

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, December 29, 1925, at 11:20 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on December 15th, 16th, 17th, 18th, 19th and 21st were ordered circulated among the members of the Board in lieu of reading.

The minutes of the meetings of the Federal Reserve Board held on December 21st, 22nd and 28th were read and approved.

Memorandum dated December 19th from General Counsel, with reference to the application of the National City Bank of New York for permission to invest \$1,594,400 in the purchase of 15,944 shares of the capital stock of the Bank of Haiti, Inc., a Connecticut corporation organized for the purpose of holding stock in the Banque Nationale de la Republique d'Haiti, of the Republic of Haiti; Counsel pointing out that before the above application can be approved it will be necessary for the Bank of Haiti, Inc. to qualify its shares for purchase by national banks by entering into an agreement with the Federal Reserve Board covering its operations, in accordance with Section 25 of the Federal Reserve Act and submitting draft of such an agreement.

After discussion, Mr. Hamlin moved that it is the sense of the Federal Reserve Board that the Bank of Haiti, Incorporated, a Connecticut corporation, which is principally engaged in international or foreign

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banking through the agency, ownership or control of a local institution in a foreign country, is a corporation of the kind specified in Section 25 of the Federal Reserve Act, the stock of which may be subscribed to by national banking associations, under an agreement or undertaking entered into by said corporation with the Federal Reserve Board to restrict its operations and conduct its business in such manner and under such limitations and restrictions as the Board may prescribe, and that the Bank of Haiti, Incorporated, to qualify its stock for purchase by a national bank should enter into an agreement with the Federal Reserve Board, as follows:

"In order that national banks may be permitted to purchase its capital stock under the terms of Section 25 of the Federal Reserve Act, the Bank of Haiti, Incorporated, hereby undertakes and agrees with the Federal Reserve Board that its operations will be subject to the following limitations and restrictions prescribed by the Federal Reserve Board:

1. Except with the consent of the Federal Reserve Board first obtained, the Bank of Haiti, Incorporated, will transact no banking or commercial business or any other kind of business except such as is incidental to its functions as a holding corporation for the stock of the Banque Nationale de la Republique d'Haiti.
2. The Bank of Haiti, Incorporated, will be required to make two reports of its condition to the Federal Reserve Board each year covering such details as may be prescribed by the Federal Reserve Board.
3. The Bank of Haiti, Incorporated, will at any time upon request of the Federal Reserve Board obtain from the Banque Nationale de la Republique d'Haiti a statement of its condition and forward the same to the Federal Reserve Board.
4. The Bank of Haiti, Incorporated, and the Banque Nationale de la Republique d'Haiti shall be at all times subject to examination by examiners appointed, selected, or authorized by the Federal Reserve Board.
5. The Bank of Haiti, Incorporated, undertakes to furnish to the Federal Reserve Board any further information which the said Board may at any time request with regard to the condition, operation or management of the Banque Nationale

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"de la Republique d'Haiti.

6. If at any time it should appear that the business methods or financial condition of the Bank of Haiti, Incorporated are unsatisfactory in the judgment of the Federal Reserve Board, the said Board will formulate such additional regulations as it may deem proper in the circumstances and the Bank of Haiti, Incorporated will be subject to such regulations.

7. Upon any failure of the Bank of Haiti, Incorporated to comply with the terms of this agreement, the Federal Reserve Board may require any and all national banks owning stock in the Bank of Haiti, Incorporated, to divest themselves of such stock within twelve months."

Mr. Hamlin's motion being put by the Chair was carried, Mr. Miller voting "no".

Mr. Hamlin then moved that the application of the National City Bank for permission to purchase 15,944 shares of stock in the Bank of Haiti, Incorporated, be approved, with the understanding and effective if and when the above agreement is accepted by the Corporation and that the Board's records do not show that the amount actually invested by the National City Bank in the stock of corporations doing business under agreements with the Board prohibits, regardless of the value at which the stock of such corporation is set up on the books of the National City Bank.

Mr. Hamlin's motion being put by the Chair was carried, Mr. Miller voting "no".

Matter approved on initials on December 28th, namely, application of the Manufacturers and Traders Trust Company, Buffalo, N.Y. for additional stock in the Federal Reserve Bank of New York in the amount of 300 shares.

Formally approved.

Memorandum dated December 24th from the Division of Examination, advising that the New Georgia National Bank of Albany, Georgia, has made payment on stock to which it must subscribe in the Federal Reserve Bank of

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Atlanta but has not yet filed formal application; the memorandum stating that the bank was chartered by the Comptroller of the Currency on December 22nd and recommending that application for the stock be approved as of that date.

