt stated that he did not believe the topics set forth were all that should be submitted to the conferences.

Mr. Miller moved that there be included on the Federal Reserve Agents' program the question of an amendment to the Federal Reserve Act under which the functions of Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank would be separated, the office of Federal Reserve Agent to be assigned to an employee of the Federal Reserve Board and the Chairman to be a director of the Federal Reserve bank, at a nominal salary.

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

Mr. James, "no"
Mr. Cunningham, "no"
Mr. McIntosh, "no"
Mr. Miller, "aye"
Mr. Platt, "not voting"

After further discussion as to the adequacy of the topics thus far suggested by the Board, Mr. Miller moved that the Executive Committee be requested to prepare and bring before the Board a complete program of questions to be submitted to the Conferences of Governors and Federal Reserve Agents.

Carried.

Report of Committee on Salaries, Expenditures and Efficiency, on the matter referred to it at the meeting on September 15th, namely, letter dated September 3rd from the Chairman of the Federal Reserve Bank of San Francisco, submitting a resolution adopted by the Board of Directors of that Bank, requesting approval of a leave of absence for Mr. Ernest C. Mailliard, Assistant Cashier, for three months, beginning September 1, 1925, with full pay, and for an additional three months, beginning December 1,
1925, without pay; the Committee calling attention to the fact that Mr. Mailliard has already received a three months' leave of absence with full pay and recommending that the Board reaffirm its action of August 26th in approving for Mr. Mailliard an additional leave of absence with half pay for one month beginning September 1st.

Upon motion by Mr. McIntosh, it was voted to reaffirm the action taken on August 26th, as recommended by the Committee.

Memoranda dated September 16th and 17th from the Board's General Counsel submitting an opinion on the question whether, without any amendment to the Federal Reserve Act, the Board could by an amendment to its regulations adopt the recommendation contained in the report of the Federal Reserve Agents' Committee on Member Bank Reserves that member banks be permitted to deduct exchanges for clearing house, checks on other banks in the same place and other checks in process of collection from demand deposits instead of from "due to banks" in computing their required reserves.

Upon motion, copies of the above memoranda were ordered furnished to each member of the Board.

Mr. Miller then submitted the following motion:

"That a letter be addressed to the Federal Reserve Agents at all Federal Reserve banks, calling their attention to the provisions of Section 4 of the Federal Reserve Act with respect to the qualifications of Assistant Federal Reserve Agents, particularly the requirement that they 'shall be persons of tested banking experience', and requesting that the Board be advised of the banking experience of their various assistants."

Mr. Miller's motion being put by the Chair was carried.
Mr. Miller then brought up the following motion submitted by him at the meeting on November 21, 1924 and moved its adoption:

"That the Committee on Examinations of the Federal Reserve Board be requested to investigate and report to the Board on the advisability and practicability of coordinating all examining work in the Federal Reserve System under the supervision of the Board, acting through its Division of Examinations, in order to give fuller effect to the provisions of the Federal Reserve Act (Section 9) that 'examinations made by direction of the Federal Reserve Board or of the Federal reserve bank' shall be made 'by examiners selected or approved by the Federal Reserve Board'.'"

Mr. Miller's motion being put by the chair was carried.

REPORTS OF STANDING COMMITTEES:

Dated, September 16th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, September 8th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, September 8th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

The meeting adjourned at 1:10 p.m.

Approved:

Vice Governor.