

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Governor on Friday, September 25, 1925 at 10:45 a.m.

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

The reading of the minutes of the meetings of the Federal Reserve Board held on September 23, 1925 was dispensed with.

Governor Crissinger reported that in compliance with the request of the Board he had attended the meeting of the board of directors of the Federal Reserve Bank of New York yesterday, at which all directors but one were present. He stated that at the meeting the question of a change in the rediscount rate of the Federal Reserve Bank of New York had been thoroughly discussed and that the directors present were unanimously of the opinion that it would be unwise, in view of both the national and international credit situation, to increase the bank's discount rate at this time. He stated that the directors also felt that it might be necessary to increase the System's investment in Government securities for two reasons: (1) In the event of a stringent money market arising from a break in the stock market, and (2) to be in position to offset a probable surplus of funds at the beginning of the year.

The Governor stated also that he had discussed at the meeting the action of the directors of the Federal Reserve Bank of Boston in voting to increase their rediscount rate to 4% and that the directors of the New York Bank had expressed the opinion that while the proposed change in the

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rate of the Boston Bank would not materially affect New York, if Boston, Philadelphia, Cleveland and San Francisco should all change their rates, it would place a real burden upon the Federal Reserve Bank of New York if that institution maintained its present rate of $3\frac{1}{2}\%$ and might force that bank to raise the rate, which action might be very embarrassing in the matter of handling international financial relations and bring about a readjustment of contemplated international investments which in the end would very likely retard, at least, if not actually handicap, the movement of the crops and the exports of this country. He stated that he had taken the matter up with the Governor of the Federal Reserve Bank of Boston over the telephone and had been advised that while the directors of that bank did not wish to withdraw their recommendation for an increase in their rate, there would be no objection to the Board permitting it to lay on the table in accordance with the action taken at the meeting on September 23rd.

After discussion, it was voted that the recommendation of the Federal Reserve Bank of Boston for an increase in its discount rate to 4% be permitted to remain tabled.

Letter dated September 24th from the Federal Reserve Agent at New York, who is Chairman of the Executive Committee of the Federal Reserve Agents' Conference, acknowledging receipt of the Board's letter suggesting topics for consideration at the forthcoming session of the Conference and expressing the opinion that it would be interesting to have a report at the joint conference from either Professor Sprague or Dr. Stewart, on the

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work of the committee appointed by the Board to study necessary banking legislation.

The Secretary reported that such a report by Messrs. Sprague and Stewart was under consideration.

Letter dated September 23rd from Mr. John M. Miller, Jr., member of the Federal Advisory Council from the 5th District, referring to informal discussion at the recent meeting of the Council concerning borrowings of finance corporations in the United States and suggesting that it would be interesting to ascertain the volume of this business in member banks.

Following a discussion of the matter during which Mr. McIntosh reported his willingness to attempt to secure this information as to national banks, the Secretary of the Board was directed to confer with the Comptroller and to undertake to secure the information as to state member banks.

The Governor then presented correspondence with the Manager of the Public Relations Section of the American Railway Association, with reference to the appearance before the forthcoming Conferences of Governors and Federal Reserve Agents of Honorable Sidney Anderson, who was Chairman of the Congressional Joint Commission of Agricultural Inquiry, for a discussion of the activities of the Regional Advisory Boards organized by the Association in conformity with the recommendation of the Joint Commission for the purpose of developing public contact with industry and agriculture.

Noted with approval.

Letter dated September 23rd from the Governor of the Federal Reserve Bank of Cleveland, enclosing correspondence with Mr. J. M. Gardell, a

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real estate agent of Cincinnati, with reference to his claim for commission in connection with the recent transaction between the Federal Reserve Bank of Cleveland and the Chamber of Commerce of Cincinnati; the Governor of the Federal Reserve bank stating that the claim is wholly without merit.

Noted.

The Governor then reported that Honorable Reed Smoot, United States Senator from Utah, had called on him and left copy of a letter addressed to the Chamber of Commerce of Salt Lake City by the Deputy Governor of the Federal Reserve Bank of San Francisco, with reference to the proposed building for the Salt Lake City branch; the letter stating that the firm of Young and Hansen, Salt Lake City, are the architects of the building and that invitations to bid on the work in connection with the awarding of contracts will be issued from their office.

After discussion, the Secretary was instructed to report to the Board the status of the Salt Lake City building project.

The Secretary then stated that he had received several letters from the United States Civil Service Commission, requesting detailed information regarding the employees of the Federal Reserve Board, their salaries, etc., for use in connection with the administration of the Civil Service Retirement Law, to which no replies had been made in view of the informal opinion of the Board's Counsel that the provisions of the Retirement Law do not apply to employees of the Federal Reserve Board. He then presented another letter dated September 24th from the Secretary of the Commission stating "it is realized that employees of the Board are not subject to the Civil

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Service Law, the Retirement Act and other laws governing the personnel of the government" but requesting general information regarding the Board's Staff for the use of the Bureau of the Budget. The Secretary also submitted a formal opinion of Counsel, dated September 12th, to the effect that the Retirement Law is not applicable to any Federal Reserve Board employee.

Upon motion, it was voted to accept the opinion of Counsel above referred to but to interpose no objection to the furnishing of the general information requested by the Civil Service Commission in its letter of September 24th.

