

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 26, 1926, at 11:30 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on January 25, 1926 were read and approved as amended.

Telegram dated January 25th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the procedure outlined therein governing the election of a Class "A" director of that bank for the unexpired term of Mr. P. R. Kittles, deceased.

Approved.

Letter dated January 20th from the Federal Reserve Agent at San Francisco, advising that Mr. Louis H. Moore, Assistant Chief Examiner in his Department, has tendered his resignation, effective as of February 1, 1926.

Noted.

Report of Committee on Examinations on letter dated January 23rd, from the Assistant Federal Reserve Agent at Richmond, transmitting and recommending approval of an application of the State and City Bank and Trust Company, Richmond, for permission to consolidate with the Planters National Bank of Richmond; the Committee also recommending approval.

Approved.

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Report of Committee on Salaries and Expenditures on letter dated January 20th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting approval of the action of the board of directors of that bank in voting to grant a leave of absence not exceeding three months to Mr. John P. Maguire, an employee of the Accounting Department; the Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated January 21st from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of the action of the board of directors of that bank in voting to grant leave of absence, with pay, until March 1, 1926, to Mr. George D. Baylor of the Accounting and Planning Department; the Committee also recommending approval.

Approved.

Letter dated January 23rd from the Governor of the Federal Reserve Bank of Minneapolis, with reference to the authority of one Federal Reserve bank to rediscount with another Federal Reserve bank collateral notes discounted for its member banks; the Governor expressing the opinion that a Federal Reserve bank may rediscount such notes with another Federal Reserve bank under Section 11 of the Federal Reserve Act, but suggesting that if this interpretation of the Act is not correct Section 11 should be amended so that one Federal Reserve bank can rediscount such notes for another Federal Reserve bank and suggesting further that Section 11 be amended so

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as to provide that one Federal Reserve bank may discount for another its own note collateralized by eligible paper, United States government obligations or member bank notes collateralized by eligible paper or government obligations.

Referred to Counsel.

Letters dated January 18th and 21st, respectively, from the Chairmen of the Federal Reserve Banks of Kansas City and Dallas, with respect to applications for transfer from the 11th to the 10th Federal Reserve District filed with the Board by the First National Bank and the Albuquerque National Bank of Albuquerque, New Mexico, and by the First National Bank of Belen, New Mexico.

Ordered circulated.

Report of Committee on Salaries and Expenditures on letter dated January 25th from the Chairman of the Federal Reserve Bank of New York, requesting approval of the action of the board of directors of that bank in granting two months' leave of absence to Mr. L. F. Sailer, Deputy Governor; the Committee recommending approval.

Approved.

Memorandum dated January 23rd from Counsel, with reference to the application of the First National Bank of West Point, Georgia, for permission to act as trustee; the Board on January 7, 1926 having voted to defer action on an application of the bank for permission to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates and committee of estates of lunatics; Counsel expressing the opinion that the Board has legal authority to grant to a national bank the right to act as

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trustee for any mortgage bond issue, rather than trustee generally, which action is recommended by the Law Committee in the case of the First National Bank of West Point, Ga.

After discussion, it was voted to refer the above application to the Comptroller of the Currency for recommendation.

Report dated January 19th by the Special Committee, consisting of Messrs. Miller and James, appointed at the meeting on January 11th, to report a revision of the Board's Regulations with respect to the appointment and service of directors of Branch Federal Reserve banks (Board's circular letter, X-3956, January 25, 1925); the Committee recommending that Paragraphs 1 and 6 of the above letter 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) The full term for other Directors shall be three years where Branch Boards consist of seven members and two years where Branch Boards consist of five members.

In order to make practicable an orderly rotation of Branch Directorships the terms of Directors other than the Managing Director shall be so arranged that two will expire each year - one, the term of a Director appointed by the Federal Reserve Board, the other, that of a Director appointed by the Federal Reserve Bank. (While the Federal Reserve Board feels it to be desirable to have rotation in office of Branch Directors the rule is not mandatory.)"

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After discussion, Mr. Hamlin moved that the proposed revised Paragraph 1 be further revised to read as follows:

"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 bank of the District concerned, subject to the approval of the Federal Reserve Board, etc."

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

Mr. Hamlin then moved approval of the proposed revision of the Board's letter, X-3956, as amended above.

Carried.

Letter dated January 21st from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the action of the board of directors of that bank in voting to approve for Mr. H. S. McKee, member of the Advisory Council from that District, the sum of \$750 as compensation and allowance to cover traveling expenses for each Federal Advisory Council meeting in Washington which he attends.

Approved.

The Vice Governor then stated that special order business for this morning's meeting was consideration of the report dated January 19th, submitted at the meeting on that day by the Special Committee, consisting of Messrs. Miller, James and Platt, appointed to recommend a revision of the By-laws of the Board; copies of the revised draft of the By-laws recommended by the Committee having been distributed among the members of the Board.

The Board then considered separately the various sections of the Committee's revised draft and tentatively

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adopted same with certain amendments; the Committee being requested to prepare a redraft of the By-laws, including the amendments suggested by the Board, for submission at a later meeting.

REPORTS OF STANDING COMMITTEES:

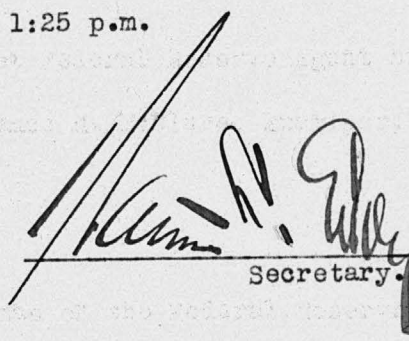
Dated, January 25th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.

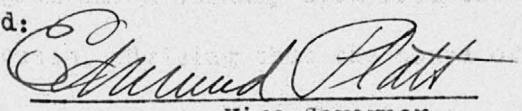
Approved.

Dated, January 25th, Recommending approval of the application of Mr. Samuel Tabak for permission to serve at the same time as director of the Bridgeport National Bank, Bridgeport, Pa. and as director of the Montgomery Trust Company, Norristown, Pa.

Approved.

The meeting adjourned at 1:25 p.m.


Secretary.

Approved: 
Vice Governor.