Approved.

Matter approved on initials on December 24th, namely, memorandum dated December 22nd from the Acting Comptroller of the Currency, recommending approval of an application of The Farmers National Bank of Ft. Gibson, Okla. for permission to reduce its capital stock from \$50,000 to \$25,000.

Formally approved.

Matter approved on initials on December 24th, namely, letter dated December 24th from the Comptroller of the Currency, recommending approval of increases aggregating \$19,400.00 per annum in the salaries of 58 national bank examiners listed.

Formally approved.

Letter dated December 23rd from the Chairman of the Federal Reserve Bank of New York, advising of the following changes in the official personnel of the Bank:

J. L. Morris, Manager, Credit and Discount Department,
resignation effective as of December 31, 1925.

G. E. Chapin, Controller of Loans, resignation effective
as of December 31, 1925.

G. B. Roberts, Manager, Reports Department, resignation
effective as of January 31, 1926.

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R. M. Gidney, Controller at Large, transferred to Controller of Loans.

A. J. Lins, Manager, Check Department, transferred to Manager, Credit and Discount Department.

C. H. Coe, Manager, Collection Department, transferred to Manager, Check Department.

I. W. Waters, Manager, Administration Department, transferred to Manager, Collection Department.

D. H. Barrows, Secretary, transferred to Manager, Administration Department.

J. H. Philbin, Assistant General Counsel, also assigned duties of Secretary in addition to present duties.

Noted.

Letter dated December 22nd from Mr. F. A. Delano, stating that because of a contemplated absence from the country of about four months, he is considering resigning as a Class "C" director of the Federal Reserve Bank of Richmond, but stating that he will advise the Board definitely within a few days.

Noted.

Letter dated December 22nd from the Federal Reserve Agent at Richmond, requesting the redesignation of Mr. S. M. Foster as Acting Assistant Federal Reserve Agent for the year 1926.

Upon motion by Mr. James, Mr. Foster was redesignated.

Letter dated December 23rd from the Federal Reserve Agent at Richmond, advising of the resignation of Mr. J. C. Seabury, Examiner.

Noted.

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Letter dated December 23rd from the Chairman of the Federal Reserve Bank of Kansas City, advising that Mr. A. M. McAdams, who has been designated as Assistant Federal Reserve Agent for the year 1926, has also been elected Secretary of the Board of Directors of the Bank for the year with additional compensation at the rate of \$900 per annum.

Upon motion by Mr. James, it was voted to approve the additional compensation involved.

Letter dated December 23rd from the Chairman of the Federal Reserve Bank of Kansas City, advising of the election of Mr. P. W. Goebel as member of the Federal Advisory Council from the 10th Federal Reserve District for the year 1926, vice Mr. E. F. Swinney.

Noted.

Letter dated December 22nd from the Chairman of the Federal Reserve Bank of Chicago, advising of officers elected to serve at the head office and Detroit Branch during the year 1926 and advising further of the election of Mr. F. O. Wetmore as member of the Federal Advisory Council from the 7th District during the year 1926, the appointment of Mr. Wm. R. Cation as Managing Director of the Detroit Branch for the year 1926 and the election of Mr. William J. Gray as a director of the branch for the term of three years beginning January 1, 1926.

Noted.

Memorandum from the Secretary calling attention to the following appointments by the Board of Directors of the Federal Reserve Bank of Dallas, to the directorates of the branches of that bank, effective January 1, 1926:

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El Paso - M. Crump, Managing Director, one year.
E. M. Hurd, three years.

Houston - Dwight P. Reordan, Managing Director, one year.
Guy M. Bryan, three years.

Noted.

Letter dated December 18th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the appointment of Mr. Fred C. Bold, formerly Chief Clerk, as Acting Assistant Cashier at the head office of that bank.

Noted.

Letter dated December 17th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the appointment of the following directors of the branches of that bank, all for terms of three years, beginning January 1, 1926:

Spokane - R. L. Rutter
Seattle - M. F. Backus
Portland - John F. Daly
Salt Lake City - L. H. Farnsworth
Los Angeles - Henry M. Robinson

Noted.

Memorandum dated December 23rd from the Chief of the Division of Bank Operations, submitting statements of expenditures by the Federal Reserve banks for educational and welfare work, etc. during the month of November and for the eleven month period ending November 30th; the memorandum calling particular attention to a payment of \$682 by the Federal Reserve Bank of Minneapolis to the Tax payers Association.

Ordered circulated.

