

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 5, 1926 at 11:20 a.m.

PRESENT: Governor Crissinger
Mr. Hamlin
Mr. Miller
Mr. Cunningham
Mr. Noell, Assistant Secretary
Mr. McClelland, Assistant Secretary

The minutes of the meeting of the Federal Reserve Board held on December 30, 1925 were read and approved.

Matter approved on initials on December 31st, namely, application of the Norwood-Carolina National Bank, Charleston, S. C. for original stock (144 shares) in the Federal Reserve Bank of Richmond, effective December 29th, the date on which the Comptroller of the Currency issued certificate of authority to commence business.

Formally approved.

Matter approved on initials on December 31st, namely, telegram to the Federal Reserve Agent at Chicago, prepared by Mr. Cunningham, advising that the Board interposes no objection and authorizes him to give tentative approval to the taking over of the Jones County Trust and Savings Bank of Monticello, Iowa, by the Monticello State Bank, subject to the submission of formal application in due course.

Upon motion, the above telegram was formally approved.

Matter approved on initials on January 2nd, namely, report of Committee on District #12, recommending the appointment of Mr. George B. Harrison of Upland, Cal. as a director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco, for a term of three years beginning

1/5/26

-2-

January 1, 1926, to succeed Mr. I. B. Newton who has been appointed Federal Reserve Agent and Chairman of the Board of Directors of the San Francisco bank.

Upon motion, Mr. Harrison was formally appointed a director of the branch for a term of three years, beginning January 1, 1926.

Memorandum dated January 5th from the Secretary, advising that the term of Mr. Cunningham as a member of the Executive Committee expired on December 31st and that in the regular rotation Mr. Hamlin should be designated to serve during the quarter ending March 31st.

Upon motion, Mr. Hamlin was appointed to the Committee for a term of three months, beginning January 1st.

Memorandum dated January 4th from the Director of the Division of Research and Statistics, advising that at his request Miss Olga E. Weirsmith, his Secretary, has changed the date of her resignation, which was accepted by the Board on December 14th, from December 31, 1925 to January 6, 1926.

Upon motion, Miss Weirsmith's resignation was accepted, effective January 6, instead of December 31.

Memorandum dated January 4th from Mr. Cunningham advising that he proposes to promote Miss Leona Beller, his stenographer, to the position of Private Secretary, with initial salary of \$2500 per annum, effective January 1, 1926.

Noted.

Memorandum dated January 5th from Mr. Miller advising that he has increased the salary of Beverly Carter, messenger-clerk assigned

1/5/26

-3-

to his office, from \$1440 to \$1500 per annum, effective January 1, 1926.

Noted.

Letter dated January 2nd from the Comptroller of the Currency, recommending that the salary of his Private Secretary, Mr. S. E. Kimball, be increased to \$2800 per annum.

Upon motion, the above recommendation was approved, effective January 1st.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated December 31st from the Comptroller of the Currency, recommending that the salary of National Bank Examiner M. C. Smouse be increased from \$3600 to \$3900 per annum; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 2nd from the Federal Reserve Agent at Richmond, advising of the designation of Mr. P. Walker Turner as Examiner at a salary of \$3300 per annum; the Committee recommending approval.

Approved.

Letter dated December 30th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the salary of D. C. Wills, deceased, as Federal Reserve Agent and Chairman of the Board of Directors of that bank, at the rate of \$25,000 per annum, will be discontinued as of December 31, 1926.

Upon motion, it was voted to refer the above letter to Counsel for an opinion as to the legality of the continuance of Mr. Wills' salary from the date of his death, October 22nd, until the end of the year.

1/5/26

-4-

Letter dated January 4th from the Deputy Assistant Treasurer of the United States, advising that no applications have been received from National Banks during the quarter ending December 31, 1925, for the sale of bonds under Section 18 of the Federal Reserve Act.

Noted.

Memorandum dated December 31st from the Deputy Comptroller of the Currency, advising that on January 2nd the Comptroller will issue a call to all national banks for reports of condition as of the close of business December 31, 1925; together with copy of a telegram sent to all Federal Reserve Agents on January 2nd by the Secretary of the Board, calling for similar reports from state member banks.

Noted and the call for reports from state member banks approved.

Letter dated December 30th from the Federal Reserve Agent at San Francisco, advising that the Anglo-California Trust Company of San Francisco on December 28th opened the branch at Geary Street and 20th Avenue, San Francisco, the establishment of which was approved by the Board on September 29, 1925.

Noted.

Telegram dated January 5th from the Chairman of the Federal Reserve Bank of Richmond, advising of the reappointment of Mr. Levi B. Phillips as a director of the Baltimore Branch for a term of three years, beginning January 1, 1926 and the reappointment of Mr. A. H. Dudley as Managing Director of the Branch for the year 1926.

Noted.

