Upon call of the Governor a meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 11, 1926 at 11:00 a.m.

**PRESENT:** Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary

Mr. Goldenweiser, Assistant Director of the Division of Research and Statistics and Mr. Parry, Research Assistant, were also present, and Mr. Goldenweiser read to the Board a proposed letter to the Federal Reserve Agent at New York, prepared in accordance with action taken by the Board at the meeting on December 28, 1925 and reading in part as follows:

"Believing that a better understanding of movements in the money market and of developments in the general credit situation will be promoted by the collection of more adequate information concerning the volume of bank loans to brokers at New York City than has hitherto been available, the Board requests you to ask each of the weekly reporting member banks in New York City to include in its weekly report, as memorandum items, the following items of information:

Loans to brokers secured by stocks and bonds:
1. For account of this bank—on demand
2. For account of this bank—on time
3. For account of correspondent banks—on demand
4. For account of correspondent banks—on time.

After the system of reporting such loans has been inaugurated at New York City, it is the intention of the Board to extend it to other cities. As soon as satisfactory figures are received the Board will publish the information in the usual aggregate form. The Board would appreciate receiving the figures for the first two report dates in January (January 6 and 13) as soon as you can forward them and for the third report date
"January 20] at the same time as the other information covered by the weekly condition report for that date. This will enable the Board to begin the publication of the figures, with an explanation of their nature and limitations, in the Federal Reserve Bulletin for February."

After discussion, upon motion by Mr. Hamlin, it was unanimously voted to approve the letter referred to above.

Report of Committee on Examinations on letters dated January 7th from the Executive Committee and the Federal Reserve Agent at Atlanta, with reference to the application of the Citizens and Southern Bank of Savannah, Ga. for permission to establish a branch in Albany, Ga.; the Executive Committee recommending approval of the application and the Federal Reserve Agent stating he is unwilling to recommend approval for the reason that the banking facilities in Albany are ample to take care of the needs of the community, and because the establishment of a branch at this time would be a serious handicap to the successful operation of the New Georgia National Bank, which has just been organized, to take over the business of the Georgia National Bank; the report of the Board's Committee reading as follows:

"The Committee on Examinations recommends disapproval of the application of the Citizens and Southern Bank of Savannah, Ga., for permission to establish a branch office at Albany, Ga., at this time. To grant permission for this branch would not only be contrary to the Board's present Regulation "H", but would be a departure from a policy the Board established long before Regulation "H" was adopted. This appears to be an application not to take over an existing bank and operate it as a branch, but to establish a branch de novo in competition with existing institutions. With very few exceptions the Board has never granted its permission for the establishment of de novo branches outside..."
of large cities and contiguous territory and places where no banking facilities existed.

The papers accompanying the application of the Citizens and Southern Bank to establish a branch in Albany do not present any arguments showing additional convenience or necessity of such a branch, and the adverse report of the Federal Reserve Agent, Mr. Oscar Newton, stating 'the establishment of a branch office of the Citizens and Southern Bank in Albany at this time would be a serious handicap to the successful operation of the New Georgia National Bank', would seem to be a conclusive reason in accordance with the Board's general policy why this application should be refused. The Board, however, should request a full report upon conditions in Albany with a full statement of the reasons which moved the Executive Committee of the Federal Reserve Bank of Atlanta to recommend approval."

After discussion, upon motion by Mr. Hamlin, it was voted to adopt the recommendations of the Board's Committee and to disapprove the application in question.

Report of Committee on Salaries and Expenditures on memorandum dated January 7th from the Assistant Director of the Division of Research and Statistics, recommending the appointment of Mr. N. J. Wall as Research Assistant in the Division at a salary of $3800 per annum, effective February 1st, and recommending an increase in the salary of Mr. W. J. Carson, Research Assistant, from $3600 to $3800 per annum also effective February 1st; the Committee recommending approval.

Approved.

Memorandum dated January 9th from the Secretary, approved by the Governor and the Committee on Salaries and Expenditures, requesting that authority be granted for the employment of two additional comptometer operators in the Division of Bank Operations at salaries of approximately $1500 per annum, and
requesting also an increase in the budget for equipment for the Division from $600 to $1100 to permit the purchase of an additional comptometer machine.

Approved.

Letter dated January 9th and telegram dated January 11th 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 appoint Mr. J. C. Nevin, at present Cashier and Secretary of the bank, to the office of Managing Director of the Pittsburgh Branch at a salary of $13,500 per annum, and to appoint Mr. H. F. Strater, at present Assistant Cashier, to the office of Cashier and Secretary to succeed Mr. Nevin at an annual salary of $10,000 per annum, both effective January 15th.

