

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, November 10, 1925, at 11:15 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on October 27, 28 and on November 4 were read and approved.

The minutes of the meeting of the Federal Reserve Board held on November 6 were read and approved as amended.

Matter approved on initials on November 9th, namely, application of the New First National Bank in Santa Paula, Cal., for original stock (150 shares) in the Federal Reserve Bank of San Francisco, 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 9th, namely, application of the First National Bank in Sulphur Springs, Texas, for original stock (90 shares) in the Federal Reserve Bank of Dallas, 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 7th, namely, application of Mr. Harry C. Whitehead for permission to serve at the same time as director of the Peoples Bank and Trust Company of Passaic, N.J. and as director of the American National Bank of Passaic.

Formally approved.

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The Governor then presented a letter dated November 9th, from the Governor of the Federal Reserve Bank of Cleveland, advising of the action of the board of directors of that bank in voting to withdraw their recommendation, transmitted to the Board under date of October 9th and laid on the table by the Board at its meeting on October 10th, to establish a rediscount rate of $3\frac{3}{4}$ per cent on all classes of paper of all maturities, subject to the approval of the Board, and in voting to recommend instead the establishment of a flat rate of 4 per cent.

After discussion, during which it was the concensus of opinion that the rate, if approved, should be effective on Tuesday, November 17th, Mr. Hamlin moved that the matter be made special order of business for a meeting to be held on Monday.

After further discussion, Mr. Platt moved as a substitute, that the recommendation of the board of directors of the Federal Reserve Bank of Cleveland for an increase in the rediscount rate of that bank from $3\frac{1}{2}$ to 4 per cent on all classes of paper of all maturities, be approved at this time effective Tuesday, November 17, 1925 and that announcement of the change be made at the close of business on Monday, November 16th.

Mr. Platt stated he offered this motion in view of the fact that both Governor Crissinger and Mr. James expected to leave Washington to be gone for a period of several days.

Mr. Miller stated that while he was in favor of the increase, he did not believe it should be approved by the Board so far in advance of the date on which it is to be made effective, and that if Mr. Platt's motion was voted on today, he would be compelled to vote against it.

Mr. Hamlin concurred in this statement.

Mr. Platt's substitute motion, being put by the Chair, was carried, the members voting as follows:

Governor Crissinger, "aye"
Mr. Platt, "aye"
Mr. James, "aye"
Mr. Cunningham, "aye"
Mr. Hamlin, "no"
Mr. Miller, "no"

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Bond of Richard L. Austin, Federal Reserve Agent at Philadelphia in the amount of \$100,000.

Approved.

Bond of Arthur E. Post, Assistant Federal Reserve Agent at Philadelphia in the amount of \$50,000.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated November 9th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner Leo Shapirer (Junior Grade), to be assigned to the Twelfth Federal Reserve District; the Committee also recommending approval.

Approved.

Letter dated November 4th from the Assistant Federal Reserve Agent at San Francisco, advising that the Bank of Sausalito, Sausalito, California, on October 24th opened the branch at Tiburon-Belvedere, approved by the Board on November 19, 1924.

Noted.

Report of Committee on Examinations on letter dated October 31st from the Assistant Federal Reserve Agent at Chicago, transmitting and recommending approval of an application of the Northwestern National Bank, Milwaukee, Wis., for a reduction in its reserve requirements from 10% to 7% on demand deposits; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated October 30th from the Assistant Federal Reserve Agent at San Francisco, transmitting

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and recommending approval of an application of the First National Bank, Venice, Cal., for permission to continue to carry reserves of 7%, instead of 10%, on demand deposits when Venice is consolidated with the reserve city of Los Angeles; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated October 30th from the Assistant Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Wilshire National Bank, Los Angeles, for a reduction in its reserve requirements from 10% to 7% on demand deposits; the Committee also recommending approval.

Approved.

The Governor then presented copy of a letter addressed to the Director of the Budget, in the form approved by the Board at the meeting on November 4th, with reference to the estimated expenditures of the Board during the fiscal years 1926 and 1927.

Noted, with approval.

Memorandum from Counsel submitting draft of a letter to the Federal Reserve Agent at Minneapolis, with reference to the question whether a person who has been nominated Class B director of the Federal Reserve Bank of Minneapolis while serving as officer of a national bank may be validly elected and take office as Class B director if he resigns his position with the national bank prior to the time of election but his resignation is not actually accepted by the bank until after the election; the proposed letter stating that technically a person who is ineligible to serve as Class B director at the time of his nomination or election because of his

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connection with a bank, may, if he severs this bank connection before his induction into office, validly assume the duties of Class B director and hold office for his regularly elected term.

After discussion, action on the opinion of Counsel was held pending his rendering an opinion to the Board as to whether or not the Board has power under the law to declare a candidate for Class B directorship ineligible at the time of his nomination if it appears from evidence satisfactory to the Board that the intent of the provisions of the Federal Reserve Act which specify the qualifications for Class B directorship are being technically, but not in spirit, complied with.

Letter dated November 9th from the President of The Liberty National Bank in New York, requesting approval by the Board of the application of that bank for permission to exercise general fiduciary powers, which application was rejected by the Board on October 7, 1924, and again on March 19, 1925; the letter commenting on the general condition of the institution and action taken to meet the previous objection of the Board regarding trusteeship of stock.

Upon motion, it was voted to refer the above letter to the Federal Reserve Agent at New York for his recommendation as to what action should be taken by the Board.

The Secretary then referred to the fact that the next meeting of the Federal Advisory Council would be held on November 30th, and inquired as to the topics which the Board wished to have considered by the Council at that meeting.

