

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, December 2, 1925 at 11:00 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Noell, Assistant Secretary

The reading of the minutes of the meetings held on November 19, 24, 25 and 30 was dispensed with.

Bonds of Mr. W. McC. Martin and Mr. C. M. Stewart, Federal Reserve Agent and Assistant Federal Reserve Agent at the Federal Reserve Bank of St. Louis in the amounts of \$100,000 and \$50,000, respectively.

Approved.

Letter dated November 24th from Mr. C. S. McCain, Director of the Little Rock Branch of the Federal Reserve Bank of St. Louis, advising that he has been elected a Vice President of the National Park Bank of New York and expects to take up his duties with that institution on January 1st and will, therefore, not be eligible to serve as a director of the Little Rock branch.

Upon motion by Mr. James, it was voted that Mr. McCain's resignation as a director of the branch be accepted effective December 31, 1925.

Report of Committee on Salaries, Expenditures and Efficiency on letters dated December 2nd from the Acting Comptroller of the Currency, recommending approval of an increase from \$3900 to \$4500 per annum in the salary of National Bank Examiner O. W. White and an increase from \$3,000 to \$4,000 per annum in the salary of National Bank Examiner G. H. Campbell; the Committee also recommending approval.

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Approved.

Report of Committee on Examinations on memorandum dated December 1st from the Acting Comptroller of the Currency, with reference to the application of The American National Bank of Beggs, Okla. for permission to reduce its capital from \$50,000 to \$25,000; the memorandum stating that the bank has doubtful assets of \$20,000 and wishes to restore a surplus fund of \$5,000 against which certain losses had been charged and recommending that to obviate the necessity of securing the unanimous consent of shareholders that \$5,000 of the losses charged off against surplus be restored to the bank and that the reduction be approved, no money to be returned to the shareholders, the banking house, furniture and fixtures and other real estate to be charged down in the amount of \$9,589.30, and that the remaining \$15,410.70 of doubtful assets be trusted for the benefit of shareholders at date of reduction; the Committee recommending approval of the suggestion of the Acting Comptroller.

Approved.

Report of Committee on Examinations on memorandum dated December 1st from the Acting Comptroller of the Currency, recommending approval of an application of the First National Bank of Carrizozo, New Mexico, for permission to reduce its capital from \$50,000 to \$25,000 on condition that no money be returned to the shareholders, but that the entire amount of the proposed reduction will remain with the bank and that the shareholders in addition thereto make a voluntary contribution of \$10,000; the Committee also recommending approval on the conditions stated.

Approved.

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Letter dated November 30th from the Assistant Federal Reserve Agent at Cleveland, transmitting copy of a letter from the Managing Director of the Pittsburgh Branch reporting the outcome of a visit to the Merchants Trust Company at Greensburg, Pa. which institution recently signified its intention of withdrawing from membership in the Federal Reserve System.

Ordered circulated.

Matter approved on initials on December 1st, namely, memorandum from the Division of Examination recommending approval of the application for membership in the Federal Reserve System, as of November 27, 1925, by the Manufacturers and Traders Bank, Buffalo, New York, a conversion of the Manufacturers and Traders National Bank, subject to the conditions of membership set forth in the Board's Regulation H.

Formally approved.

Letter dated November 25th from Honorable Reed Smoot, United States Senator from Utah, enclosing copies of telegrams from the President of the Salt Lake City Federation of Labor and the Secretary of the Building Trade Council of that city, protesting against the inclusion in the specifications for the Federal Reserve Branch Bank building in that city of a clause stating that the work must be done under the open shop plan.

Referred to the Executive Committee with power, and with the suggestion that copies of the telegrams be forwarded to the Federal Reserve Bank of San Francisco.

The Governor then presented the Open Market Investment Committee's minutes of their meeting with the Board yesterday containing among other things the following:

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"After thorough canvass of the System's open market policy, as well as the subject of rates of discount and bill rates, it was the consensus of opinion that the Treasury certificates held in the System account, amounting to about \$38,000,000, maturing on December 15th, should be replaced by other maturities to be purchased by the Committee."

After discussion, Mr. James moved that the report be received and filed, but that the above recommendation be approved by the Federal Reserve Board.

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

Governor Crissinger, "aye"

Mr. Hamlin, "aye"

Mr. James, "aye"

Mr. Platt, "no"

Mr. Miller, "no"

Letter dated November 27th from the President of the Mulkey Salt Company of Detroit, Michigan, with reference to recent changes in the re-discount rates of several of the Federal Reserve banks.

Ordered circulated.

Matter ordered circulated at the meeting on November 20th, namely, letter dated November 13th from the Governor of the Federal Reserve Bank of Chicago, with regard to the action of that bank in buying United States government securities from dealers under repurchase agreements at less than the discount rate of the bank.

The Governor also presented the matter on which action was deferred at the meeting on November 24th, namely, letter dated November 19th from the Chairman of the Federal Reserve Bank of Philadelphia on the question

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of whether Federal Reserve banks increasing their discount rate should not revise accordingly their rates for purchases of acceptances.

After discussion, it was voted that action on the above letters be deferred until the Federal Reserve banks begin the practice of considering regularly at their Board meetings and submitting to the Board all rates of discount in effect at their respective institutions, including buying and carrying rates on bills and government securities, in accordance with the action taken by the Board at its meeting on November 20th.

Memorandum dated November 18th from General Counsel, advising of a new par clearance case recently instituted against the Federal Reserve Bank of Minneapolis by the First State Bank of Hugo, Minn., a non-member bank; the Board's Counsel stating that Counsel for the Federal Reserve Bank of Minneapolis is confident of his ability to handle the case, but has invited suggestions, and inquiring whether the Board desires him to take any action with regard to this case or if it desires Honorable Newton D. Baker, Special Counsel, to be consulted in the matter.

After discussion of the above memorandum, which had been circulated among members of the Board, it was voted that the Counsel for the Board need not take any active part in the handling of the above case.

Letter dated November 30th from the Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, requesting approval by the Board of the action of the directors of that bank in voting to award the contract for the erection of the Branch Federal Reserve Bank building at Birmingham to A. J. Krebs and Company of Atlanta, Ga., at a cost of \$288,800, and in

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voting further to substitute Stone Mountain granite for Bedford stone in the construction of the building, at an additional cost of \$34,000.

After discussion, Mr. James moved that the Board interpose no objection to the action of the directors of the Federal Reserve Bank of Atlanta.

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

REPORTS OF STANDING COMMITTEES:

Dated, December 1st, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

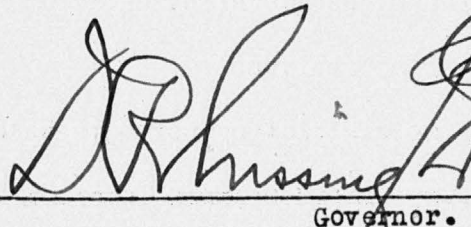
Approved.

Dated, December 1st, Recommending approval of the application of Mr. C. W. Watson for permission to serve at the same time as director of the Chatham-Phoenix National Bank and Trust Company, New York City, as director of the Fidelity Trust Company, Baltimore, Md., and as director of the National Bank of Fairmont, Fairmont, West Virginia.

Approved.

The meeting adjourned at 1:00 o'clock.

Approved:


Governor.


Assistant Secretary.