1/5/26

-5-

Copy of telegram addressed to the Chairman of the Federal Reserve Bank of San Francisco under date of December 31st, on the initials of members of the Board, advising that the Board approves of the settlement out of court, on the basis outlined in his letter of December 22nd, of the par clearance case brought against that bank by the Brookings State Bank; the telegram also stating that Honorable Newton D. Baker, the Board's special Counsel, also approves of the settlement on that basis.

Upon motion, the above telegram was formally approved.

Memorandum dated January 2nd from the Secretary with reference to the application of The National City Bank of New York for permission for Messrs. Chas. E. Mitchell, DeWitt A. Forward, G. Edwin Gregory, Nathan C. Lenfesty and Gordon S. Rentschler, officers of that bank, to serve at the same time as officers and/or directors of the Bank of Haiti, Incorporated, a Connecticut corporation, and for such clerical employees of the bank to serve as clerical employees of the Bank of Haiti, Incorporated, as the needs of the business may require; the Secretary stating that the Bank of Haiti, Incorporated, has executed an agreement with the Board in the form prescribed, qualifying its shares for purchase by a national bank, that The National City Bank advised on December 31st that purchase by it of stock in the Bank of Haiti, Incorporated, would be consummated that day, and that it would, therefore, be in order for the Board to approve the interlocking directorates requested.

Upon motion by Mr. Hamlin, it was voted to permit the officers and employees of The National City Bank referred to above to serve also with the Bank of Haiti, Incorporated.

1/5/26

-6-

Matter approved on initials on December 31st, namely, memorandum dated December 30th from Counsel, submitting draft of reply to letter dated December 23rd from the Assistant Federal Reserve Agent at New York, with reference to the surrender of Federal Reserve Bank stock by the Broadway National Bank of Newburgh, N.Y., the bank having sold its stock at a 25% premium and subscribed to Federal Reserve Bank stock on the basis of capital of \$100,000 and surplus of \$25,000, later transferring \$5,000 of the premium account to undivided profits rather than surplus; the reply stating that the bank having intended creating surplus of \$25,000 and subscribing to Federal Reserve Bank stock in good faith on that basis, should not be required to surrender the excess shares but should be permitted to retain or surrender them at its option.

Upon motion, the reply was formally approved.

Draft of reply to letter dated December 14th from the Federal Reserve Agent at San Francisco, inquiring whether banks which are in process of liquidation either under voluntary or involuntary proceedings have the right to participate in the election of Class "A" and "B" directors; the proposed reply expressing the opinion that the requirement that a member bank should vote through a duly authorized officer can not be fulfilled when the bank's affairs are being administered by a receiver or liquidating agent who functions independently of the board of directors and the officers of the bank no longer have any authority to transact any of its corporate business, but further that where a liquidating agent acts subject to the direction of the

1/5/26

board of directors by whom full authority to transact the bank's corporate business is retained the directors may still permit the voting officer of the bank to cast its vote in the election of Class "A" and "B" directors of a Federal Reserve bank.

After discussion, the above file was ordered circulated.

At this point, Mr. James entered the meeting.

Draft of letter to all Federal Reserve Agents, prepared in accordance with action taken at the meeting of the Board on November 20th, requesting them, in their capacity as Chairmen, to present to their boards of directors, at each meeting a complete schedule of the rates prevailing at their respective banks, and following each meeting to advise the Board by telegraph of the action taken by the directors either in approving the existing schedule of rates or in recommending change in any one of the rates; the schedule to include: (1) the discount rate; (2) minimum buying rates by maturities for bankers acceptances; (3) rates at which bankers acceptances may be purchased, with agreement to resell (so-called repurchase agreements); and (4) rates at which government securities may be purchased with agreement to resell.

Upon motion, the above letter was approved.

The Governor then presented letter dated December 30th from the Chairman of the Federal Reserve Bank of San Francisco, transmitting letter from a member bank in reply to an inquiry as to why many member banks in that

1/5/26

-8-

district did not participate in the recent elections of Class "A" and "B" directors, the member banker stating that he had no knowledge of the qualifications of the various nominees and was unable to make a decision upon which to base a vote; the Chairman in his letter suggesting that member banks be furnished with information regarding nominees in these elections.

The Governor also submitted draft of a circular letter to the Chairmen of all Federal Reserve Banks calling attention to this situation and approving the suggestion that the Chairmen in furnishing member banks with a list of nominees for election as Class "A" and "B" directors, also furnish them with a brief sketch of each nominee, so that in the absence of personal information concerning nominees a member bank in casting its vote will not be faced with a mere choice between names, particularly in indicating its second and third choices.

After discussion, it was voted to refer the above matter to the Executive Committee, with the suggestion that the procedure outlined in the proposed circular be tested in the 12th Federal Reserve District before being suggested to all Federal Reserve banks.

