

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 31, 1926 at 11:15 a.m.

PRESENT: Governor Crissinger
Mr. 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 29th were read and approved.

Memorandum from the Acting Director of the Division of Research and Statistics, dated March 29th, recommending that Mrs. Viola A. Hodson, a clerk in that office, be granted additional leave on account of illness of twenty-three days beyond the regular thirty day period.

Approved.

Letter dated March 29th from the Federal Reserve Agent at New York, advising that the New York State Banking Department has authorized the Corn Exchange Bank to open a branch, on or after April 1st, at 1934 Broadway, New York City.

Noted.

Memorandum from Counsel dated March 29th, submitting draft of reply to letter dated March 9th from the Federal Reserve Agent at St. Louis, with reference to a design consisting of the letter "S" placed over the letter "U" in such a fashion as to closely resemble the dollar sign which the United States Bank of St. Louis proposes to use on its letterheads and in its advertisements; the proposed reply stating that the Board is

3/31/26

-2-

of the opinion that it should not approve the design in question, and requesting the Federal Reserve Agent to advise the bank of the Board's disapproval.

Upon motion, the proposed letter was approved.

Memorandum from Counsel on letters dated January 19th and 30th, respectively, from the Governor of the Federal Reserve Bank of Dallas and the Chairman of the Federal Reserve Bank of Kansas City, regarding the establishment of funds for the purpose of making loans to needy employees of the banks by setting aside proceeds of group life insurance policies on employees for whom the banks have been unable to locate beneficiaries; Counsel stating he is inclined to think that the proceeds of the insurance policies are held in a trust capacity and that inasmuch as the loans to be made are approved by the officers of the banks and are in their judgment safe and proper, and the trust funds are kept intact against any possible future claim, he is of the opinion that there is no legal objection to the arrangement proposed.

Upon motion, the opinion expressed in Counsel's letter was adopted and it was voted to approve the establishment of the funds in question.

Memorandum from Counsel dated March 29th submitting, in accordance with the Board's action of March 11th, a formal order 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 April 15th, the date agreed upon by the Governors of the Federal Reserve banks involved.

3/31/26

-3-

Upon motion, the proposed order was approved and it was directed that same be spread upon the minutes of the Board, as follows:

"WHEREAS the Federal Reserve Board is authorized and empowered under the terms of Section 2 of the Federal Reserve Act from time to time to readjust the Federal Reserve Districts created by the Reserve Bank Organization Committee; and

WHEREAS all member banks of the Federal Reserve System located in the Counties of Bernalillo and Valencia in the State of New Mexico have requested the Federal Reserve Board to transfer the said Counties from the Eleventh Federal Reserve District to the Tenth Federal Reserve District, and the Federal Reserve Banks of Kansas City and Dallas have been notified of the proposed transfer and have stated that they do not object thereto; and

WHEREAS it appears to the Federal Reserve Board that the convenience and customary course of business of the Tenth and Eleventh Federal Reserve Districts and the best interests of the Federal Reserve System will be served by the transfer of the Counties of Bernalillo and Valencia, in the State of New Mexico, from the Eleventh Federal Reserve District to the Tenth Federal Reserve District.

NOW, THEREFORE, IT IS ORDERED:

- (I) That the Counties of Bernalillo and Valencia, in the State of New Mexico, which are now located in the Eleventh Federal Reserve District, be and are hereby transferred to and included in the Tenth Federal Reserve District, and the boundaries of the Tenth and Eleventh Federal Reserve Districts be and are hereby readjusted accordingly.
- (II) That the changes and readjustments in the Tenth and Eleventh Federal Reserve Districts directed in this order shall become effective on the 15th day of April, 1926.
- (III) That the Federal Reserve Banks of Kansas City and Dallas be notified of the changes and readjustments directed in this order and directed to take such action as may be necessary for the transfer of membership of the member banks included in the territory transferred from the Eleventh Federal Reserve District to the Tenth Federal Reserve District."

3/31/26

-4-

"(IV) That a copy of this order be filed with the Comptroller of the Currency to be filed with the certificate of the Reserve Bank Organization Committee."

Memo randum from Counsel dated March 30th, submitting drafts of replies to letters dated March 11th and March 15th, respectively, from Mr. Thomas B. Paton of New York City, General Counsel for the American Bankers Association and Mr. H. R. Dulany, Jr., attorney of Washington, D. C., both requesting a ruling from the Board as to whether it will be necessary for a national bank to deposit United States bonds or other securities in its trust department to secure trust funds deposited by it with the consent of the owner with other banks; the proposed replies stating that (1) If the funds in question have been deposited to the general account of the national bank and are being used by it in its general commercial business, it will be necessary to deposit proper securities in the trust department of the national bank to secure same, and that (2) If the trust funds have been deposited in special accounts in the name of the national bank as trustee and such national bank is not using the funds in its general commercial business the Board is of the opinion that the law does not require the national bank to deposit United States bonds or other securities in its trust department to secure these funds.