Draft of reply to letter dated September 22nd from the Federal Reserve Agent at Chicago, suggesting the temporary designation, without official title, of Mr. Glen Kirk, an employee in his Department, to assist in receiving and receipting for Federal Reserve Notes and in making deliveries of such notes to the bank and to have control of the combinations to safes of the Federal Reserve Agent, pending the regular designation of a successor to Mr. E. L. Harris, Acting Assistant Federal Reserve Agent, whose resignation is pending; the proposed reply stating that with the understanding that Mr. Kirk is properly qualified under the terms of the Federal Reserve Act and will be required to give the usual bond, the Board will approve of his appointment to act for a temporary period in the name and stead of the Federal Reserve Agent in the performance of the duties mentioned.

Upon motion, the proposed letter was approved.

Draft of reply to letter dated September 17th from the Chairman of the Federal Reserve Bank of New York, with reference to the Board's circular

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letter of July 10, 1925 on the subject "Employment of Expert Services by Federal Reserve Banks"; the proposed letter advising that the ruling of the Board was not intended to preclude a Federal Reserve bank from engaging special legal talent or the services of any expert prior to securing approval of the Board, when failure to make a firm commitment might jeopardize the best interests of the bank.

Approved.

Memorandum dated September 19th from the Director of the Division of Research and Statistics and the Chief of the Division of Bank Operations, recommending certain changes in the weekly statement showing condition of Federal Reserve banks in order that it may more fully reflect certain foreign operations, including those which may arise out of the recent credit arrangement with the Bank of England, namely, (1) The addition of a new resource item "Due from foreign banks", (2) The addition of a new liability item "Foreign Bank" in the deposit block, (3) A change in the caption "All other earning assets" to "Other Securities", and (4) A change in the caption "Total Earning Assets" to "Total Bills and Securities"; the memorandum also recommending that bills payable in foreign currency and bills payable in dollars be shown separately in the detailed classification of bills bought in the open market, which is published monthly in the Federal Reserve Bulletin.

After discussion, upon motion by Mr. James, it was voted to approve the changes recommended.

Memorandum dated September 19th from the Chief of the Division of

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Bank Operations, submitting a brief explanatory statement to be published in the analysis of the first weekly statement showing condition of the Federal Reserve banks, in which the changes above outlined are made effective.

Approved.

REPORTS OF STANDING COMMITTEES:

- Dated, September 25th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, September 23rd, Recommending approval of the application of Mr. W. A. Bonyne, Jr., for permission to serve at the same time as director of the Commercial National Bank of Los Angeles, Cal. and as director of the Bank of America, Los Angeles, Cal.
Approved.
- Dated, September 23rd, Recommending approval of the application of Mr. E. B. Adams for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.
Approved.
- Dated, September 23rd, Recommending approval of the application of Mr. S. A. Bulfinch for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.
Approved.
- Dated, September 23rd, Recommending approval of the application of Mr. Robert W. Brydon for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.
Approved.
- Dated, September 23rd, Recommending approval of the application of Mr. H. J. Burkhard for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, September 23rd, Recommending approval of the application of Mr. Charles G. Chapman for permission to serve at the same time as President and director of the Commercial National Bank, Los Angeles, and as director of the Bank of America, Los Angeles.

Approved.

Dated, September 23rd, Recommending approval of the application of Mr. J. L. Dabbs for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.

Approved.

Dated, September 23rd, Recommending approval of the application of Mr. Leroy M. Edwards for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.

Approved.

Dated, September 23rd, Recommending approval of the application of Mr. Orra E. Monette for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as President and director of the Bank of America, Los Angeles, Cal.

Approved.

Dated, September 23rd, Recommending approval of the application of Mr. George E. Platt for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.

Approved.

Dated, September 23rd, Recommending approval of the application of Mr. G. D. Robertson for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.

Approved.

Dated, September 23rd, Recommending approval of the application of Mr. G. Spencer Shimmin for permission to serve at the same time as director of the Commercial National Bank, Los Angeles and as director of the Bank of America, Los Angeles, Cal.

Approved.

Dated, September 24th, Recommending approval of the application of Mr. Myer Siegel for permission to serve at the same time as director of the Commercial National Bank,

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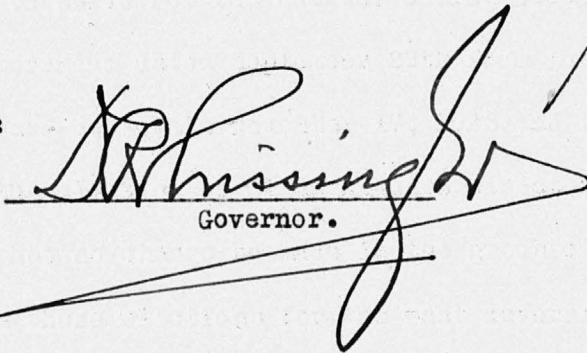
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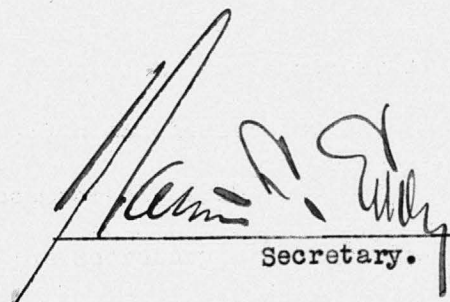
Los Angeles and as director of the Bank of America, Los Angeles, Cal.

Approved.

The meeting adjourned at 12:00 o'clock.

Approved:


Governor.


Secretary.