

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 4, 1925 at 11:20 a.m.

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

The reading of the minutes of the meetings of the Federal Reserve Board held on October 27th and 28th was dispensed with.

The Governor then stated that Senator King of Utah had called him over the telephone and stated that during a recent visit to Salt Lake City he had learned that a San Francisco firm had been employed in connection with the Salt Lake City building and claimed to have the contracts for the building. He stated that the Senator had inquired as to why the contracts had not been let to a Salt Lake City firm.

The Governor stated that he had explained to Senator King that contracts had not been actually let as the plans and specifications had not yet been approved by the Federal Reserve Board.

Mr. Miller stated that he had discussed the Salt Lake City building project with the directors of the Federal Reserve Bank while in San Francisco and that it was his understanding that the firm of P. J. Walker and Company of San Francisco had been employed merely to supervise the construction of the Salt Lake City building. He stated this firm itself did not take contracts for construction but would supervise the letting of sub-contracts for the various phases of construction thus eliminating the usual general contract.

After discussion, it was voted that the matter of the Salt Lake City building should be discussed thoroughly at a meeting of the Board within the next day or two which would be attended by Governor Calkins and Chairman Perrin of the bank who are

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attending the conferences in Washington.

The Governor then presented a telegram dated October 15th from the Chairman of the Federal Reserve Bank of San Francisco with reference to the elimination of certain items not now included on the Board's list of permanent equipment, furniture and fixtures, etc., from the cost of the building proper at Salt Lake City.

After discussion, it was voted this matter should also be taken up with Messrs. Calkins and Perrin at a later meeting.

The Governor then presented draft of a letter to the Director of the Budget replying to his letter of October 22nd, requesting an estimate of the expenditures of the Board during the fiscal years 1926 and 1927; the proposed reply calling attention to the difficulty of estimating certain expenditures of the Board, particularly the cost of printing Federal Reserve notes, but submitting an approximate estimate of \$2,500,000 for each year.

After discussion, during which certain amendments to the letter were suggested, it was voted to approve same as amended.

Memorandum from Counsel dated November 3rd referring to letter dated November 2nd from the Federal Reserve Agent at Minneapolis and expressing an opinion as to whether a person who is an officer of a national bank at the time he is nominated for Class B Director of a Federal Reserve Bank, but who prior to the time of election resigns his position with the national bank, can thereafter validly be elected a Class B Director and assume his duties as such; Counsel expressing the opinion that such a person, if otherwise qualified under the law, may validly be elected as Class B Director.

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After discussion as to whether or not a person actively identified with a national bank, could be considered to be actively engaged in commerce, agriculture or industry, Mr. Miller moved that the Governor prepare a reply to Mr. Mitchell's inquiry stating that while the election of such a director would be technically legal, there might be question as to whether it complied with the spirit as well as the letter of the law.

Carried.

Following this discussion, it was voted that the oath of office prescribed by the Board for Class B Directors should be amended so as to require oath that the director at the time of his election was "actively" engaged in commerce, agriculture or some industrial pursuit.

Matter approved on initials on October 31st, namely, application of the New First National Bank in Lambertton, Minn., 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 initials on November 3rd, namely, application of the City National Bank of New Britain, Conn., for original stock (150 shares) in the Federal Reserve Bank of Boston, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on initials on November 2nd, namely, report of Committee on Examinations on letter dated October 28th from the Assistant Federal Reserve Agent at Richmond, transmitting and recommending approval of an application of the Union Bank of Richmond for permission to consolidate with the Federal Trust Company of that city; the Committee recommending approval.

Formally approved.



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Memorandum from the Secretary dated November 2nd, advising that under authority granted by the Board on September 2nd, James E. Stills has been employed as messenger on a temporary basis, at a salary of \$1,000 per annum, effective November 3rd.

Noted.

Letter dated October 24th from the Assistant Federal Reserve Agent at San Francisco, advising that an examination of the Bank of Italy was to be started by the State Banking Department on that date.

Noted.

Letter dated October 28th from the Assistant Federal Reserve Agent at San Francisco, advising that the Security Trust and Savings Bank of Los Angeles on October 24th moved its branch at 321 Northwestern Avenue to a permanent location at the southwestern corner of Western Avenue and Beverly Boulevard.

Noted.

Report of Committee on Examinations on telegram dated October 28th from the Assistant Federal Reserve Agent at Atlanta, advising that the Citizens and Southern Bank of Savannah, Ga., with a branch at Athens, Ga. at the close of business on October 27th, absorbed the Commercial Bank of Athens, a member bank, by taking over the assets and assuming the liabilities thereof; the Committee recommending approval of the consolidation.

Approved.

Report of Committee on Examinations on letter dated October 28th from the Federal Reserve Agent at Boston, recommending approval of a request of the Union Trust Company of Providence for an extension until January 1, 1926

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of the period in which it may establish the branch in Woonsocket, approved by the Board on February 10, 1925; the Committee recommending approval of the request.