Upon motion by Mr. James, it was voted to approve the above salary for Mr. Strater, that for Mr. Nevin having previously been approved.

Report of Committee on Salaries and Expenditures on letter dated January 7th from the Deputy Governor of the Federal Reserve Bank of New York, requesting approval of the employment of Mr. J. A. Sedgwick, as Foreman Carpenter, with salary at the rate of $50 per week; the Committee also recommending approval.

Approved.

Letter dated January 6th from the Federal Reserve Agent at Kansas City, requesting approval of the action of the Executive Committee of that bank in granting Mr. Hiataro Tsuji, an employee of the Transit Department, leave of absence for three months on half pay.

Approved.
Letter dated January 6th from the Chairman of the Federal Reserve Bank of St. Louis, advising that at the meeting of the board of directors of the bank held on that date all of the present officers of the head office and three branches were reelected.

Noted.

Letter dated January 6th from the Chairman of the Federal Reserve Bank of St. Louis, advising of the reelection of Mr. Breckinridge Jones as member of the Federal Advisory Council from the Eighth District for the Year 1926, with compensation of $1,000 per annum.

Noted, with approval.

Letter dated January 8th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the election of Mr. P. D. Houston, President of the American National Bank, Nashville, Tenn., as member of the Federal Advisory Council from the Sixth District during the year 1926.

Noted.

Letter dated January 8th from the Chairman of the Federal Reserve Bank of Dallas, advising of the election of Mr. B. A. McKinney, Vice President of the American Exchange National Bank of Dallas, as member of the Federal Advisory Council from the Eleventh District for the year 1926.

Noted.

Letter dated January 9th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the action of the board of directors of that bank in voting, subject to the approval of the Board, to increase the Miami Revolving Currency Fund from $2,000,000 to $3,000,000, with an increase in
the collateral securing same from $3,000,000 to $4,000,000.

Approved.

Letter dated January 8th from the Federal Reserve Agent at St. Louis advising of names of Examiners, both regular and special, at that bank and requesting a change in the designation of Mr. J. L. Geiger from Assistant Examiner to Examiner.

Upon motion, a change in Mr. Geiger's designation was approved.

Letter dated January 8th from the Chairman of the Federal Reserve Bank of Chicago, with reference to the action of the Board in approving salaries of officers and employees of that bank, subject to the condition that any compensation paid to any officer or employee while on leave of absence in excess of the regular allowance must be approved by the Federal Reserve Board; the Chairman advising of the opinion of the Executive Committee of that bank that this is a matter which properly comes within the province of the local board of directors.

Noted.

Report of Committee on Examinations on letter dated January 7th from the Federal Reserve Agent at Chicago, transmitting resolution of the Board of directors of the Monticello State Bank, Monticello, Iowa, applying for formal approval of its action in absorbing the Jones County Trust and Savings Bank of Monticello; the Committee recommending final approval of the consolidation, which was tentatively approved on December 31st, on initials, confirmed at the meeting of the Board on January 5th.
Upon motion, the above application was formally approved.

Mr. Miller then reported he had been advised that consideration was being given by the Federal Reserve Bank of Minneapolis to the question of converting the branch of that bank at Helena, Montana, into an agency. He stated that the Federal Reserve bank had requested that the Board postpone the appointment of a director at the branch to succeed Mr. H. M. Rowley until a decision in the above matter has been reached.

After discussion, Mr. Platt moved that the appointment of a director at the Helena Branch be postponed pending a possible change in the status of the branch.

Carried, and Mr. Miller requested to so advise the Federal Reserve Agent at Minneapolis.

At this point, Mr. McIntosh left the meeting.

Mr. Miller then called attention to the Board's circular letter of January 25, 1924 (X-3956) advising the Federal Reserve banks of rules and regulations adopted by the Federal Reserve Board with respect to the appointment of directors of Branch Federal Reserve banks.

Mr. Miller moved that Paragraphs 1 and 6 of these regulations be amended to read as follows:

"(1) Boards of Directors of Federal Reserve Branch Banks shall consist either of seven members or of five members, as may be determined by the Federal Reserve Board in consultation with the Federal Reserve Bank of the District concerned. Where the Boards of Directors of Federal Reserve Branch banks consist of seven members, four shall be appointed by the Federal Reserve banks and three by the Federal Reserve Board; where the Boards consist of five members, three shall be appointed by the Federal Reserve Banks and two by the Federal Reserve Board."
"(6) With the exception of the Managing Director whose term of office shall be one year, the full term for Directors where Branch Boards consists of seven Directors shall be three years; where the number of Directors is five the term shall be two years."

