A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, November 20, 1925 at 11:40 a.m.

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

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

The reading of the minutes of the meetings of the Federal Reserve Board held on November 17th and 19th was dispensed with.

The Governor then presented a telegram dated November 19th from the Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco advising of the action of the directors of that bank in voting to establish a rediscount rate of 4% on all classes of paper of all maturities, effective November 23rd.

After discussion, Mr. Hamlin moved that the increase in the rediscount rate of the Federal Reserve Bank of San Francisco to 4% be approved, effective Monday, November 23rd, announcement of the change to be made at the close of business on Saturday, November 21st.

Mr. Hamlin's motion being put by the Chair was unanimously carried.

Memorandum dated November 19th from Counsel, with reference to the application of Mr. J. D. Callery for permission to serve at the same time as president and director of the Diamond National Bank of Pittsburgh and as director of the Colonial Trust Company of Pittsburgh; Counsel stating that the two banks are situated within about four blocks of each other, that they are apparently engaged in the same kind of business and appeal in general to the same classes of customers, but suggesting in the event...
the Board decides to refuse the application that Mr. Gallery be granted a
hearing before the Clayton Act Committee in accordance with the usual
practice in such cases.

The Governor stated that the Manager of the
Pittsburgh Branch of the Federal Reserve Bank
of Cleveland was of the opinion that the two
institutions are not in such competition as to
make it substantial and that it would be greatly
to the advantage of the Colonial Trust Company
to have Mr. Gallery on its board of directors.

After discussion, upon motion by Mr.
Hamlin, it was voted to grant Mr. Gallery
a hearing before the Clayton Act Committee
before taking action on his application.

Memorandum dated November 19th from the Director of the Division of
Research and Statistics, recommending that Miss Helen Vincent, an employee
of the Division on leave of absence, be granted additional leave from
November 19th to December 1st, without pay.

Approved.

Memorandum dated November 17th from the Chief of the Division of Bank
Operations, requesting the purchase for delivery January 2, 1926 of a
comptometer machine costing $400.

Approved,

Bond of Pierre Jay, Federal Reserve Agent at New York in the amount
of $100,000.

Approved.

Matter approved on initials on November 19th, namely, memorandum
dated November 16th from General Counsel submitting for inclusion in the
December issue of the Federal Reserve Bulletin the ruling recently adopted by the Board as to the date of termination of membership of a state member bank voluntarily withdrawing from the System.

Formally approved.

Report of Committee on Examinations on letter dated November 16th from the Assistant Federal Reserve Agent at Cleveland, recommending approval of an application of the Western Bank and Trust Company, Cincinnati, Ohio for permission to establish a branch at 1530 Harrison Avenue, Cincinnati, to be known as the Fairmount branch; the Committee also recommending approval.

Approved.

Letter dated November 18th from the Federal Reserve Agent at Philadelphia, advising of the resignation of Mr. Clarence E. Wolfringer, Manager of the Bank Examination Department, and requesting approval of a salary of $6,000 per annum for Mr. Ernest C. Hill, appointed to succeed him.

Referred to the Committee on Salaries, Expenditures and Efficiency.

Letter dated November 16th from the Chairman of the Board of Directors of the Federal Reserve Bank of Kansas City, with reference to the action of the directors in voting to continue indefinitely the payment of salary at the rate of $200 per month to Mr. Grant Hornaday, special agent, who was seriously injured while engaged in the bank's work; the Chairman stating that Mr. Hornaday will eventually recover and even during his illness he renders valuable service by furnishing information compiled while on duty.
After discussion, it was voted to approve the continuance of salary payments to Mr. Hornaday, subject to termination by the Board of Directors of the Federal Reserve Bank of Kansas City.

Draft of letter to the Federal Reserve Agent at Minneapolis, with reference to his inquiry whether a person who has been nominated for election as Class B director of the Federal Reserve bank while serving as officer of a national bank, may be validly elected and take office 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 letter being revised, in accordance with the direction of the Board at its meeting on November 17th, to state that the question is one which can not be definitely decided until the nominee endeavors to qualify himself and assume the duties of office after his election.

Upon motion, the proposed letter was approved.