Upon motion, the extension requested was granted.

Memorandum from Counsel submitting draft of a letter to all Federal Reserve Agents, with reference to the date of termination of membership of a state member bank which has given six months' notice of its intention to withdraw from the System but fails to withdraw immediately at the end of the period; the proposed letter stating that a member bank which does not consummate its withdrawal at the termination of the six months' period by surrendering its Federal Reserve bank stock must continue to maintain the reserves regularly required by the Federal Reserve Act, and when it does withdraw from the System by surrendering its stock it is entitled to interest at the rate of one-half of one percent per month from the date of the last dividend, if earned, to the date on which the stock is surrendered and membership is terminated.

Following discussion, it was voted that the proposed letter be referred back to Counsel for the inclusion of statements that withdrawal must be completed within a reasonable time after the expiration of the six months' notice, defining what will be considered a reasonable period, and advising that if withdrawal is not consummated at the end of this additional period, notice of intention to withdraw will become void.

Letter dated October 27th from Mr. John W. Barton, Chairman of the American Bankers' Association Committee on Collection of Non-cash Items by

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Federal Reserve Banks, transmitting copy of the questionnaire on the subject of Non-cash Collections sent out by the Committee and expressing the hope that any date fixed by the Board for a further hearing on this subject will be sufficiently advanced to permit the securing of returns from the questionnaire.

After discussion, Mr. Miller moved that the letter be acknowledged, stating that the Board has not yet fixed the date for the proposed hearing, which will be held at a time mutually convenient to the Board and the American Bankers' Association Committee, and requesting advice as to when the Committee desires to be heard.

Carried.

Matter ordered held over on August 12th for a meeting of the full Board, namely, report of Committee on Salaries, Expenditures and Efficiency on letter dated August 5th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting reconsideration by the Board of its action of July 7th in disapproving a recommendation of the Board of Directors of that bank for an increase from \$6,000 to \$6,500 in the salary of Mr. W. G. McCreehy, Comptroller.

Upon motion, the Committee's report was ordered circulated.

Memorandum from Counsel submitting draft of reply to letters dated October 13th and 24th from the Assistant Federal Reserve Agent at Atlanta, with reference to the eligibility for membership in the Federal Reserve System of the Southern Trust Company of Clarksville, Tennessee, which does not transact any regular banking business, but confines its activities



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exclusively to the handling of first mortgage real estate loans and the administration of trust estates; the proposed letter stating that the powers exercised by this company can not properly be considered consistent with the purposes of the Federal Reserve Act and that the Board would not, therefore, approve an application for membership from it but that the Board would be glad to consider an application if at any time in the future the institution extends the scope of its business in such a way as to undertake the exercise of a general banking business.

Upon motion, the proposed letter was approved.

Memorandum from Counsel submitting draft of a letter to the Commissioner of Banking of Michigan, outlining the Board's interpretation of a recent amendment to the Michigan State Laws regarding the exercise of fiduciary powers, and requesting his views thereon and as to the amount of capital which ought to be required of state banks and national banks in Michigan which are to exercise these powers.

Upon motion, the proposed letter was approved.

Memorandum from Counsel submitting draft of letter to the Essex National Bank, Essex, Conn., with reference to its application for permission to exercise general fiduciary powers; the letter pointing out that under the present law of Connecticut a capital of at least \$50,000 is required for the organization of trust companies in cities the size of Essex and that as the Essex National Bank has a capital of only \$25,000 the Board will not grant its application.

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Upon motion, the proposed letter was approved.

Memorandum from Counsel submitting draft of a letter to the Assistant Federal Reserve Agent at Cleveland, with reference to a circular letter which the bank proposed to send out to its members exercising fiduciary powers, which purports to re-state the conditions under which uninvested trust funds could be deposited in the commercial and savings departments of such bank; the proposed letter stating that the Board believes that the nature of such a circular might be misunderstood and its issuance might lead to confusion and a lack of uniformity in the interpretation and application of the Board's rulings and regulations and that if Federal Reserve banks desire to issue circulars on topics of this kind, they should quote the exact text of the Board's rulings and regulations and should not attempt to re-state or amplify them.

Upon motion, it was voted that the above matter be referred back to Counsel with instructions to take up with the Federal Reserve Bank of Cleveland the question of the issuance of the circular in such form as would be agreeable to the Board.

Memorandum dated September 30th from Counsel on the subject of the power of the Federal Reserve Board to disapprove compensation of officers and employees of Federal Reserve banks on leave of absence.

Noted and referred to the Committee on Salaries, Expenditures and Efficiency for consideration of the suggestion that the Board should make its approval of the annual salary schedules of the various banks subject to the condition that compensation to be paid to officers and employees while on leave of absence in excess of a certain



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number of days be submitted to the Board for approval in each case.

