

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 25, 1926 at 11:15 a.m.

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

Report of the Law Committee on memorandum dated January 18th from Assistant Counsel, with reference to the application of Mr. B. Volk, Jr., for permission to serve at the same time upon the directorates of the Union National Bank and the Peoples City Bank, both of McKeesport, Pa.; Counsel stating that the banks are in competition for nearly all classes of business and the Board has no legal power to grant the application, but recommending that action thereon be suspended by the Board for a period of thirty days pending possible enactment of the amendment to the Clayton Act suggested by the Board which would permit interlocking directorates between banks which are already in substantial competition.

Upon motion, it was voted to defer action upon the above application.

Memorandum dated January 22nd from the Chief of the Division of Bank Operations, advising that the services of Miss Madelon F. Chatfield, comptometer operator in the Division, were terminated at close of business January 20th, 1926, and that Miss Louise Barnard had been appointed for a period not to exceed three months, beginning January 22, 1926, at an annual salary of \$1300.

Noted, with approval.

Report of Committee on Salaries and Expenditures on letters dated January 23rd from the Comptroller of the Currency, recommending approval of

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increases from \$5500 to \$6,000 per annum, and from \$4800 to \$6500 per annum, respectively, in the salaries of National Bank Examiners Thomas R. Dwyer and Clarence F. Smith; the Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letters dated January 23rd from the Comptroller of the Currency, recommending approval of salaries of \$3,000 each for National Bank Examiners O. W. Beaton, L. C. Lanning and H. Z. Persons, all to be assigned to the 2nd Federal Reserve District; the Committee also recommending approval.

Approved.

Telegram dated January 22nd from the Chairman of the Federal Reserve Bank of Cleveland, advising of the reelection of Mr. George A. Coulton as member of the Federal Advisory Council from the 4th Federal Reserve District for the year 1926.

Noted.

Letter dated January 23rd from Mr. John Omwake, director of the Cincinnati Branch of the Federal Reserve Bank of Cleveland, advising he has been appointed a member of the Bureau of Municipal Research in Cincinnati, and inquiring whether this is to be considered a political appointment within the Board's definition of such.

Upon motion, it was voted that the Board should interpose no objection to Mr. Omwake serving as a member of the Bureau named.

Report of Committee on Salaries and Expenditures on letter dated January 19th from the Federal Reserve Agent at Chicago, requesting approval of the employment of Mr. W. R. Diercks as field man in the Failed Bank

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Department, with compensation at the rate of \$275 per month; the Committee recommending approval.

Approved.

Letter dated January 22nd from the Federal Reserve Agent at New York, advising of authorization issued by the New York State Banking Department to the Manufacturers and Traders Trust Company of Buffalo for the establishment of a branch at 2658 Main Street, Buffalo, the former location of the Central Park Bank of Buffalo which has been merged with the Manufacturers and Traders Trust Company.

Noted.

Memorandum from the Division of Examinations with reference to letter dated January 20th from the Assistant Federal Reserve Agent at New York, transmitting and recommending approval of a request of The Municipal Bank, Brooklyn, N. Y., for an extension of thirty days from January 15th of the period in which they may accept conditions of membership in the System; the memorandum also recommending approval of the extension.

Approved.

Letter dated January 18th from the Chairman of the Federal Reserve Bank of Boston, advising that the Union Trust Company of Providence, R. I. has not yet established the branch at Pawtucket approved by the Board on February 10, 1925, and requesting that the Board's permission for the establishment of this branch be extended until July 15, 1926.

Thereupon ensued a discussion during which Mr. James suggested that such an extension would

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not seem to be necessary inasmuch as Pawtucket is contiguous to the city of Providence, and the Union Trust Company can at such time as it is ready to establish a branch there file application for permission to do so under the Board's Regulation H.

After discussion, the Secretary was directed to advise the Chairman of the Federal Reserve Bank of Boston accordingly.

The Vice Governor then presented matter approved on initials on January 22nd, namely, letter dated January 21st from the Governor of the Federal Reserve Bank of New York, advising of the action of the board of directors of that bank in authorizing an offer of \$600,000 for the purchase of the Manufacturers and Traders National Bank Building in Buffalo as quarters for the Branch Federal Reserve Bank there, subject to the approval of the Federal Reserve Board and the approval of Congress if necessary; the Governor in his letter stating that the Executive Committee of the Manufacturers and Traders Trust Company has accepted their offer, subject to the conditions mentioned, and it is expected that the board of directors of the bank will affirm this action this week; the Governor further stating that the directors of the Federal Reserve bank having determined they should not make the purchase without Congressional authority, it is their purpose, as soon as possible, to have the necessary resolutions introduced in Congress.

