

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, March 29, 1926 at 11:00 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on March 18th, 22nd and 25th were read and approved.

Matter approved on initials on March 25th, namely, telegram dated March 25th from the Federal Reserve Agent at Dallas, requesting approval of application made by the receiver of the State National Bank, Albuquerque, New Mexico, for the surrender of 150 shares of Federal Reserve bank stock formerly held by that institution.

Upon motion, the application was formally approved.

Matter approved on initials on March 27th, namely, application of The Port Richmond National Bank of Port Richmond, N. Y. for permission to exercise general fiduciary powers.

Upon motion, the above application was formally approved.

Telegram dated March 24th from the Chairman of the Federal Reserve Bank of Boston, advising that the board of directors on that day made no change in their existing schedule of rates of discount and purchase.

Noted.

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Letter dated March 25th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that date considered the bank's existing schedule of rates of discount and purchase and no changes were made.

Noted.

Telegram dated March 26th from the Chairman of the Federal Reserve Bank of Chicago, advising that the board of directors at their meeting on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated March 26th from the Secretary of the Federal Reserve Bank of Minneapolis, advising that no meeting of the board of directors of that bank has been held since January on account of inability to obtain a quorum and that, therefore, no change has been made in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated March 25th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors on that day made no change in the schedule of rates of discount and purchase in effect at that bank.

Noted.

Bond of Mr. Isaac B. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, dated March 1, 1926 in the amount of \$100,000.

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Approved.

Report of Executive Committee on letter dated March 26th from the Acting Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner B. J. Bleakley, to be assigned to the Fourth Federal Reserve District; the Committee also recommending approval.

Approved.

Memorandum dated March 25th from the Secretary referring to the recent action of the Board in approving the transfer of Valencia and Bernalillo counties, New Mexico, from the Eleventh to the Tenth Federal Reserve District, the change to be effective on a date mutually agreeable to the Federal Reserve Banks of Kansas City and Dallas; the Secretary reporting that during the recent Governors' Conference Governors Bailey and Talley suggested April 15th as a satisfactory date for the transfer and that formal orders are being prepared accordingly.

Noted, with approval.

Memorandum from Counsel dated March 25th, with reference to the application of Mr. Theodore L. Bean for permission to serve at the same time on the directorates of the Montgomery National Bank and the Montgomery Trust Company, both of Norristown, Pa., action on which has not been taken by the Board pending the arrangement of a conference between representatives of the banks involved and the Board's Clayton Act Committee; Counsel recommending approval of a suggestion made by the Assistant Federal Reserve Agent at Philadelphia that action on Mr. Bean's application be deferred pending the possible enactment of an amendment to the Clayton Act which is now pending in Congress.



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Upon motion, the suggestion was approved and action on the above application was deferred.

Letter dated March 18th from the Chairman of the Federal Reserve Bank of San Francisco, advising that at the meeting of the board of directors on that day it was voted that no exhibit be prepared by the Federal Reserve Bank of San Francisco for presentation at the annual convention of the American Bankers' Association, to be held in Los Angeles during the Autumn of 1926.

Noted.

Matter approved on initials on March 27th, namely, favorable report of the Committee on Examinations on letter dated March 19th from the Federal Reserve Agent at Cleveland, recommending approval of an application of the Guardian Trust Company, Cleveland, for permission to establish a branch at the southwest corner of Pearl Road and Broadview Road, Cleveland.

Upon motion, the above application was formally approved.

The Secretary then stated that there were on the docket several applications of state banks for permission to establish branches which, under the By-laws and the Board's ruling pursuant thereto, should have been brought up at the meeting last Thursday. He stated, however, that as no regular meeting of the Board was held on that day or since, the applications were still pending and unless brought up by unanimous consent would have to wait action until next Thursday's meeting.

By unanimous consent, the Governor was requested to present the applications in question to the Board.

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Report of Committee on Examinations on letter dated March 24th from the Chairman of the Federal Reserve Bank of New York, advising of a pending consolidation of the City National Bank of Plainfield, N. J., with the Plainfield Trust Company; the Committee recommending approval of the consolidation.

Upon motion, it was voted to interpose no objection thereto.

