

A meeting of the Federal Reserve Board was held in the office of the Board on Friday, April 2, 1926 at 10:45 A.M.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary
Mr. McClelland, Assistant Secretary

The Secretary reported that Mr. Fletcher, Assistant Federal Reserve Agent at Cleveland had called him over the telephone regarding a proposed consolidation with the Union Trust Company of Cleveland of the State Banking and Trust Company with its six branches located in Cleveland and outlying sections, subject to formal application being made with the approval of the State Superintendent of Banks and the officials of the Federal Reserve Bank of Cleveland. The Secretary reported that the Union Trust Company was now operating fifteen branches in and about the City.

After discussion, upon motion by Mr. Miller, the following telegram was ordered transmitted to the Federal Reserve Agent at Cleveland:

"Board has considered preliminary request made of it as to whether it would find anything in proposed merger of Union Trust Company and State Banking & Trust Co., Cleveland, that would be inconsistent with principles and rules laid down by Board in Regulation H, particularly Section 5. I am directed by Board to say that from such information as it has there does not appear to be anything in the contemplated merger or increase in the number of branches of Union Trust Company that would result in any change in the general character of assets or scope of functions exercised by merged institution such as would tend to affect the standard maintained at the time of admission to the Federal Reserve System, it being understanding of the Board that merger has full approbation of State banking authorities and directors of Federal Reserve Bank of Cleveland."

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The Secretary stated that the Assistant Federal Reserve Agent at Cleveland had also requested approval by the Board of an application of the Provident Savings Bank and Trust Company of Cincinnati for permission to purchase the East End Bank and the Liberty Banking and Savings Company and to operate same as branches.

After discussion, upon motion by Mr. Miller, the following telegram was ordered forwarded to the Federal Reserve Agent at Cleveland:

"Board has considered preliminary request made of it as to whether it would find anything in proposed merger of Provident Savings Bank and Trust Co., Cincinnati, with East End Bank and Liberty Banking and Savings Co., that would be inconsistent with principles and rules laid down by Board in Regulation H, particularly Section 5. I am directed by Board to say that from such information as it has there does not appear to be anything in the contemplated merger or increase in the number of branches of Provident Savings Bank and Trust Co. that would result in any change in the general character of assets or scope of functions exercised by merged institution such as would tend to affect the standard maintained at the time of admission to Federal Reserve System, it being understanding of the Board that merger has full approbation of State banking authorities and directors of Federal Reserve Bank of Cleveland."

The Secretary then reported that the press copies of the Board's Annual Report for the year 1925 would be received this afternoon and requested instructions from the Board as to the date of presentation to the Speaker of the House of Representatives and release to the press.

Upon motion, he was directed to make formal presentation of the report to the Speaker of the House at noon Saturday, April 10, 1926, and to release same for publication in the morning papers of Monday, April 12th.

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Memorandum from the Governor advising that the term of Mr. Hamlin as a member of the Executive Committee expired on March 31st, and that in order of rotation, Mr. Miller would be appointed to the Committee for the term ending June 30, 1926.

Noted with approval.

Telegram dated April 1st from the Chairman of the Federal Reserve Bank of Atlanta, 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.

Letter dated April 1st from the Secretary of the Federal Reserve Bank of New York advising that the Board of Directors on that date reviewed the bank's existing schedules of rates of discount and purchase and made no changes.

Noted.

Letter dated March 31st from the Secretary of the Federal Reserve Bank of Chicago advising that at the meeting of the Board of Directors of that Bank on March 6th, Mr. Arthur L. Olson, who is confidential secretary to the Governor, was appointed Assistant Secretary of the Board of Directors to act in the absence or disability of the Secretary.

Referred to Committee on District No. 7

Letter dated March 31st from the Deputy Assistant Treasurer of the United States, advising that no applications were received from national banks during the quarter ending March 31, 1926, for the sale of bonds under Section 18 of the Federal Reserve Act.

Noted.

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Memorandum from Counsel dated March 30th submitting copy of memorandum addressed to the Governor of the Federal Reserve Bank of Richmond by Mr. M. G. Wallace, Counsel for that bank, on the question of jurisdiction of suits by and against Federal reserve banks and discussing the question whether Federal reserve banks are to be considered as doing business in every state in their respective districts and whether it would be advantageous to the Federal reserve banks to have this question decided in the affirmative or in the negative; Counsel requesting that the Board advise him whether or not it desires his office to take any steps to safeguard the interests of the Federal Reserve System as a whole with respect to the determination of this question.

After discussion, it was voted that the Board's Counsel prepare a letter on the above subject to the Chairmen of all Federal reserve banks.

Messrs. Platt and Cunningham, members of the Committee on Examinations, then submitted separate reports on letter dated March 23rd from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Valley Bank of Phoenix, Arizona, for permission to establish a branch de novo at Prescott; Mr. Platt recommending approval of the application on the ground that the Valley Bank was admitted to membership without a specific branch bank condition and Mr. Cunningham recommending disapproval, calling attention in his memorandum to the fact that the State Banking Department of Arizona apparently could not conduct simultaneous examinations of the Valley Bank and its branches.