Memorandum dated October 6th from the Chief of the Division of Bank Operations on the subject of the issue and sale of mortgage participation bonds or certificates and the guaranty of real estate mortgages by state member banks; the memorandum commenting on and summarizing letters received from the twelve Federal Reserve banks with reference to the extent of business of this character in member banks of their respective districts.

Noted, and ordered filed.

REPORTS OF STANDING COMMITTEES:

- Dated, October 28th, November 3rd, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, November 4th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, November 4th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Ordered held.
- Dated, November 3rd, Recommending approval of the application of Mr. Byron M. Pattison for permission to serve at the same time as director of the Commercial National Bank and the Bank of America, both of Los Angeles, and as director of the United States National Bank of Superior, Wis.  
Approved.
- Dated, November 3rd, Recommending approval of the application of Mr. Arthur V. Davis for permission to serve at the same time as director of the Mellon National Bank of Pittsburgh, Pa. as director of the Bank of America of New York City and as director of the Union Trust Company of Pittsburgh, Pa.  
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, November 3rd, Recommending approval of the application of Mr. William H. Dillistin for permission to serve at the same time as Vice President and director of the Peoples Bank and Trust Company, Passaic, N.J. and as director of the American National Bank of Passaic, N.J.

Approved.

Dated, November 3rd, Recommending approval of the application of Mr. Rene E. Paine for permission to serve at the same time as director of the Atlantic National Bank of Boston, Mass. and as director of the Brookline Trust Company of Brookline, Mass.

Approved.

Dated, November 3rd, Recommending approval of the application of Mr. James H. Walden for permission to serve at the same time as Vice President and director of the Peoples Bank and Trust Company, Passaic, N.J. and as director of the American National Bank, Passaic, N.J.

Approved.

Dated, November 3rd, Recommending approval of the application of Mr. Dow H. Drukker for permission to serve at the same time as director of the Peoples Bank and Trust Co., Passaic, N.J. as director of the American National Bank of Passaic, N.J. and as director of the First National Bank of Bloomingdale, N.J.

Approved.

Dated, November 3rd, Recommending approval of the application of Mr. John Zahn for permission to serve at the same time as director of the Peoples Bank and Trust Company, Passaic, N.J. as director of the American National Bank of Passaic, Passaic, N.J. and as President and director of the Carlstadt National Bank, Carlstadt, N.J.

Approved.

Dated, November 3rd, Recommending approval of the application of Mr. Sherman Armstrong for permission to serve at the same time as director and Vice President of the National Copper Bank of Salt Lake City, Utah, as director of the First National Bank of Park City, Utah and as director of the First National Bank of Nephi, Utah.

Approved.

Dated, November 3rd, Recommending approval of the application of Mr. John J. Stanler for permission to serve at the same time as director of the Peoples National Bank of Elizabeth, N.J. as Vice President and director of the Elizabeth Trust Company of Elizabeth, N.J. and as Vice President of the Citizens National Bank of Rahway, N.J.

Approved.

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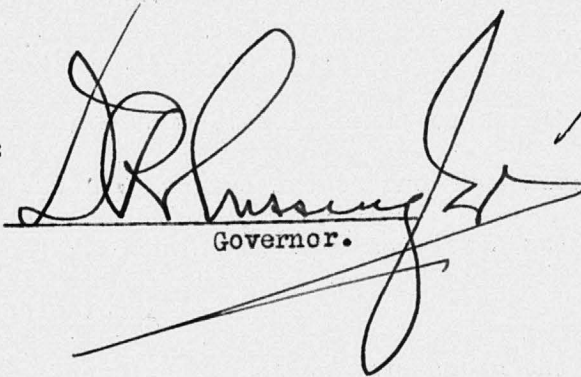
REPORTS OF STANDING COMMITTEES: (Cont'd)

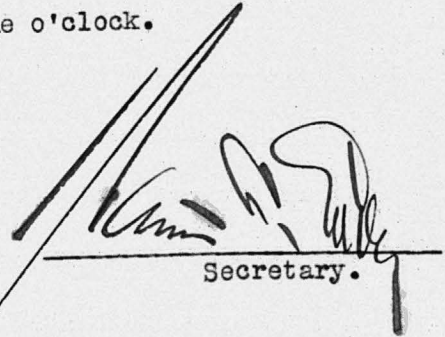
Dated, November 3rd, Recommending approval of the application of Mr. Bird W. Spencer for permission to serve at the same time as President and director of the Peoples Bank and Trust Company, Passaic, N.J. as Chairman and director of the American National Bank, Passaic, N.J. and as Vice President and director of the Carlstadt National Bank of Carlstadt, N.J.

Approved.

The meeting adjourned at one o'clock.

Approved:

  
Governor.

  
Secretary.