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Report of Committee on Examinations on letter dated December 18th from the Federal Reserve Agent at St. Louis, recommending approval of the action of the Wood and Huston Bank, Marshall, Mo., in absorbing the Bank of Mt. Leonard, Mo., a nonmember bank, effective November 27, 1925; the Committee also recommending approval.

Approved.

Letter dated December 23rd from the Federal Reserve Agent at Boston, transmitting letter from the President of The Atlantic National Bank of Boston, advising of the contemplated consolidation of that institution with the Massachusetts National Bank, with a temporary capital of less than the combined capital of the two institutions; the Federal Reserve Agent recommending approval of the temporary reduction in capital if such action is necessary.

Noted, no action by the Board being required.

Letter dated December 15th from the Federal Reserve Agent at San Francisco, recommending that the Board extend its approval given on December 8th, 1925 to the application of the Mercantile Trust Company for permission to acquire the Bank of Palo Alto, so as to include the taking over of the branch of that Bank at Menlo Park; together with memorandum from the Committee on Examinations stating that the Menlo Park branch might well be included in the approval.

Mr. Miller then moved that the Board extend its approval of the above application so as to include the taking over by the Mercantile Trust Company of the branch of the Bank of Palo Alto at Menlo Park.

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

Governor Crissinger, "aye"
Mr. Hamlin, "aye"
Mr. Miller, "aye"
Mr. Cunningham, "no"
Mr. McIntosh, "no"
Mr. James, "not voting"

Report of Committee on Examinations on letter dated December 21st from the Federal Reserve Agent at San Francisco, with reference to the application of the Pacific Southwest Trust and Savings Bank for permission to discontinue on December 29th its branch located at 490 West Sixth Street San Pedro, Los Angeles, and to reopen same at a later date at a point within the city of Los Angeles; the Committee recommending that permission to reopen the branch at another point be denied.

After discussion, Mr. James moved that the Board interpose no objection to the closing of the branch mentioned, but that the Bank be advised that it should file a regular application for permission to re-establish the branch at a later date, when the location of the proposed new branch is determined, at which time the application will be considered by the Board on its merits.

Carried.

Letter dated December 22nd from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Pacific Southwest Trust and Savings Bank for permission to move the branch now operated at 220-222 North Spring Street, Los Angeles, to a new location at 300 North Main Street.

Noted, without objection.

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Letter dated December 19th from the Federal Reserve Agent at San Francisco, recommending an extension until March 15, 1926, of the period in which the Security Trust and Savings Bank may establish the branch at 710 West 10th Street, Los Angeles, previously approved by the Board.

Upon motion, the extension was granted.

Letter dated December 23rd from the Federal Reserve Agent at San Francisco, recommending approval of the action of The American Bank, San Francisco on December 16th in moving the branch previously located at 3986 San Pablo Avenue, Emeryville, to permanent quarters at 3900 San Pablo Avenue.

Noted, without objection.

Letter dated December 21st from Mr. William Sproule, Class "C" Director of the Federal Reserve Bank of San Francisco, advising of the results of an investigation conducted by himself and Mr. Walton N. Moore, another Class "C" Director of the Bank, to assist the Board in the appointment of a Class "C" Director, Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco to succeed Mr. John Perrin whose resignation has been tendered effective March 1, 1926; the letter stating that as a result of the investigation he and Mr. Moore submit the names of Mr. I. B. Newton, Mr. John Willis Baer, and Mr. George B. Harrison, as the three available men whose appointment would be most satisfactory. In this connection, the Governor called attention to the fact that the Board has not yet acted upon Mr. Perrin's letter of November 16th, tendering his resignation as Class "C" Director of the Federal Reserve Bank of San Francisco.

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After discussion, Mr. James moved acceptance of the resignation of Mr. Perrin as Class "C" Director, Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco, effective March 1, 1926.

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

After further discussion, Mr. Miller moved that Mr. I. B. Newton be appointed Class "C" Director of the Federal Reserve Bank for the unexpired term of Mr. Perrin, ending December 31, 1926 and designated as Federal Reserve Agent and Chairman of the Board of Directors of the Bank for the balance of the year 1926, with salary at the rate of \$24,000 per annum, effective March 1, 1926, or such later date as he may assume the duties of the office.

Mr. Miller's motion being put by the Chair was carried, Governor Crissinger not voting.

Draft of reply prepared by the Secretary to letter addressed to him under date of December 22nd by Mr. H. Parker Willis, requesting information as to the amount of rediscounts and advances made by the Federal Reserve banks by years since and including 1915 to all member banks grouped according to resources into seven classifications listed; the proposed reply stating that while the Board can obtain this information from the Federal Reserve banks the compilation would involve a great deal of work which would subject the banks to expense in the way of clerical hire which would not seem to be justified as the data does not appear to be of particular value to either the Board or the banks at this time.