Report of Committee on Examinations on letter dated March 19th from the Federal Reserve Agent at Cleveland, recommending approval of an application of the Cleveland Trust Company for permission to establish a branch at the intersection of Cedar and Fairmont Roads, Cleveland Heights, Ohio; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated March 15th from the Federal Reserve Agent at San Francisco, with reference to the application of the Pacific Southwest Trust and Savings Bank, for permission to discontinue its branch at 727-729 North Broadway, Los Angeles, effective as at the close of business April 17, 1926 and to transfer same to another location at a later date; the Committee recommending approval of a recommendation of the Federal Reserve Agent that the bank be permitted to discontinue the branch referred to, but that, if the new location selected is to serve a new community transfer of the branch be treated as a new application and considered on its merits.

Upon motion, the recommendation of the Committee was approved.

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Report of Committee on Examinations on letter dated March 19th from the Federal Reserve Agent at Richmond, transmitting and recommending approval of an application of the Baltimore Trust Company, Baltimore, Md. for permission to open a tellers' window branch at 1501-1503 North Gay Street, Baltimore; the Committee also recommending approval.

Approved.

Telegram and letter dated March 22nd from the Federal Reserve Agent at San Francisco, advising that the Superintendent of Banks of California has approved the application of the Pacific Southwest Trust and Savings Bank for permission to take over the Fairview Heights Agency of the First National Bank of Inglewood and to operate same as a branch; the Board on March 11th having approved the taking over of the First National Bank of Inglewood, but deferred action as to the Fairview Heights Agency pending approval of the State Superintendent.

Upon motion, it was voted to approve the taking over of the agency by the Pacific Southwest Trust and Savings Bank and the establishment of a branch in its premises.

Memorandum from Mr. James dated March 25th on letter dated March 20th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the action of the board of directors of that bank in authorizing appropriations totaling \$7600 for welfare and educational work through the Federal Reserve Clubs at the parent bank and branches the expenses of which activities have previously been defrayed by contributions of notarial fees, a practice discontinued at the direction of the Board; Mr. James in his memorandum, which



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at his suggestion has been circulated among the members of the Board, setting forth certain circumstances which cause him to feel a justification for approval of the action of the Atlanta directors. During the discussion which ensued members of the Board criticized certain items of entertainment, etc. contemplated by the appropriation.

Mr. Hamlin moved approval of the appropriation, it being understood that in the letter of advice to the Federal Reserve Bank of Atlanta attention will be called to the items which certain members of the Board disapprove.

Carried.

Memorandum from Counsel dated March 25th with reference to application of the National City Bank of New York, for permission to change the location of the head office of its Italian Branch at any time or from time to time and to locate same in Genoa, Florence, Milan, Naples, Palermo, Rome, Turin or Venice, as it may from time to time appear advisable, and to continue sub-branches, agencies or offices in such of the named places as shall not for the time being mark the location of the main office, prompt notification of any change to be given to the Board by letter; Counsel stating that in his opinion there is no legal reason why this application should not be granted and submitting the following form of order which, upon motion, was adopted and ordered spread upon the minutes:

"THE NATIONAL CITY BANK OF NEW YORK, having on or about May 18, 1916, filed an application with this Board for the purpose of obtaining authority to establish an Italian Branch, with its main office in the City of Genoa, in the Kingdom of Italy, and with sub-branches, agencies or offices in each of the cities of Florence, Milan, Naples, Palermo, Rome, Turin and Venice, all in the said Kingdom, or in any of the said places, and the said application having been granted by an Order of this Board dated May 25, 1916, and the said Bank having on or about July 29, 1924, filed an application supplementary to the said application

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"of May 18, 1916, asking for an Order amendatory to the said Order of May 25, 1916, authorizing it to transfer the main office of its Italian Branch from the City of Genoa, in the Kingdom of Italy, to the City of Milan, in the Kingdom of Italy, and to continue to maintain or to establish sub-branches agencies or offices in the Cities of Florence, Genoa, Naples, Palermo, Rome, Turin and Venice, all in the Kingdom of Italy, or in any of the said places as may seem advisable to the Board of Directors of said Bank, and the said Supplementary Application having been granted by an Order of this Board dated August 14, 1924; and the said Bank having on March 16, 1926, filed an application further supplementary to the said application of May 18, 1916, asking for an order amendatory to the said Order of August 14, 1924; and the said further Supplementary Application having been considered; and the first part of the said further Supplementary Application applying for authorization to transfer the main office of the said Italian Branch from the City of Milan in the Kingdom of Italy to the City of Genoa in the Kingdom of Italy and to continue to maintain or to establish sub-branches, agencies or offices in the cities of Florence, Milan, Naples, Palermo, Rome, Turin and Venice, all in the Kingdom of Italy, or in any of the said places as may seem advisable to the Board of Directors of said bank, having been approved by the Federal Reserve Board on March 20, 1926; and it now appearing to the Board that the remainder of the said further Supplementary Application applying for authority to locate the main office of the said Italian Branch at any time or from time to time in Genoa, Florence, Milan, Naples, Palermo, Rome, Turin or Venice as it may at any such time appear advisable to said bank and to continue sub-branches, agencies or offices in such of the named places as shall not for the time being mark the location of the said main office, is properly made under the laws of the United States of America, and should be granted, Now, therefore, it is