After discussion, it was voted to refer the above proposed amendments to a special committee consisting of Messrs. Miller and James for a revision of the Regulations in question.

The Secretary then presented telegrams and letters from the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta and Chicago, submitting schedules of all rates of discount and purchase in effect at those banks, in accordance with the Board's letter of January 5th, (X-4493).

Following a discussion of the above schedules, Mr. Miller moved that the minimum rates for the purchase of bankers acceptances in effect at all Federal Reserve banks be advanced to 3 1/4%.

After further discussion, this motion was made special order business for a meeting of the Board to be held on Wednesday, January 13th.

The Governor then presented memorandum dated January 9th, with reference to the telegram dated January 8th from the Chairman of the Federal Reserve Bank of San Francisco advising that a fifteen day extension has been obtained from bidders on the proposed Salt Lake City building and inquiring whether the Board approves plans and specifications for that building, subject to the modifications suggested by its Consulting Architect in his report dated January 6th; the Governor in his memorandum expressing the opinion that the Federal Reserve Bank of San Francisco should be advised...
(1) to have plans and specifications revised in accordance with the suggestions made by the Board's Consulting Architect; (2) to submit same to him for final approval; and (3) to ask for new bids, the Board to pass on the revised plans and specifications, however, before the new bids are asked.

After discussion, Mr. Miller suggested the following telegram be addressed to the Chairman of the Federal Reserve Bank of San Francisco:

"Board will defer action until it hears from you, after you and your construction manager have had opportunity to consider suggestions of Consulting Architect Trowbridge. You will then be in better position to determine whether it will be necessary or advisable, in order to protect your interests in the matter, to ask for new bids."

Upon motion by Mr. Platt, it was voted to approve the above form of telegram, Mr. Cunningham voting "no".

Letter dated January 7th from Mr. John W. Barton, Chairman of the Committee on Non-Cash Items of the American Bankers Association, advising that the questionnaire sent out by that Committee has been returned by the member banks addressed to it and an analysis has been completed, and inquiring when it will be convenient for the Committee to present this analysis to the Board.

After discussion, it was voted to refer the above matter to the Executive Committee with power.

At this point, Mr. McIntosh reentered the meeting.

The Governor then presented the matter ordered circulated at the meeting on January 5th, namely, draft of reply prepared by Counsel to letter dated December 14th from the Federal Reserve Agent at San Francisco, inquiring whether banks which are in process of liquidation have the right to participate in the election of Class "A" and "B" directors of Federal Reserve banks.
After discussion, Mr. Miller moved that the Governor redraft the proposed reply, to be used as a basis for a circular letter to all Federal Reserve banks, to the effect that in the opinion of the Board, banks which are in the process of liquidation are not to be regarded as eligible to vote in elections of Class "A" and "B" directors.

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

Matter ordered circulated at the meeting on January 5th, namely, memorandum dated January 4th from Mr. James, submitting letter from the Deputy Governor of the Federal Reserve Bank of New York regarding the operation of the fund provided by that bank for making loans to needy employees, and a memorandum advising of similar plans in effect at several of the other Federal Reserve banks.

After discussion, Mr. James moved that the Board ascertain whether the Federal Reserve banks not included in the above memorandum have any similar plan for assisting their employees.

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

Report of Law Committee dated January 8th on memorandum dated January 7th from Counsel, with reference to the application of Mr. Charles S. Cheston for permission to serve at the same time as a director of the First National Bank of Philadelphia and as a member of the firm of Edward B. Smith and Company, investment bankers of Philadelphia; the Committee and Counsel discussing in their memoranda a suggestion of the Federal Reserve Agent at Philadelphia that this application may be unnecessary on the ground that
Edward B. Smith and Company are not private bankers within the Board's definition of that term.

After discussion, upon motion by Mr. Hamlin, it was voted to approve Mr. Cheston's application.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated December 18th from the Governor of the Federal Reserve Bank of New York, transmitting a proposed plan for the standardization of jobs and classification of grades of the employees of that bank; the Committee recommending approval of the plan on the following conditions:

"1. That the New York bank directors shall have authority to promote employees within a grade, all changes during the year to be reported to the Board at the end of the year.

2. That no promotion shall be made from one grade to another where the salary to be paid is in excess of $2,500 per annum, without the prior approval of the Federal Reserve Board.