The Governor also submitted mimeographed copies of a letter addressed by Mr. Willis under date of December 22nd to the Chairman of the Federal

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Reserve Bank of New York, and apparently to the Chairmen of all other Federal Reserve banks, requesting detailed information regarding the examination policy and practice of the Federal Reserve banks. The Governor stated that this letter had been referred to him by the Chairman of the Federal Reserve Bank of New York, and that he had addressed a telegram to the Chairmen of the other Federal Reserve banks advising that if a similar inquiry has been addressed to them they should refer Professor Willis to the Board.

After full discussion as to the advisability and practicability of furnishing the information requested in the two letters, action on the matters was postponed.

Draft of letter to all Federal Reserve Agents, prepared by the Director of the Division of Research and Statistics in accordance with the Board's action of December 8th, and calling attention to the present trend toward lower ratios of capital assets to current liabilities in the banking institutions of the country.

Upon motion, the proposed letter was approved.

Draft of letter to the Governors of all Federal Reserve banks prepared by General Counsel, in connection with a request made of the Board for a ruling whether canned corn should properly be considered a nonperishable readily marketable staple agricultural product within the meaning of Section 13 of the Federal Reserve Act; the proposed letter requesting information as to what products the banks have heretofore considered as agricultural and what products they have declined to so consider in pass-

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ing upon applications for the discount of sight and demand drafts under Section 13 of the Act.

Upon motion, the proposed letter was approved.

Draft of letter to the Governors of all Federal Reserve banks, advising of the ruling adopted by the Board at the meeting on December 14th, regarding the eligibility for rediscount at Federal Reserve banks of notes of a parent corporation representing borrowings by the corporation of funds to be advanced to its own subsidiaries.

Upon motion, the proposed letter was approved.

Letter dated December 22nd from the Chairman of the Federal Reserve Bank of San Francisco, advising of the action of the Executive Committee of that bank in authorizing negotiations for the settlement out of court of the par clearance case brought against that bank by the Brookings State Bank, on the maximum basis of \$12,000 and costs, subject to the approval of the Board; the case, which is being appealed, having resulted in a verdict in the United States District Court in behalf of the plaintiff in the sum of \$17,501.00.

Referred to the Law Committee.

At this point, Mr. McIntosh left the meeting.

Letter dated December 22nd from the Governor of the Federal Reserve Bank of San Francisco, enclosing memorandum from the Deputy Governor of the bank, suggesting discontinuance of the practice of requiring member

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banks to designate on notes offered for rediscount for whom they were discounted, except such notes as have been acquired from nonmember banks.

Referred to the Law Committee.

Memorandum dated December 22nd from General Counsel, prepared in accordance with action taken by the Board at the meeting on December 17th and expressing the opinion that the Board has no authority under the law to make a distinction between bankers' balances and other demand deposits in member banks located in outlying districts of reserve and central reserve cities in fixing the amount of reserves to be carried by such banks against demand deposits.

Ordered circulated.

Memorandum from Counsel dated December 18th, with reference to the termination of membership of the Peoples Bank and Trust Company of Bell Buckle, Tenn.; Counsel submitting drafts of letters to the bank and to the Federal Reserve Agent at Atlanta, advising that a hearing will be held in Washington at which representatives of the Peoples Bank and Trust Company are requested to appear to show cause why the bank should not be required to surrender its stock in the Federal Reserve Bank of Atlanta and to forfeit all rights and privileges of membership in the Federal Reserve System; the bank, in the event it desires to waive its right to appear at the hearing in Washington, to be permitted to present to the Federal Reserve Agent such evidence as it may care to have transmitted to the Board provided it notifies the Board in advance that it will not appear in Washington.

After discussion, it was voted to approve the above letters with the understanding that

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the hearing will be held on Monday, January 25th, notice to be received from the bank on or before January 18th as to whether it will be represented at the hearing.

Matter referred to the Committee on Examinations at the meeting on December 14th, namely, memorandum from Counsel dated December 9th, with reference to the Board's authority in connection with granting reductions in reserve requirements to banks in outlying districts of reserve and central reserve cities and its power to require a bank granted permission to carry reduced reserves to return to a higher requirement.

Ordered circulated.