ORDERED that the remainder of the said further Supplementary Application be and it hereby is approved and that the said bank be and it hereby is authorized to locate the main office of the Italian Branch at any time or from time to time in Genoa, Florence, Milan, Naples, Palermo, Rome, Turin or Venice as it may at any such time appear advisable to said bank and to continue sub-branches, agencies or offices in such of the named places as shall not for the time being mark the location of the said main office, provided prompt notification of any such change is given to the Federal Reserve Board by said bank by letter."



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Memorandum from the Secretary dated March 27th advising that in accordance with the request of the Board made at its meeting on March 23rd, the recent Governors' Conference appointed a special committee consisting of Messrs. Harding, Fancher, Young, Bailey and Talley to confer with the Board and to aid it in reaching a conclusion with respect to the question of the continuance of the non-cash collection function of the Federal Reserve banks; the Secretary stating that on March 24th following adjournment of the Conference an informal meeting was held with the Committee but no conclusion was reached, and it was understood that the members of the Committee will transmit to the Board by letter their views on the question under consideration.

Noted.

In this connection, Mr. James presented a telegram addressed to the Board under date of March 27th by the President of the Salt Lake City Clearing House Association, requesting consideration of the question of the advisability of discontinuing the present practice of the Federal Reserve banks of handling non-cash collections.

Noted.

Report of Committee on Examinations referring to the Board's action of February 16th in submitting to it advice of the action of the November, 1925, Conference of Federal Reserve Agents in referring to a Standing Committee on Examinations the question of the advisability and practicability of coordinating the examining work of the Federal Reserve System under the supervision of the Board, acting through its Division of Examination; the Board's Committee reporting that it is advised that the Committee of Agents

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contemplates a meeting with the Board on April 5th and the rendition of a report covering the whole subject of bank examinations.

Noted.

Report of Committee on Salaries and Expenditures with reference to the action of the Federal Reserve Agents' Conference of November, 1925, in adopting a resolution to the effect - "That it is not necessary that an Assistant Federal Reserve Agent be appointed in any branch at which unissued Federal Reserve notes are not carried"; the Board's Committee stating that it concurs in the view of the Agents, as expressed in the resolution and recommending that same be adopted as a ruling of the Federal Reserve Board.

Upon motion by Mr. Cunningham, it was voted that Counsel be instructed to prepare a formal ruling giving effect to the resolution adopted by the Conference.

Mr. Hamlin then referred to the action of the Board on March 23rd in referring back to the Law Committee draft of a further letter to the Federal Reserve Agent at New York, regarding the absorption of the Central Park Bank and the Riverside National Bank, both of Buffalo, by the Manufacturers and Traders Trust Company of Buffalo, and the absorption of the Flatbush State Bank by the Mechanics Bank of Brooklyn; the proposed letter requesting the Federal Reserve Agent to investigate and furnish the Board with certain further information regarding the consolidations. Mr. Hamlin stated that in view of the fact that since

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the Board's letter of February 15th to the Federal Reserve Agent at New York he has been furnishing the Board with full information regarding consolidations, etc. he did not believe the proposed further letter should be transmitted.

Mr. Hamlin moved that the Board note without objection the consolidations referred to, and that the proposed letter be laid on the table.

Carried.

Mr. Hamlin then referred to the Board's action of March 9th in voting that Washington be designated as the future meeting place of the Open Market Investment Committee, except when the Committee is authorized by the Board to meet elsewhere, and in accordance with the informal request made of him several days ago submitted the following resolution:

"WHEREAS, on March 9, 1926, the Federal Reserve Board passed the following resolution:

'That Washington be designated as the future regular meeting place of the Open Market Investment Committee, except when the Committee is authorized by the Board to meet elsewhere.'