After discussion, upon motion by Mr. Miller, the following telegram was ordered transmitted to the Federal Reserve Agent at San Francisco:

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"Board has before it application Valley Bank of Phoenix, Arizona, for permission to establish branch de novo at Prescott. Before proceeding further, it desires to call your attention to its circular letter X-3660 (March 9, 1923) on subject 'Examination of Member State Banks with Branches', from which you will see that Board 'has adopted the principle that hereafter all examinations of member state banks and trust companies shall be conducted simultaneously, both as to the parent bank and each branch.' It appears from statements accompanying application that State Banking Department of Arizona is not in position to make simultaneous examinations of head office and branches of Valley Bank in conformity with Board's requirement above quoted and that the most Department can undertake to do is to cooperate with you in making such examinations with its limited force of four men. Before proceeding further with consideration of this application, Board wishes to be definitely advised whether this feature of the establishment of proposed branch has been considered and if so what plans are in contemplation for making satisfactory standard simultaneous examinations of Valley Bank and its branches. Board also desires that you inform it whether from your investigations you are prepared to certify that establishment of proposed branch would promote public interest and convenience."

Mr. Miller then submitted the following resolutions, which he requested be voted on at the meeting of the Board to be held Thursday, April 8th:

"RESOLVED, that a Division of Credit Information be established in the Federal Reserve Board; and

RESOLVED further, that the Divisions of Bank Operations, Research and Statistics and Examinations, with the cooperation of Chairman Martin of the Federal Reserve Bank of St. Louis, Deputy Governor Zurlinden of the Federal Reserve Bank of Cleveland, and Professor O. M. W. Sprague, be directed to advise the Board as to the best procedure for setting up such a Division.

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The minutes of the meeting of the Federal Reserve Board held on March 31st were read and approved.

The Governor then referred to the action of the Board on March 4th, in voting that the Division of Bank Operations be instructed to furnish each member of the Board weekly with a statement of average and highest borrowings and security loans for each member bank in New York City obtaining \$2,000,000 or more of accommodation from the Federal Reserve Bank, and to report what procedure will be necessary in order to make similar action applicable to member banks in Boston, Philadelphia, Cleveland, Chicago, St. Louis and San Francisco:

The Secretary explained the mechanics necessary to secure the information desired by the Board, following which, upon motion, he was authorized to prepare and submit to the Board a letter to each Federal Reserve Agent requesting that the Board be furnished with his working sheets (sheets showing the detailed figures for each reporting member bank), and to prepare a special letter to the Federal Reserve Agent at New York requesting in addition to the working sheets, a weekly statement of all reporting member banks in New York City borrowing continuously from the Federal Reserve Bank during the previous week, together with the amount of each such bank's average and maximum borrowings, and the amount of acceptances and securities sold to the Federal Reserve Bank during the week.

REPORTS OF STANDING COMMITTEES:

Dated March 29th	Recommending action on applications for fiduciary powers,
30th	as set forth in the Auxiliary Minute Book of this date.
31st	Approved.
April 1st	
Dated March 31st	Recommending action on applications for fiduciary powers,
April 1st	as set forth in the Auxiliary Minute Book of this date.
	Held.

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- Dated April 1st Recommending approval of the application of Mr. Lawrence Van Etten for permission to serve at the same time as director of the National City Bank and as director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. John F. Lambden for permission to serve at the same time as director of the National City Bank and as director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. George F. Mueller for permission to serve at the same time as officer and director of the National City Bank and as officer and director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. Robt. R. Rennie for permission to serve at the same time as officer and director of the National City Bank and as officer and director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. D. C. Borden for permission to serve at the same time as director of the National City Bank and as director of the Central National Bank, both of New Rochelle, N. Y., and as officer of the National City Bank, New York City.
Approved.
- Dated April 1st Recommending approval of the application of Mr. R. R. Cochrane for permission to serve at the same time as director of the National City Bank and as director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. Howard R. Ware for permission to serve at the same time as director of the National City Bank and as director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. Henry A. Siebrecht for permission to serve at the same time as director of the National City Bank and as director of the Central National Bank, both of New Rochelle, N. Y.
Approved.
- Dated April 1st Recommending approval of the application of Mr. Andrew McLean, Jr. for permission to serve at the same time as director of the Peoples Bank & Trust Co., and as director of the American National Bank, both of Passaic, N. J.
Approved.

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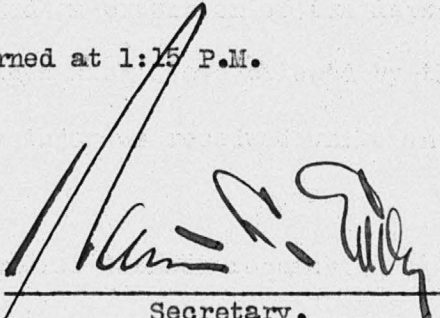
Dated April 1st Recommending approval of the application of Mr. W. S. Vernon for permission to serve at the same time as President and director of the First National Bank, Muskogee, Okla., as President and director of the First National Bank, Coweta, Okla., and as President and director of the First National Bank, Porter, Okla.

Approved.

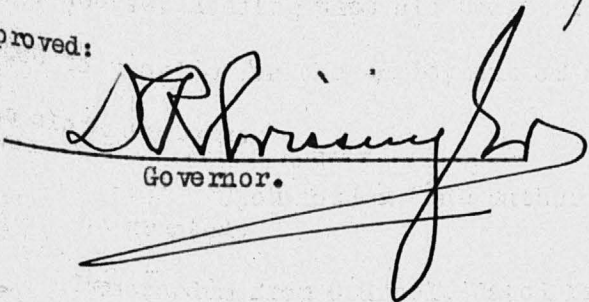
Dated April 1st Recommending approval of the application of Mr. Ezra Brainerd, Jr. for permission to serve at the same time as director of the First National Bank, Muskogee, Okla., as director of the Farmers National Bank, Ft. Gibson, Okla., and as director of the First National Bank, Braggs, Okla.

Approved.

The meeting adjourned at 1:15 P.M.


Secretary.

Approved:


Governor.