3. That the establishment of any new groups or grades shall be subject to the approval of the Federal Reserve Board.

4. That all salaries to be paid to employees occupying 'appraised positions', except cafeteria employees, and all salaries in excess of $5,000 shall be subject to the approval of the Federal Reserve Board before they become effective."

Approved.

Mr. James then stated that Mr. H. B. Wilcox, a director of the Baltimore Branch of the Federal Reserve Bank of Richmond, had communicated with him regarding a proposal to have introduced in Congress a resolution authorizing an expenditure of $1,025,000 in the erection of a building to house that branch.

After discussion, Mr. Cunningham moved that Mr. James be requested to take the matter up with
the board of directors of the Federal Reserve Bank of Richmond and ascertain whether they approve the proposed resolution or whether they wish to give the Board any further information.

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

Mr. Hamlin, Chairman of the Board's Special Pension Committee, then submitted letters exchanged by Governor Crissinger with the Governor of the Federal Reserve Bank of New York, in the last of which Governor Strong expressed the hope that the Board will take such action as will enable the Federal Reserve banks to adopt such a pension plan as proves to be best adapted to their needs even though it involves asking Congress to pass an amendment to the Act.

After discussion as to the advisability of introducing a bill authorizing the establishment of a pension fund and whether or not the Board is prepared to approve the pension plan now proposed, upon motion by Mr. Hamlin, it was voted that the following letter be addressed to Governor Strong:

"Replying to your letter dated December 10th, you are aware that in the event of the introduction of the pension bill, the committee to which it is referred is likely to request the Federal Reserve Board for an expression of its opinion regarding it. The Board must keep itself free and, therefore, anything you decide is advisable in connection with the introduction of the bill must be done upon your own responsibility."

REPORTS OF STANDING COMMITTEES:

Dated, January 8th, Recommending changes in stock at Federal Reserve 9th, Banks, as set forth in the Auxiliary Minute Book 11th, of this date.

Approved.
Dated, January 11th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, January 7th, Recommending approval of the application of Mr. J. G. Ryan, for permission to serve at the same time as Vice President of the First National Bank, Minneapolis, Minn., as director of the Minnehaha State Bank, Minneapolis, Minn., and as director of the Produce State Bank, Minneapolis, Minn.

Approved.

Dated, January 7th, Recommending approval of the application of Mr. J. B. Lucas, for permission to serve at the same time as director of the Army National Bank, Ft. Leavenworth, Kansas and as President and director of the Commerce Trust Company, Kansas City, Mo.

Approved.

Dated, January 7th, Recommending approval of the application of Mr. H. Y. Lemon, for permission to serve at the same time as President and director of the Army National Bank, Ft. Leavenworth, Kans. and as Vice President and director of the Commerce Trust Company, Kansas City, Mo.

Approved.

Dated, January 9th, Recommending approval of the application of Mr. W. E. Bliss, for permission to serve at the same time as director of the Mahoning National Bank, Youngstown, O. and as director of the Morris Plan Bank, Youngstown, O.

Approved.

Dated, January 11th, Recommending approval of the application of Mr. Joe Toplitzky, for permission to serve at the same time as director of the Merchants National Bank and Hellman Commercial Trust and Savings Bank, both of Los Angeles, Cal.

Approved.

Dated, January 11th, Recommending approval of the application of Mr. J. A. Talbot, for permission to serve at the same time as director of the Merchants National Bank and as director of the Hellman Commercial Trust and Savings Bank, both of Los Angeles, Cal.

Approved.
REPORTS OF STANDING COMMITTEE: (Cont'd)

Dated, January 11th, recommending approval of the application of Mr. E. J. Nolan, for permission to serve at the same time as director of the Merchants National Bank and as director of the Hellman Commercial Trust and Savings Bank, both of Los Angeles, Cal.

Approved.

Dated, January 11th, recommending approval of the application of Mr. Benjamin Page, for permission to serve at the same time as director of the Merchants National Bank and as director and officer of the Hellman Commercial Trust and Savings Bank, both of Los Angeles, Cal.

Approved.

Dated, January 11th, recommending approval of the application of Mr. Thomas W. Banks, for permission to serve at the same time as director of the Merchants National Bank and as director of the Hellman Commercial Trust and Savings Bank, both of Los Angeles, Cal.

Approved.

Dated, January 11th, recommending approval of the application of Mr. T. A. Morrissey, for permission to serve at the same time as director and officer of the Merchants National Bank and as director of the Hellman Commercial Trust and Savings Bank, both of Los Angeles, Cal.

Approved.

The meeting adjourned at 1:10 p.m.

Approved: [Signature]

Governor.

Approved: [Signature]

Secretary.