Upon motion, it was voted formally to approve of the Federal Reserve Bank of New York purchasing the building mentioned at a price not to exceed \$600,000 and to interpose no objection to the introduction of a Congressional resolution authorizing the expenditure.

Letter dated January 21st from the Deputy Governor of the Federal Reserve Bank of New York, enclosing and requesting approval of a proposed form of agree-

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ment between that bank and the Swiss National Bank, similar to those entered into with other foreign central banks.

Upon motion, the proposed agreement was approved.

Letter dated January 21st from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that date reviewed and made no changes in the existing schedule of rates of discount and purchase in effect at that bank.

Noted, with approval.

Telegram dated January 20th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the board of directors on that date made no change in the existing schedule of rates of discount and purchase in effect at that bank.

Noted, with approval.

Telegram dated January 22nd from the Chairman of the Federal Reserve Bank of Chicago, advising that the Executive Committee on that date made no change in the existing schedule of rates of discount and purchase in effect at that bank.

Noted, with approval.

Telegrams dated January 20th and 21st from the Chairman of the Federal Reserve Bank of St. Louis, advising of rates of discount and purchase in effect at that bank.

Noted, with approval.

Telegram dated January 21st from the Chairman of the Federal Reserve Bank of San Francisco, advising of rates of discount and purchase in effect

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at that bank.

Noted, with approval.

Letter dated January 22nd from the Deputy Governor of the Federal Reserve Bank of New York, advising that money conditions there are easing considerably with the result that a moderate demand for short term government securities has sprung up, and advising further that they are inclined to the view that it might be well to supply the market from time to time with a moderate amount of these securities, not exceeding \$50,000,000, from the System's Open Market Investment Account, as and when they receive definite orders for same.

Noted, with approval.

Telegram dated January 19th from the Chairman of the Federal Reserve Bank of Chicago, advising of time and demand loans made by member banks in that city to brokers on stock exchange collateral, both for their own account and for account of correspondent banks, during the weeks ending January 6th and January 13th, in both the Chicago and New York markets.

Noted.

Memorandum from Counsel dated January 22nd, submitting letter to the Secretary of the Treasury, requesting him to transmit to the Attorney General of the United States a form of letter enclosed, requesting an opinion as to the legal authority of the Federal Reserve Board or a Federal Reserve bank to abolish or discontinue an existing Federal Reserve Branch Bank, the continuance of which it believes to be unnecessary.

After amendment to the proposed letter to the Attorney General, to be signed by the Secretary of the Treasury, both letters were approved.

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Memorandum dated January 20th from Assistant Counsel, submitting letters to the Chief of the Division of Bookkeeping and Warrants and to the Commissioner of the Public Debt, both of the Treasury Department, with reference to H. R. 660, a bill to direct the Secretary of the Treasury to pay the sum of \$200,000 to the Banks College of Philadelphia for damages alleged to have been sustained by the College in 1918 due to the failure of the Federal Reserve Bank of Philadelphia to renew a lease held by the College on space in a building owned by the Federal Reserve Bank.

Upon motion, the proposed letters were approved.

Letter dated January 20th from the Chairman of the Federal Reserve Bank of Atlanta, advising of the death on January 17th of Mr. P. R. Kittles, Class "A" director of that bank.

Noted.

Memorandum from Counsel dated January 20th, with reference to the application of Mr. Lee A. Phillips for permission to serve at the same time as director of the California Trust Company and the First National Bank, both of Los Angeles, California; Counsel stating that these institutions do not compete in any way and the application may legally be granted, but calling attention to the fact that the First National Bank competes with the California Bank, an affiliation of the California Trust Company. The Law Committee reported further that the California Trust Company competes with the Pacific Southwest Trust and Savings Bank, which is affiliated with the First National Bank.

Upon motion by Mr. Hamlin, it was voted to approve Mr. Phillips' application.

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At this point, Mr. McIntosh entered the meeting and the Board proceeded with a hearing to show cause why the Peoples Bank and Trust Company, Bell Buckle, Tenn. 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.

