

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, March 18, 1926 at 10:45 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on March 16th were read and approved as amended.

Telegram dated March 17th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated March 17th from the Chairman of the Federal Reserve Bank of St. Louis, advising that the board of directors had made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Bond of Mr. Thomas M. Jones, Assistant Federal Reserve Agent at the Pittsburgh Branch of the Federal Reserve Bank of Cleveland, in the amount of \$50,000.

Approved.

Letter dated March 16th from the Chairman of the Federal Reserve Bank of Boston, advising that Mr. Charles H. Manchester, Class C Director of the Bank, has resigned as trustee and member of the board of investment of the Peoples Savings Bank of Providence; the letter stating that this

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action was taken as a result of the recent opinion of the Attorney General regarding the eligibility of trustees of mutual savings banks to serve as Class B and C directors of Federal Reserve banks.

Noted.

Letter dated March 17th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the recent opinion of the Attorney General regarding the eligibility of trustees of mutual savings banks to serve as Class B and C directors of Federal Reserve banks affects two of the directors of the Federal Reserve Bank of Philadelphia, Mr. Edwin S. Stuart who is a director of the Western Saving Fund Society and Mr. Alba B. Johnson, a director of the Philadelphia Saving Fund Society, and also Governor Norris who is a director of the Beneficial Saving Fund Society; the Chairman describing the institutions as philanthropic and stating they have heretofore been classed with hospitals, homes, etc., and not with banks.

Referred to Counsel.

Letter dated March 16th from the Federal Reserve Agent at Chicago, referring to the recent opinion of the Attorney General, holding a trustee, officer or employee of a mutual savings bank ineligible to serve as Class B or C director of a Federal Reserve bank, and stating he assumes that on the basis of this opinion a director of a national bank who is also a director of a mutual savings bank must file an application for permission to so serve.

Referred to Counsel.

Memorandum from Counsel dated March 18th, submitting for publication in the forthcoming issue of the Federal Reserve Bulletin the Board's recent

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ruling on the eligibility for discount of factors' notes covering advances to producers of eggs, poultry and butter and the recent opinion of the Attorney General with reference to the eligibility of a trustee, officer, or employee of a mutual savings bank to serve as a Class B or C Director of a Federal Reserve bank.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 12th from the Chairman of the Federal Reserve Bank of Kansas City, requesting approval of the employment of Mr. Oliver Arnold as special agent to look after the collection of rediscounts held from the failed Stockmen's National Bank, Brush, Colorado, at a salary of \$3,000 per annum; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 11th from the Federal Reserve Agent at Dallas, advising of the resignation of Mr. Albert E. Lanier, a Field Representative of the Bank Relations Department, and requesting the Board's approval of the appointment to the vacancy, at a salary of \$3,000 per annum, of Mr. W. C. Franklin who has been doing temporary work in the Insolvent Banks Department; the Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated February 28th from Mr. John Perrin, then Federal Reserve Agent at the Federal Reserve Bank of San Francisco, recommending that the salary of Mr. Allan Sproul, Assistant Federal Reserve Agent be increased from \$5600 to \$6500 per annum, and that

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the salary of Miss Helene S. Eichaker, Secretary to the Federal Reserve Agent, be increased from \$175 to \$250 per month; the letter stating that the present Federal Reserve Agent, Mr. Newton, concurs in the recommendation.

During the discussion which followed, Mr. Miller suggested that the increases recommended were excessive and expressed the opinion that a \$400 a year increase for each employee would be sufficient at the present time.

Mr. James then moved that the matter be referred to Mr. Miller, as Chairman of the Board's Committee on District #12, with the request that he address a confidential letter to Mr. Newton inquiring whether it would be satisfactory to him to have the proposed increases reduced.

Carried.

Report of Committee on Examinations on letter dated March 11th from the Federal Reserve Agent at Boston, with further reference to the application of the Union Trust Company of Providence, R. I. for permission to establish a branch in Pawtucket, which the Board on February 15th voted to approve subject to the receipt of a favorable recommendation from the Directors' Committee of the Federal Reserve Bank of Boston; the Agent advising that their Directors' Committee recommends that the application be granted.

The Committee on Examinations calling attention to the fact that the application has not yet received the approval of the State Banking Department, it was voted to approve same subject to approval by the State authorities.

Report of Committee on Salaries and Expenditures on letter dated March 16th from the Secretary of the Federal Reserve Bank of Atlanta, advising of the action of the board of directors of that bank in voting to increase the salary of Mr. Roy Milling, Senior Clerk in the Money Department, from \$2700 to \$3,000 per annum, effective March 1st; the Board's Committee recommending

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approval.

Approved.

Memorandum from Counsel dated March 16th, with reference to letter dated March 12th from the Public Printer advising that Congress is preparing to publish at an early date a complete codification of all Federal laws up to the Sixty-ninth Congress, and asking to be advised as to how many copies will be required by the Board; Counsel stating that his office will need only one copy of the codification, but suggesting that before answering the inquiry it be ascertained how many copies the Board desires for the use of members and other offices.

Referred to the Vice Governor
with power.

Mr. James then reported that the Chairman of the Committee on Banking and Currency of the House of Representatives had requested yesterday that such members of the Board as were available or cared to do so appear before the Committee, and in response to this invitation Mr. Cunningham, Mr. Miller and he attended the Committee meeting. He stated that the principal matters discussed at the meeting were the joint resolutions authorizing the construction of buildings for the Baltimore and Detroit Branches and that the Banking and Currency Committee requested the Board's Committee to furnish certain data regarding the cost of land, buildings, furniture and equipment in the Federal Reserve System which the Board's Committee agreed would be furnished and is now having prepared. He stated that the Committee also requested information of the subject of charge offs, franchise taxes and other information, most of which will appear in the Board's Annual Report. He stated

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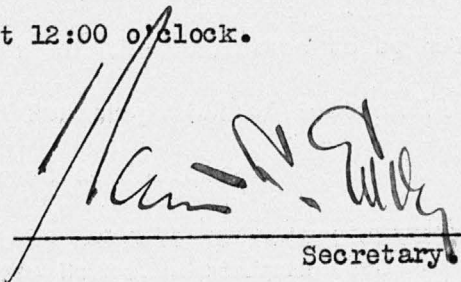
that they had also discussed the open market operations of the System, that Mr. Miller had discussed the subject and had removed certain impressions held by members of the House Committee regarding the relationship between the Federal Reserve System and the Bank of England. He stated that on the whole, the conference had been a most satisfactory one to the Board's representatives and apparently to the members of the Committee.

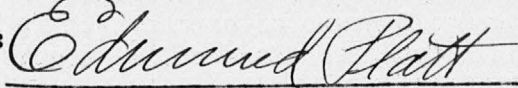
Upon motion by Mr. Hamlin, it was voted to approve the action of the Board's Committee in agreeing to furnish the information desired by the House Committee.

REPORTS OF STANDING COMMITTEES:

- Dated, March 16th, Recommending changes in stock at Federal Reserve Banks
17th, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, March 13th, Recommending action on applications for fiduciary powers
14th, as set forth in the Auxiliary Minute Book of this date.
Refused.
- Dated, March 17th, Recommending action on application for admission of state
banks, 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.

The meeting adjourned at 12:00 o'clock.


Secretary

Approved: 
Vice-Governor.