

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, April 6, 1926 at 11 o'clock A.M.

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

Memorandum dated April 5th from the Assistant Secretary, recommending that Robert Piper, messenger, be granted an extension of ten days sick leave, in addition to the usual thirty days sick leave allowed by the Board, on account of absence occasioned by injuries received while on duty.

Approved.

Memorandum dated April 1st from General Counsel requesting authority to employ a file clerk in his office at a salary of \$1200 per annum; Counsel stating that his budget for the year includes an item of \$3,000 to provide for the employment of an additional stenographer or file clerk or both.

Upon motion, the authority requested was granted.

Memorandum from Counsel, dated March 5th, on telegram dated March 2nd from the Assistant Cashier of the Federal Reserve Bank of San Francisco, advising that there is being transferred to the Security Trust and Savings Bank, Los Angeles, 150 shares of Federal Reserve Bank stock held by the Citizens State Bank, Sawtelle, California, on account of the merger of those two institutions; Counsel stating that the Federal Reserve Bank stock is

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transferred by operation of law, but that the certificate of stock of the consolidating banks should be surrendered and a new certificate issued in lieu thereof in the name of the consolidated institution.

Noted with approval.

Memorandum from Counsel, dated April 1st, submitting and commenting on opinion rendered recently by the Circuit Court of Appeals in the case of Crowell vs. Federal Reserve Bank of Dallas.

Noted and ordered circulated.

Letter dated April 3rd from the Federal Reserve Agent at Richmond, transmitting Auditor's report on a shortage of \$7,200 at the Baltimore Branch, the responsibility for which has been fixed upon Teller Walter M. Snyder; the Agent stating that at the next meeting of the Board of Directors of the Baltimore Branch, full details will be laid before that body, which in compliance with the law, will submit the matter to the District Attorney, although the bank is protected from loss by the bonding company and the employee has been dismissed.

Upon motion, it was voted that the above matter should be reported by the Board to the Department of Justice in the usual manner.

Draft of circular letter to the Chairmen of all Federal reserve banks, requesting that they furnish the Board with a statement giving certain specified information for all member banks which were borrowing from their respective Federal reserve banks during 1925, together with comments as to the reasons for such borrowing and the probable period of its continuance.

Upon motion, the proposed letter was approved as amended.

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Report of Committee on Salaries and Expenditures, dated March 31st, referring to the Board's action of February 16th in voting that the installation of a budget system should be recommended to the favorable consideration of the three Federal reserve banks which do not now have such an arrangement in effect; the Committee submitting and recommending approval of a form of letter on the subject to the Governors of the Federal Reserve Banks of St. Louis, Kansas City and Dallas.

Approved.

Report of Committee on Salaries and Expenditures, dated April 1st, on the matter referred to it at the meeting on February 16th, namely, the recommendation of the November 1925 Conference of Governors that all Federal reserve banks should absorb at least enough of the expenses of operating their cafeterias so as to furnish employees a lunch at not to exceed two-thirds of the out-of-pocket expense (i.e., cost of food and service) of providing those meals, with the understanding, of course, that in the discretion of the directors, this basis of charge might properly be modified so as to meet special circumstances; the Committee (1) recommending that for the present, Federal reserve banks be authorized to absorb approximately one-third of the total cost of operating cafeterias, as shown in the functional expense reports, and that the part of cafeteria expense which is absorbed by the Federal reserve banks should be treated as a current expense, rather than as a loss to be charged to profit and loss at the end of the year, and (2) submitting draft of letter to the Governor of each Federal reserve bank, setting forth the above recommendation and requesting a statement outlining the plan under which cafeterias are being operated by his bank.

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After discussion, Mr. Hamlin moved approval of the recommendations of the Committee and the proposed letter to all Governors.

Mr. Hamlin's motion being put by the Chair was carried, Mr. Miller voting "no".

