

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Board on Saturday, January 16, 1926 at 11:30 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on January 13th were read and approved as amended.

Mr. Platt, temporarily presiding, announced that a meeting of the Open Market Investment Committee would be held in New York on Monday, January 18th.

The Governor then presented the matter acted on on initials yesterday, namely, application of the Virginia National Bank of Norfolk, Virginia, for permission to exercise general fiduciary powers; with recommendation of the Law Committee that action on the application be held pending the next examination of the bank.

Upon motion, it was voted formally that action on the above application be deferred pending another examination.

Telegram dated January 13th from the Chairman of the Board of Directors of the Federal Reserve Bank of Boston, advising of rates of discount and purchase in effect at that bank.

Noted, with approval.

Letter dated January 14th from the Secretary of the Board of Directors of the Federal Reserve Bank of New York, advising of rates of discount and

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purchase in effect at that bank.

Noted, with approval.

Letter dated January 15th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the bank's effective rates for purchases of bankers' acceptances have been increased $1/4$ of 1%, in accordance with the recent increase in such rates made by the Federal Reserve Bank of New York.

Noted, with approval.

Telegram dated January 14th from the Chairman of the Federal Reserve Bank of Richmond, advising of rates of discount and purchase in effect at that bank.

Noted, with approval.

Telegram dated January 14th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the Board of Directors of the bank on that date approved a rate of 4% for all classes of paper discounted and purchased by that bank.

Noted, with approval.

Letter dated January 14th from the Governor of the Federal Reserve Bank of Cleveland, advising that at the meeting of the Board of Directors of that bank on January 8th, it was voted to retain Messrs. Squire, Sanders and Dempsey as Counsel for the year 1926, at an annual retainer of \$4,000.

Upon motion by Mr. Hamlin, the above retainer was approved.

Letter dated January 14th from the Chairman of the Federal Reserve Bank of Boston, advising of officers elected and committees appointed to serve at that bank during the year 1926 and advising further of the re-

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appointment of Mr. Charles A. Morss as member of the Federal Advisory Council from the First District for the year 1926.

Noted.

Report of Committee on Examinations on letter dated January 12th from the Federal Reserve Agent at New York, transmitting and recommending approval of application of the American Trust Company, New York, N. Y., for permission to establish a branch office at 30 Bay Street, St. George, Staten Island; the Committee also recommending approval.

Approved.

Mr. Hamlin then presented a letter dated January 6th addressed to the Board by the Chairman of the Federal Reserve Bank of Philadelphia, advising of the reappointment of Mr. L. L. Rue as member of the Federal Advisory Council from the Third District for the year 1926, and advising also of officers elected to serve at that bank during the year 1926 at salaries previously approved by the Board, except Mr. William G. McCreedy, Comptroller, for whom an increase from \$6,000 to \$6,500 was recommended.

Mr. Hamlin also presented a letter addressed to him under date of January 15th by the Chairman, with reference to this recommendation.

After discussion, Mr. Hamlin moved that the Board approve an increase from \$6,000 to \$6,500 per annum in the salary of Mr. McCreedy.

Carried.

Letter dated January 14th from the Federal Reserve Agent at Philadelphia, requesting approval of the designation of Mr. Charles F. Eaton as Assistant to Examiners at that bank at a salary of \$2,400 per annum.

Upon motion, Mr. Eaton's designation was approved.

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Letter dated January 11th from the Chairman of the Federal Reserve Bank of Dallas, advising of the appointment of Mr. B. L. Gill, President of the American National Bank of Terrell, Texas, as alternate member of the Federal Advisory Council from the Eleventh District for the year 1926.

Noted.

Letter dated January 12th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of amendments to the by-laws of the Birmingham, Nashville and New Orleans Branches of that bank, making effective the recommendation of the Board of Directors of that bank, approved by the Federal Reserve Board on December 30th, that the Chairman of the branch board shall be the director who is also a member of the board at the head office.

Upon motion, the proposed amendments were approved.

The Governor then presented draft of a reply to letter dated December 14th from the Chairman of the Federal Reserve Bank of San Francisco, inquiring whether banks which are in process of liquidation have the right to participate in elections of Class "A" and "B" Directors of Federal Reserve banks; the proposed reply, prepared in accordance with action taken at the meeting of the Board on January 11th, advising that in the opinion of the Board banks in process of liquidation either under voluntary or involuntary proceedings have no right to participate in the elections of Class "A" and "B" Directors.

Upon motion, the proposed letter was ordered transmitted and the Secretary was instructed to advise all other Federal Reserve banks accordingly.

Draft of letter to the Chairman of the Committee on Banking and Currency of the House of Representatives, transmitting and recommending enactment of the

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amendment to Section 13 of the Federal Reserve Act, approved by the Board at the meeting on January 13th, extending from 15 to 90 days the maturity of advances which Federal Reserve banks may make to member banks on their promissory notes, when such notes are secured by notes, drafts, bills of exchange or bankers' acceptances which are themselves eligible for rediscount or purchase by Federal Reserve banks.