No one appearing on behalf of the Peoples Bank and Trust Company, Bell Buckle, Tennessee, at the said hearing before the Federal Reserve Board, that bank having waived its right to appear at the said hearing under the terms of Section 9 of the Federal Reserve Act; and it appearing to the Federal Reserve Board that the said Peoples Bank and Trust Company, Bell Buckle, Tennessee, has failed to comply with the provisions of Section 9 of the Federal Reserve Act in that it has reduced its capital stock to an amount less than that required by Section 9 of the Federal Reserve Act of State banks and trust companies which are members of a Federal reserve bank;

Upon motion duly made and seconded, the following resolution was unanimously adopted by those present:

WHEREAS, it appears to the Federal Reserve Board from a consideration of the evidence and information received by it that the Peoples Bank and Trust Company, Bell Buckle, Tennessee, has failed to comply with the provisions of Section 9 of the Federal Reserve Act in that it has reduced its capital stock to an amount less than that required by Section 9 of the Federal Reserve Act of State banks and trust companies which are members of a Federal reserve bank;

NOW, THEREFORE, BE IT RESOLVED, that the Federal Reserve Board require and direct the Peoples Bank and Trust Company, Bell Buckle, Tennessee, under the terms of Section 9 of the Federal Reserve Act as amended 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 as of the date on which notice of this action on the part of the Federal Reserve Board is received by the said bank.



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The Vice Governor then presented application of the Orange City National Bank of Orange City, Iowa, for permission to exercise general fiduciary powers; together with a memorandum from the office of the Comptroller of the Currency recommending approval of the application. Mr. Platt stated that he had been unwilling to recommend approval because of the \$25,000 capitalization of the institution.

After discussion, Mr. Hamlin moved approval of the application.

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

Letter dated January 22nd from the Chairman of the Federal Reserve Bank of Chicago, transmitting and advising of action by the board of directors of that bank on report submitted by a special committee appointed to consider the question of the erection of a building to house the Detroit Branch of that bank; the Chairman calling attention to a suggestion of the special committee, approved by the board of directors of the bank, that the Board send its own committee to Detroit for the purpose of considering the entire matter with the joint committee of the Federal Reserve Bank of Chicago and the Detroit Branch.

After discussion, Mr. James moved that the above matter be referred to the Committee on District #7 with the request that the Committee make a personal investigation by visit and report to the Board.

Carried.

The minutes of the meetings of the Federal Reserve Board held on January 19th and 21st were then read and approved.

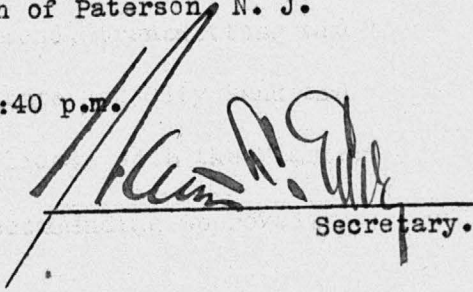
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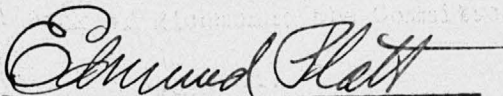
REPORTS OF STANDING COMMITTEES:

- Dated, January 20th, 21st, 23rd, 25th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, January 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, January 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Ordered held.
- Dated, January 20th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, January 18th, Recommending approval of the application of Mr. Walter Heymann for permission to serve at the same time as Vice President of the First National Bank, Chicago, Ills. and as director of the Liberty Trust and Savings Bank, Chicago, Ills.  
Approved.
- Dated, January 22nd, Recommending approval of the application of Mr. Whitfield Smith for permission to serve at the same time as director of the First National Bank and director of the Eastside National Bank, both of Paterson, N. J.  
Approved.
- Dated, January 22nd, Recommending approval of the application of Mr. Henry A. Williams for permission to serve at the same time as director of the First National Bank and as director of the Eastside National Bank, both of Paterson, N. J.  
Approved.
- Dated, January 22nd, Recommending approval of the application of Mr. Frederick D. Bogert for permission to serve at the same time as officer of the First National Bank and as director of the Eastside National Bank, both of Paterson, N. J.  
Approved.

The meeting adjourned at 12:40 p.m.

  
Secretary.

Approved:

  
Vice-Governor.