Memorandum from Counsel, dated April 5th, submitting, in accordance with instructions given by the Board on March 23rd, drafts of letters to the Federal Reserve Agent at Kansas City and the Meadow Grove State Bank, Meadow Grove, Nebraska, advising of a hearing to be held before the Board at its offices in Washington, at which representatives of the member bank are requested to appear to show cause why the institution should not be required to surrender its stock in the Federal Reserve Bank of Kansas City and to forfeit all rights and privileges of membership in the Federal Reserve System, because of its failure to maintain with the Federal Reserve Bank the reserve required by the Federal Reserve Act; the proposed letters stating that in the event the member bank desires to waive its right to appear before the Board, it may appear before the Federal Reserve Agent, on a date to be fixed by him, to present such evidence as it may care to have transmitted to the Federal Reserve Board, provided reasonable notice in advance is given both to the Board and the Agent of intention to so appear.

Upon motion by Mr. Hamlin, the proposed letters were approved, after April 27th had been fixed as the date for the hearing before the Board.

Draft of circular letter to all Federal Reserve Agents, prepared in accordance with authority granted by the Board at the meeting on April 2nd, requesting that beginning with April 7th, weekly reports be furnished the

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Board showing detailed figures of principal assets and liabilities for each reporting member bank; the reports to include each item for which figures are received for member banks and also figures supplied from the books of the Federal reserve bank along the general style of the Board's regular Form St. 51. The Governor stated that a letter had also been prepared to the Federal Reserve Agent at New York, requesting certain special information desired under the resolution adopted by the Board on March 4th, but recommended that this letter be not transmitted until after the weekly reports requested in the above circular have been received and examined.

Upon motion, it was voted to approve the proposed circular letter, as well as the recommendation of the Governor that the special letter to the Federal Reserve Agent at New York be withheld for the time being.

Mr. Cunningham then referred to the action of the Board on April 2nd in referring to the Committee on District #7, letter dated March 31st from the Secretary of the Federal Reserve Bank of Chicago advising that at the last meeting of the Board of Directors of that Bank, Mr. Arthur L. Olson, Confidential Secretary to the Governor, was appointed Assistant Secretary of the Board of Directors, to act in the absence or disability of the Secretary. Mr. Cunningham, on behalf of the Board's Committee, submitted verbally its recommendation that no change be made in the practice which has prevailed at the Federal Reserve Bank of Chicago, that the secretarial staff should be taken from the Federal Reserve Agent's Department.

After discussion, Mr. Cunningham moved approval of the Committee's recommendation.

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The motion being put by the Chair was carried, the members voting as follows:

Mr. Miller "Aye"  
Mr. James "Aye"  
Mr. Cunningham "Aye"  
Mr. McIntosh "Aye"  
Mr. Platt "No"  
Mr. Hamlin "No"  
Governor Crissinger "Not voting".

After further discussion, Mr. Miller moved that a letter along the following lines be addressed to the Federal Reserve Agent at Chicago:

"Receipt is acknowledged of Mr. White's letter of March 31st, advising that at the meeting of the Board of Directors of your bank, held on Friday, March 26th, Arthur L. Olson was appointed Assistant Secretary of the Board of Directors, to act in the absence or disability of the Secretary. On reference to its records, the Board finds that Mr. Olson is now carried on the rolls of your bank as confidential secretary to the Governor. The Board, mainly for the reason originally stated by it in its 'Outline of Organization', X-840, has doubts as to the propriety of this appointment, and I am therefore instructed to notify you that it is not yet ready to act upon it. You will be advised when the Board has taken action."

Mr. Miller's motion being put by the Chair was carried, Messrs. Platt and Hamlin voting "No".

Mr. Cunningham then reported that Mr. Cation, Managing Director of the Detroit Branch and member of the Building Committee, had called on him this morning, and inquired regarding the employment of Mr. A. B. Trowbridge as Consulting Architect for the Board in connection with the erection of the Detroit building. He stated that they wished to have Mr. Trowbridge act with their local architects in the preparation of plans.