Memorandum from Counsel submitting draft of a letter to Mr. H. Montgomery Smith, with reference to the requirements of the Board regarding the liquidation of trust business of national banks, inquiry having been made in connection with the proposed voluntary liquidation of the Bloomsburg National Bank of Bloomsburg, Pa., and the transfer of its assets, including trust business, to the Columbia County Trust Company of that city; the letter requesting that the liquidating agent or committee, under an appropriate resolution by the shareholders of the national bank, make semi-annual reports of the progress made in the liquidation and disposition of these trust estates on the first day of April and October of
Each year until the trust business of the bank is finally liquidated.

Upon motion, the proposed letter was approved.

Letter dated November 13th from the Governor of the Federal Reserve Bank of Chicago, with reference to the action of the bank in buying United States government securities from dealers under repurchase agreements at a rate of 3 1/2% when the discount rate of the bank is 4%; the Governor expressing the opinion that the carrying rate for repurchase agreements with dealers of government securities must bear a close relation to the market rate yield of such securities, the same as it also applies with regard to bankers acceptances and that the rate of the Chicago bank must bear a close relation to the rate of the Federal Reserve Bank of New York on both these classes of instruments as otherwise the market which they have developed in Chicago will be injured and business be diverted to New York which properly belongs in this district.

Ordered circulated.

In this connection, Dr. Stewart suggested that each Federal Reserve bank in addition to approving at its directors' meetings its regular discount rates, should approve all rates, including buying rates on bills and repurchase agreement rates on bills and government securities.

Upon motion, by Mr. Hamlin, the above suggestion was unanimously approved.

Memorandum dated November 18th from the Division of Examination, with reference to telegram dated November 16th from the Federal Reserve Agent at Dallas, advising of the consolidation on that date of the Farmers
and Merchants State Bank, Maypearl, Texas and the Citizens State Bank, Maypearl; the memorandum recommending that the Federal Reserve Agent be requested to obtain an application for the Board's permission for such consolidation, to be accompanied by a statement of the reasons therefor.

Approved.

Memorandum dated November 17th from the Division of Examination, with regard to letter dated November 13th from the Assistant Federal Reserve Agent at Minneapolis, suggesting an extension of time for the surrender of stock in that bank held by the First National Bank, Madison, S. D., which institution is in the hands of a receiver; the memorandum recommending that an extension of 60 days be granted.

Approved.

Memoranda dated November 18th from Assistant Counsel and General Counsel, with reference to the question of eggs and dressed poultry as non-perishable staple agricultural products within the meaning of Section 13; Counsel stating that after consultation with the Department of Agriculture they have carefully reconsidered the question and have reached the conclusion that if the Board desires to take a liberal view it may rule that eggs and dressed poultry are non-perishable when packed and shipped under certain conditions specified; Counsel also stating officials of the Department of Agriculture considered potatoes in storage as non-perishable.

Ordered circulated.

Letter dated November 19th from the Governor of the Federal Reserve Bank of New York, advising of the pending resignations of Mr. J. L. Morris, Manager of the bank's Credit Department, and Mr. W. W. Schneckenburger,
Manager of the Buffalo Branch; the Governor stating that both positions can be filled from the organization but in both cases it will involve salary increases somewhat larger than would ordinarily be the case, and that they may find it necessary to make some promotions from the clerical force to official positions.

Referred to the Committee on Salaries, Expenditures and Efficiency.

The Governor then presented a letter dated November 19th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting the views of the Board on his opinion that the Federal Reserve Bank of Philadelphia having raised its discount rate should raise correspondingly its rate for purchases of acceptances.

After discussion, action on the above matter was deferred.

Dr. Stewart then discussed with the members of the Board the present business and credit situation following which it was voted that at a special meeting to be held at 10:00 o'clock Monday morning consideration would be given to the report made by the Chairman of the Open Market Investment Committee for the Federal Reserve System at the time of the recent Governors' Conference and to the letter from the Chairman of the Federal Reserve Bank of Philadelphia, referred to above, with regard to an increase in the buying rates of that bank.

REPORTS OF STANDING COMMITTEES:

Dated, November 17th, Recommending changes in stock at Federal Reserve 19th, Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.
RECOMMENDATION:

Dated, November 20th, recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, November 20th, recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

Dated, November 20th, recommending action on application for admission of state banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, November 18th, recommending approval of the application of Mr. George S. Ward for permission to serve at the same time as director of the Exchange National Bank, and as director of the Franklin Savings and Trust Company, both of Pittsburgh, Pa.

Approved.

The meeting adjourned at 1:10 p.m.

Approved:

[Signature]

Governor.

[Signature]

Secretary.