Now, therefore, the Governor is authorized and directed to arrange, from time to time, with the Chairman of said Committee, meetings at other places than Washington, at such times and at such places as may be desirable from the nature of the business to be transacted, and as may serve the convenience of the Board and said Committee."

Thereupon ensued discussion, during which Mr. Miller suggested that the proposed resolution be amended to read as follows:

"WHEREAS, on March 9, 1926, the Federal Reserve Board passed the following resolution:



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"That Washington be designated as the future regular meeting place of the Open Market Investment Committee, except when the Committee is authorized by the Board to meet elsewhere."

Now, therefore, the Governor is directed to advise, from time to time, after consultation with the Chairman of said Committee, when in his opinion it is desirable from the nature of the business to be transacted that meetings of the Committee be held at places other than Washington."

After discussion, upon motion by Mr. Hamlin, the above resolution, as amended, was adopted, Governor Crissinger voting "no".

Letter dated March 23rd from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Crocker First National Bank of San Francisco for permission to accept drafts or bills of exchange drawn upon it up to 100% of its capital and surplus, in accordance with the provisions of Section 13 of the Federal Reserve Act.

Approved.

REPORTS OF STANDING COMMITTEES:

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|--------------------|--|
| Dated, March 24th, | Recommending changes in stock at Federal Reserve Banks   |
| 26th,              | as set forth in the Auxiliary Minute Book of this date.  |
| 27th,              | Approved.  |
| 28th,              |  |
| Dated, March 23rd, | Recommending action on applications for fiduciary powers |
| 27th,              | as set forth in the Auxiliary Minute Book of this date.  |
|                    | Approved.  |
| Dated, March 27th, | Recommending action on application for fiduciary powers  |
|                    | as set forth in the Auxiliary Minute Book of this date.  |
|                    | Ordered held.  |
| Dated, March 24th, | Recommending action on application for fiduciary powers  |
|                    | as set forth in the Auxiliary Minute Book of this date.  |
|                    | Refused.   |

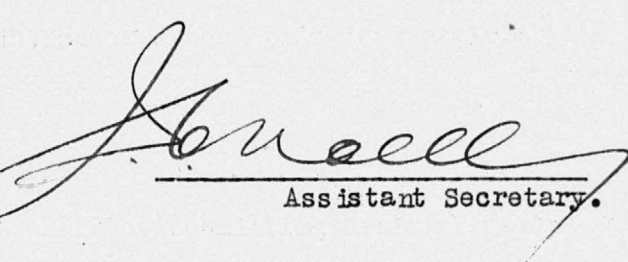
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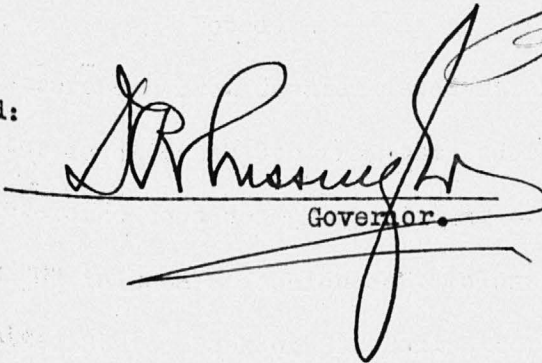
REPORTS OF STANDING COMMITTEES: (Cont'd)

- Dated, March 24th, 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, March 26th, Recommending approval of the application of Mr. R. T. McCready for permission to serve at the same time as director of the Exchange National Bank, as director of the Ohio Valley Bank and as director of the Franklin Savings and Trust Company, all of Pittsburgh, Pa.  
Approved.
- Dated, March 27th, Recommending approval of the application of Mr. G. H. McMichael for permission to serve at the same time as director and officer of the Citizens National Bank and as director and officer of the Citizens Trust and Savings Bank, both of South Bend, Ind.  
Approved.
- Dated, March 25th, Recommending approval of the application of Mr. T. D. Scales for permission to serve at the same time as director of the Citizens National Bank, Evansville, Ind. as President of the Farmers and Merchants National Bank, Boonville, Ind. and as Vice President and director of the City National Bank, Boonville, Ind.  
Approved.

The meeting adjourned at 12:50 p.m.

  
 Assistant Secretary.

Approved:

  
 Governor.