Thereupon ensued a discussion as to the advisability of the Board employing Mr. Trowbridge as consultant, in connection with both the Detroit and Baltimore Branch bank building projects. Attention was called to the fact

that the joint resolution, S. J. Res. 61, just adopted in Congress, provides for an expenditure of \$600,000 for the Detroit building and that the resolution pending, S. J. Res. 66, provides \$1,025,000 for the Baltimore building, and that on the basis of Mr. Trowbridge's previous proposal of a fee for his services, of 1% of the amount authorized by Congress, such fee would amount, in connection with the Detroit and Baltimore projects, to \$16,250.

Following a discussion, Mr. James moved -

"That in view of the Congressional resolutions to permit branch Federal reserve bank buildings at Baltimore and Detroit, it is the sense of the Board that arrangements should be made to have Mr. Trowbridge act as consulting architect in the premises and that the Governor be authorized to open negotiations looking toward the possible employment of Mr. Trowbridge, under this resolution".

Mr. Miller suggested and Mr. James accepted an amendment to the above resolution, by which the following was added:

"The total charges not to exceed \$10,000 for both projects."

Mr. James' motion as amended being put by the Chair was carried, Governor Crissinger voting "no".

By unanimous consent, the Governor then submitted telegram dated April 5th from the Federal Reserve Agent at San Francisco, replying to the Board's telegram of April 2nd, regarding the application of the Valley Bank of Phoenix, Arizona, for permission to establish a branch de novo at Prescott; the Federal Reserve Agent's telegram reading as follows:

"Suggest Valley Bank Phoenix be permitted to establish branch at Prescott with strict understanding that inasmuch as State Department is not prepared to make simultaneous examinations of head office and branches the Federal Reserve Bank in the future will undertake to conduct according to boards regulations at least one such examination each year the cost of which must be

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borne by the bank. With number of branches now in operation we are prepared to conduct such an examination of Valley Bank at a cost approximating two thousand. In my opinion establishment of proposed branch will promote public interest and convenience owing to recent failures at this point."

Mr. Platt moved approval of the recommendation of the Federal Reserve Agent that the Valley Bank of Phoenix be permitted to establish a branch at Prescott with the strict understanding that the Federal Reserve Bank of San Francisco in the future will undertake to conduct at least one simultaneous examination of the institutions each year, the cost of which must be borne by the bank.

Mr. Platt's motion being put by the Chair was carried, Mr. James voting "no".

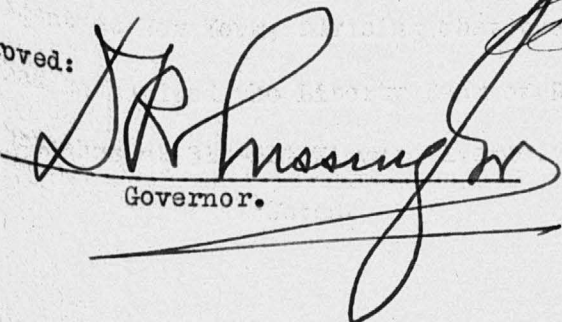
The minutes of the meeting of the Federal Reserve Board held on April 2nd were read and approved.

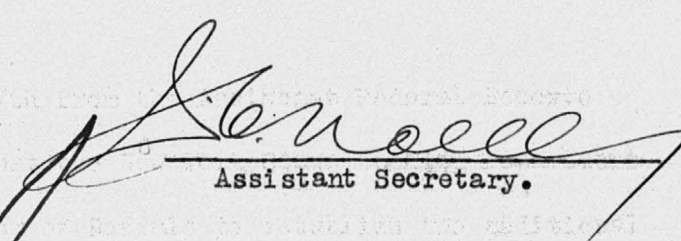
REPORTS OF STANDING COMMITTEES:

- Dated April 2nd Recommending changes in stock at Federal reserve banks,  
3rd as set forth in the Auxiliary Minute Book of this date.  
5th Approved.  
Dated April 6th Recommending action on applications for admission of  
State banks, subject to the conditions stated in the  
individual reports attached to the applications, as  
set forth in the Auxiliary Minute Book of this date.  
Approved.

The meeting adjourned at 1:00 P.M.

Approved:

  
Governor.

  
Assistant Secretary.