Mr. Hamlin, Chairman of the Committee on Branches, then reported verbally that the Committee on Branches and the Committee on District #12 had carefully gone over the plans and specifications for the proposed building to house the Salt Lake City Branch of the Federal Reserve Bank of San Francisco, and recommended that these plans and specifications be referred to Mr. A. B. Trowbridge, Consulting Architect, for consideration and report.

After discussion, Mr. Hamlin moved that the plans and specifications be referred to Mr. Trowbridge under terms to be made with him by the Executive Committee.

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

REPORTS OF STANDING COMMITTEES:

Dated, December 23rd, Recommending changes in stock at Federal Reserve
24th, Banks, as set forth in the Auxiliary Minute Book
28th, of this date.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, December 22nd, Recommending action on applications for fiduciary
28th, powers as set forth in the Auxiliary Minute Book
of this date.

Approved.

Dated, December 21st, Recommending action on application for fiduciary
powers as set forth in the Auxiliary Minute Book
of this date.

Ordered held.

Dated, December 29th, Recommending action on applications for admission
of state banks, subject to the conditions stated
in the individual reports attached to the applica-
tions, as set forth in the Auxiliary Minute Book
of this date.

Approved.

Dated, December 29th, Recommending approval of the application of Mr.
J. B. Leonis for permission to serve at the same
time as director and officer of the First National
Bank of Vernon, Cal. and as director of the Citizens
National Bank of Los Angeles, Cal.

Approved.

Dated, December 28th, Recommending approval of the application of Mr.
W. W. Dunn for permission to serve at the same
time as director of the National Exchange Bank,
as director and officer of the Central Trust Company
and as director of the Dayton's Bluff State Bank, all
of St. Paul, Minn.

Approved.

Dated, December 28th, Recommending approval of the application of Mr.
Fred Rosen for permission to serve at the same
time as director of the National Exchange Bank,
and as director of the Central Trust Company, both
of St. Paul, Minn.

Approved.

Dated, December 28th, Recommending approval of the application of Mr.
Fred C. Listoe for permission to serve at the same
time as director of the National Exchange Bank,
and as director of the Central Trust Company, both
of St. Paul, Minn.

Approved.

Dated, December 28th, Recommending approval of the application of Mr.
John A. Wright for permission to serve at the same
time as director of the National Exchange Bank,
and as director of the Central Trust Company, both
of St. Paul, Minn.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, December 29th, Recommending approval of the application of Mr. John W. Lux for permission to serve at the same time as director of the National Exchange Bank, and as director of the Central Trust Company, both of St. Paul, Minn.

Approved.

Dated, December 29th, Recommending approval of the application of Mr. A. M. Bergstrom for permission to serve at the same time as director of the National Exchange Bank and as director of the Central Trust Company, both of St. Paul, Minn.

Approved.

Dated, December 29th, Recommending approval of the application of Mr. Richard A. Walsh for permission to serve at the same time as director of the National Exchange Bank and as director of the Central Trust Company, both of St. Paul, Minn.

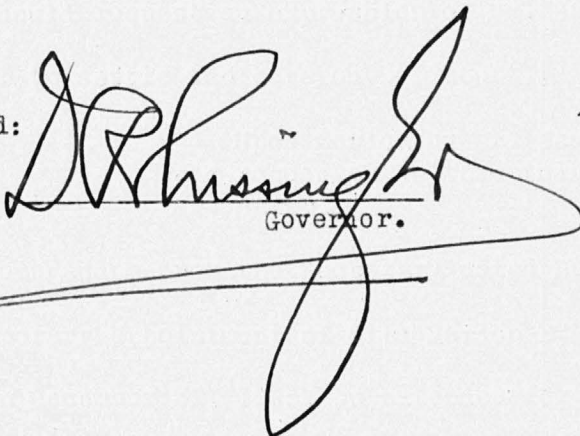
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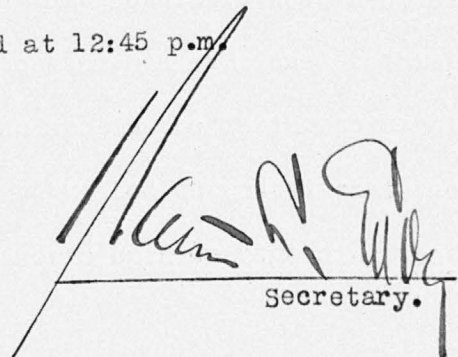
Dated, December 28th, Recommending approval of the application of Mr. John P. Harris for permission to serve at the same time as director of the First National Bank of Crofton, Pa. and as director of the Washington Trust Company, Pittsburgh, Pa.

Approved.

The meeting adjourned at 12:45 p.m.

Approved:


Governor.


Secretary.