With this opinion, Governor Crissinger submitted a memorandum stating that the spirit of the law is to protect the trust estate and for that reason before approving the opinion, he would like to know why the trustee bank would deposit such funds in another institution and on what terms.

After discussion, it was voted to refer the above matter back to the Law Committee.

The Governor then referred again to the resolution adopted by the Board

3/31/26

-5-

at its meeting on March 8th interposing no objection to an increase in the Federal Reserve banks' participation in the proposed central bank credit to the National Bank of Belgium, which provided that the details of the proposed credit were to be submitted to the Board for its approval before the final agreement is made. The Governor reiterated the statement made by him at the meeting on March 23rd that he had not understood the resolution contemplated resubmission of the matter to the Board, and stated he had advised Governor Strong at the time of the Board's firm approval.

By unanimous consent, he submitted the following statement:

"In signing approval to the minutes of the meeting of the Board held on March 8, 1926, at which the Governor of the Federal Reserve Bank of New York discussed with the members of the Board an amendment to the program for the extension of credit to the National Bank of Belgium, I wish to be recorded in the minutes of this (today's) meeting that I approved the minutes of the meeting on March 8th above referred to as being an accurate report of the proceedings of that meeting, and that in approving said minutes I do not want my action construed as approving the resolution adopted by the Board immediately following the verbal presentation made by Governor Strong. This resolution has been interpreted informally by some members of the Board to require that the details of the proposed credit to the Bank of Belgium must be submitted to the Board for its approval before any final agreement is made by the Governor of the Federal Reserve Bank of New York on behalf of the Federal reserve banks. The minutes of the meeting of March 8th show that the resolution in question was adopted without a dissenting vote, and I wish to explain that my failure to vote in the negative was due to an understanding on my part that the action of the Board authorized the Governor of the Federal Reserve Bank of New York to enter into firm negotiations on behalf of the Federal reserve banks along the line of the statements he made verbally to the Board, as recorded in said minutes, and that the Board merely wished all details of any firm agreement entered into to be submitted to it, in order that it might have an opportunity of approving in final form the agreement which it authorized the Governor of the Federal Reserve Bank of New York to negotiate. As the resolution in question might be interpreted to authorize the Governor of the Federal Reserve Bank of New York to negotiate,

3/31/26

-6-

"but not enter into a firm agreement, I wish to state that had I so interpreted it at the time it was offered I would have voted against it."

During the discussion of the above, the Governor stated that so far as he knew no agreement had been made under the Board's tentative authority due to the failure of private bankers to arrange the \$100,000,000 three year note loan of the Belgian Government, included in the program, and that as the matter now stood the Federal Reserve Bank of New York was prepared to go ahead whenever the government credit was arranged.

Mr. Miller stated that he thought it very important that the Board should have definite information in the premises and moved: -

"That the Governor ascertain and report to the Board the present status of the credits to the Belgian Government and the National Bank of Belgium that were in contemplation at the time Governor Strong appeared before the Board on March 8th, more especially, the status of the arrangements with respect to the credit to the National Bank of Belgium, in which the Federal Reserve banks were to participate, and also the status of the \$100,000,000 three-year note loan of the Belgian Government."

Carried, Governor Crissinger "not voting".

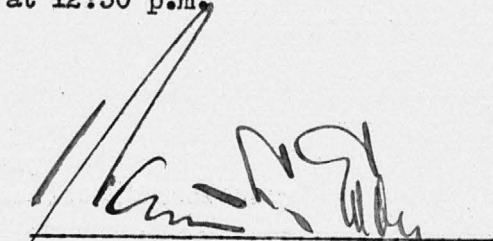
REPORTS OF STANDING COMMITTEES:

- | | |
|--------------------------------------|---|
| Dated, March 29th,
30th,
31st, | Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Approved. |
| Dated, March 19th,
27th,
29th, | Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved. |
| Dated, March 29th, | Recommending approval of the application of Mr. C. B. Merriam for permission to serve at the same time as director of the First National Bank, St. Marys, Kansas and as officer and director of the Central National Bank, Topeka, Kansas.
Approved. |

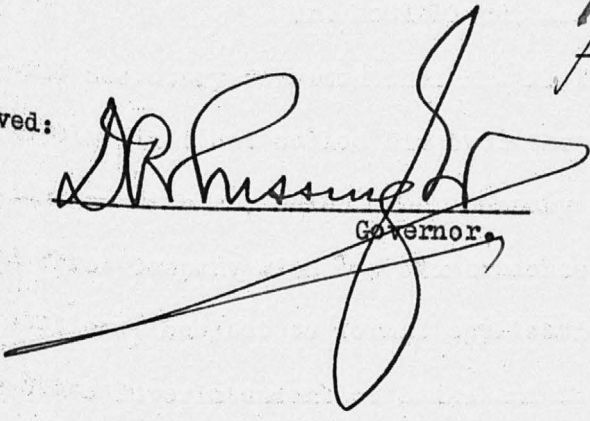
3/31/26

-7-

The meeting adjourned at 12:30 p.m.


Secretary.

Approved:


Governor.