Letter dated January 4th from the Governor of the Federal Reserve Bank of New York, transmitting copy of a letter from the Chief of the Bureau of Efficiency expressing appreciation of assistance rendered to representatives of that Bureau and stating that the representatives were impressed with the excellent organization and general high efficiency of the bank.

Ordered circulated.

Memorandum dated December 30th from Mr. James, submitting letter from the Cashier of the First National Bank of Corning, Arkansas, with

1/5/26

-9-

reference to exchange charge made by the Guaranty Bank and Trust Company of Memphis, Tenn. on a Cashier's check of the Corning Bank forwarded by one of its customers in payment of an obligation, the charge being made under rules of the Memphis Clearing House; Mr. James suggesting that the correspondence be acknowledged and sent to the Chairman of the Federal Reserve Bank of St. Louis with the request that he advise the Board as to what steps the St. Louis bank would suggest might be taken with a view to eliminating such charges where items are presented to the payee bank through the Federal Reserve System and are payable by a member bank at par, and further that the Board's Law Committee and Counsel be requested to make suggestions as to the possibility and advisability of the Board taking steps to eliminate these charges under so-called clearing house regulations.

Upon motion, the suggestions made by Mr. James were approved.

Memorandum from Mr. James dated January 4th, submitting letter dated January 2nd from the Deputy Governor of the Federal Reserve Bank of New York, regarding the operation of the plan in effect at that bank for the making of loans to needy employees. Mr. James also submitted a memorandum from the Assistant Secretary setting forth similar plans approved by the Board for other Federal Reserve banks.

Ordered circulated.

The Governor then called attention to the fact that the Board has not for some time revised its By-laws and that the By-laws provide for

1/5/26

-10-

various Committees, some of which have been inactive, one or two having never functioned.

At his suggestion, the Board considered the continuance of its various Committees, and upon motion, the following were ordered discontinued:

Agricultural Credit Conditions
Branches
Clearings
Cuba
Currency
International Finance
Nominations

The Governor then called up for vote the following motion made by Mr. Hamlin at the meeting on December 30th, which was unanimously carried:

"That the Committee on Discount and Open Market Policy of the Board be discontinued and that hereafter all questions on these subjects be considered by the Board as a committee of the whole."

Upon motion by Mr. James, the title of the "Committee on Law and Legislation" was changed to "Law Committee", and the title of the "Committee on Salaries, Expenditures and Efficiency" to "Salaries and Expenditures".

Mr. Miller then moved that the committee appointed at the Board meeting on September 8th consisting of Messrs. Miller, Platt and James to recommend a general revision of the By-laws include in its revision the changes made above.

Carried.

After discussion of the status and operation of the various Committees of Governors, Mr. James moved that the Advisory Committee of Governors appointed by the Board in 1921 be discontinued.

Carried.

1/5/26

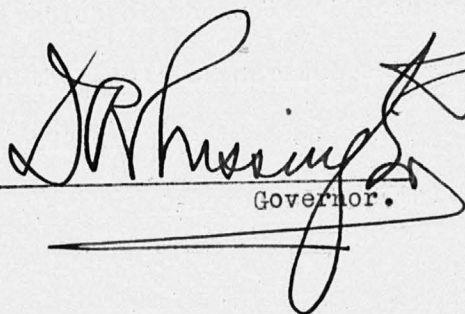
-11-

REPORTS OF STANDING COMMITTEES:

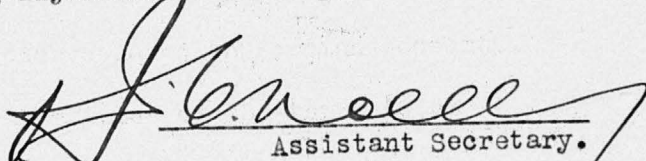
- Dated, December 30th, 31st, January 5th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, January 2nd, 4th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, December 30th, Recommending approval of the application of Mr. Ben Williamson for permission to serve at the same time as director of the Ashland National Bank of Ashland, Ky., and as director and officer of the First National Bank of Williamson, W. Va.
Approved.
- Dated, December 30th, Recommending approval of the application of Mr. Van Lear Black for permission to serve at the same time as director of the Chatham Phenix National Bank and Trust Company of New York, N.Y. and as director and officer of the Fidelity Trust Company of Baltimore, Md.
Approved.
- Dated, December 30th, Recommending approval of the application of Mr. John H. Walbridge for permission to serve at the same time as director of the American Exchange-Pacific National Bank of New York, N.Y. and as trustee of the Brooklyn Trust Company of Brooklyn, N.Y.
Approved.
- Dated, December 30th, Recommending approval of the application of Mr. Harold I. Pratt for permission to serve at the same time as director of the Chatham Phenix National Bank and Trust Company of New York, N.Y. and as trustee of the Brooklyn Trust Company of Brooklyn, N.Y.
Approved.

The meeting adjourned at 12:50 p.m.

Approved:



Governor.



Assistant Secretary.