Upon motion, it was voted to refer the question of topics for the Federal Advisory Council to the Executive Committee of the Board.

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Letter dated October 31st from the Chairman of the Committee on Banking and Currency of the House of Representatives, quoting a letter from a Pennsylvania banker suggesting the extension from 15 to 90 days of the maturity of member bank collateral notes eligible for discount by Federal Reserve banks.

After discussion, it was voted to refer the above matter to the Law Committee for the preparation of a form of amendment to the Federal Reserve Act.

Mr. James stated that if he were not present at the meeting at which this matter comes up he wished to express his approval of the recommendation of the Governors and Federal Reserve Agents that member banks be permitted to discount their own promissory notes at Federal Reserve banks running for a period of not in excess of 90 days secured by paper in itself eligible for rediscount. He also stated that he would be in favor of vesting in the Federal Reserve Board authority to regulate or limit the extent to which member banks could use this method of borrowing from reserve banks.

Memorandum from Counsel, submitting a letter dated November 3rd from the Federal Reserve Agent at Boston, with reference to the application of Mr. E. B. Aldrich for permission to serve at the same time as director of the Industrial Trust Company and the National Exchange Bank, both of Providence, R. I. and stating that in his opinion there is no substantial competition between the institutions involved.

Messrs. Hamlin and Platt, members of the Law Committee reported verbally that in view of the statement of the Federal Reserve Agent at Boston, they were prepared to recommend approval of Mr. Aldrich's application, without the necessity of a further hearing on the subject.

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Mr. Hamlin then moved approval of Mr. Aldrich's application for permission to serve at the same time as director of the Industrial Trust Company and the National Exchange Bank.

Unanimously carried.

Memorandum from Counsel submitting draft of a letter to the Federal Reserve Agent at Boston, approved by the Law Committee, with reference to the classification of the firm of Tucker, Anthony & Company as "private bankers" within the meaning of Section 11 (k) of the Federal Reserve Act, in connection with the application of Mr. W. H. Claflin, Jr., a member of that firm, for permission to serve at the same time as a director of the Second National Bank of Boston; the proposed letter stating that the firm does not come within the Board's definition of the term "private bankers" and it will, therefore, be unnecessary for Mr. Claflin to obtain permission to serve the Second National Bank unless he is serving also some other bank or banks which would bring him within the prohibitions of the Clayton Act.

Upon motion, the proposed letter was approved.

Memorandum dated November 6th from Counsel, with reference to the application filed with the Board by Mr. Paul Klopstock and others, requesting reservation of the title "First Federal Foreign Investment Trust", for use by a corporation which it is contemplated will be organized under Section 25 (a) of the Federal Reserve Act; the memorandum setting forth the general character of the business which the corporation proposes to

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conduct and reasons which in the opinion of Counsel may actuate the organizers in seeking a Federal instead of a State charter for the proposed organization.

Ordered circulated and docketed for a future meeting of the Board.

Matter ordered circulated at the meeting on October 5th, namely, memorandum dated September 29th from Counsel, with reference to an inquiry made by the Federal Reserve Bank of Minneapolis whether eggs and dressed poultry when shipped in refrigerator cars may be considered non-perishable readily marketable staple agricultural products which may be made the basis of sight drafts eligible for rediscount or purchase at Federal Reserve banks under the provisions of Section 13 of the Federal Reserve Act.

After discussion, Counsel was instructed to confer with the Department of Agriculture and obtain an expression of views from officials of the Department as to the perishability of eggs and dressed poultry in transit.

Counsel was also instructed to consult with the Department regarding the perishability of potatoes in storage, which the Board has already ruled non-perishable within the meaning of Section 13 of the Act.

Upon motion, it was voted that the Board at its next meeting should consider the report of the Chairman of the Open Market Investment Committee for the Federal Reserve System, submitted at the time of the recent Governors' Conference.

REPORTS OF STANDING COMMITTEES:

Dated, November 9th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, November 7th, 10th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, November 3rd, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

Dated, November 9th, Recommending approval of the application of Mr. J. H. Hillman for permission to serve at the same time as Chairman of the Board and director of the Peoples Savings and Trust Company of Pittsburgh, as director of the First National Bank at Pittsburgh and as director of the Colonial Trust Company of Pittsburgh.

Approved.

Dated, November 9th, Recommending approval of the application of Mr. C. C. Taylor for permission to serve at the same time as Vice President-Cashier and director of the First National Bank at Pittsburgh, as Vice President and director of the Oakland Savings and Trust Company of Pittsburgh and as director of the Colonial Trust Company of Pittsburgh.

Approved.

Dated, November 10th, Recommending approval of the application of Mr. Henry H. Rolapp for permission to serve at the same time as director of the Deseret National Bank of Salt Lake City, Utah and as director of the First Utah National Bank of Ogden, Utah.

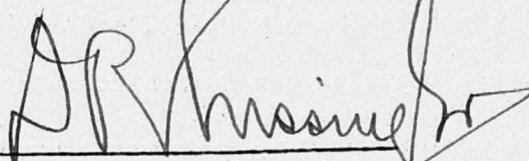
Approved.

Dated, November 9th, Recommending approval of the application of Mr. N. B. Feagin for permission to serve at the same time as director of the Security National Bank of Tulsa, Okla. and as director of the American National Bank of Ardmore, Okla.

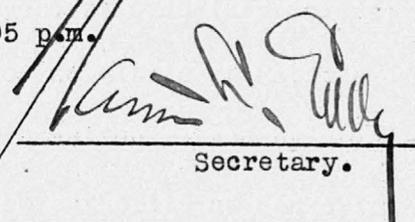
Approved.

The meeting adjourned at 1:05 p.m.

Approved:



Governor.



Secretary.