Approved.

Letter dated January 13th from the Governor of the Federal Reserve Bank of Dallas, with reference to settlement of litigation growing out of the failure of the National Bank of Cleburne, Cleburne, Texas.

Noted, and ordered circulated.

Letter dated January 14th from the Governor of the Federal Reserve Bank of New York, with regard to the Board's recent ruling as to the eligibility for rediscount by Federal Reserve banks of notes of parent corporations representing borrowings of funds to be advanced by such corporations to their subsidiaries.

Referred to the Law Committee.

Memorandum from Counsel dated January 14th, submitting drafts of letters to the Chairmen of the Committees of Banking and Currency of the Senate and House of Representatives, submitting and recommending passage of a bill to prevent any bank, banking association, trust company, corporation, association, firm, partnership or person engaged in banking, loan, building and loan, brokerage, factorage, insurance, indemnity, or trust companies, to use the word "Federal", the words "United States", or the word "Reserve", or any combination

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of such words, as a portion of its corporate firm or trade name or title or of the name under which it does business.

Upon motion, the proposed letters were approved.

Memorandum dated January 15th from Mr. James as follows:

"Pursuant to a motion offered by Mr. Cunningham and duly carried at the meeting of the Board on January 11th, whereby I was instructed to take up the matter with the Board of Directors of the Federal Reserve Bank of Richmond and ascertain whether or not they approved the proposed resolution which had been submitted by Mr. Henry B. Wilcox, Director of the Baltimore Branch, or whether they wished to give the Board any further information, I submit herewith letter from Mr. Hoxton under date of January 14th, enclosing joint resolution which was approved at the meeting of the Board of Directors of the Federal Reserve Bank of Richmond on January 14th.

In my opinion, the desire of the directors of both the Baltimore Branch and of the Federal Reserve Bank of Richmond to have suitable housing for the Baltimore Branch is justified by existing conditions and circumstances in Baltimore, and I further believe that the resolution as proposed is the proper method through which to approach Congress in an endeavor to secure congressional authority for proceeding in the premises.

I further feel that the proposed limitation of the cost, namely, \$1,025,000, is reasonable and proper, and therefore,

As Chairman of the Board's Committee for District No. 5, I move that the Board interpose no objections to the proposed resolution, and that it likewise interpose no objection to the directors of the Federal Reserve Bank of Richmond and of the Baltimore Branch having the resolution presented through the proper channels to Congress."

After discussion, the motion submitted by Mr. James in his memorandum was unanimously adopted.

Mr. James then suggested to the Board the advisability of recommending an amendment to the Federal Reserve Act which would give the Board express authority to discontinue any branch of a Federal Reserve bank, if and when in the opinion of the Board such discontinuance should be justified.

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During the discussion which followed, Mr. Hamlin moved that the Law Committee prepare for submission to the Board, a letter to the Secretary of the Treasury requesting that he secure an opinion of the Attorney General of the United States as to the present authority of the Federal Reserve Board or a Federal Reserve bank to discontinue a branch previously established.

Carried.

REPORTS OF STANDING COMMITTEES:

Dated, January 14th, Recommending changes in stock at Federal Reserve Banks,
15th, as set forth in the Auxiliary Minute Book of this date.
16th, Approved.

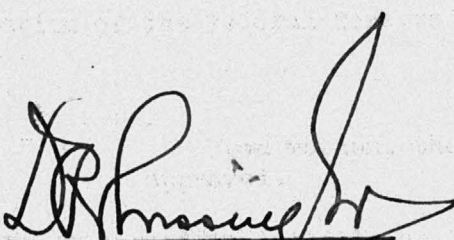
Dated, January 16th, Recommending action on application for fiduciary powers
as set forth in the Auxiliary Minute Book of this date.
Approved.

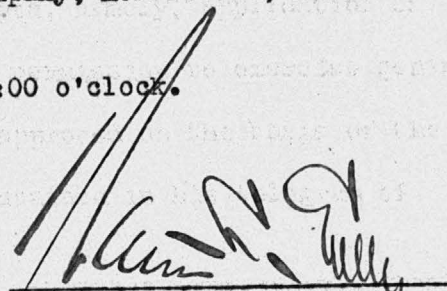
Dated, January 13th, Recommending approval of the application of Mr. J. T.
Lloyd to serve at the same time as director of the Ex-
change National Bank, Little Rock, Ark., and as director
of the Simmons National Bank, Pine Bluff, Ark.
Approved.

Dated, January 14th, Recommending approval of the application of Mr. Ridley
Watts to serve at the same time as director of the
Chemical National Bank, New York City, and as director
of the Morristown Trust Company, Morristown, N.J.
Approved.

The meeting adjourned at 1:00 o'clock.

Approved:


Governor.


Secretary.