A meeting of the Federal Reserve Board was held in the office of the Board on Thursday, April 8, 1926 at 10:45 A.M.

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

Telegram dated April 7th 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.

Telegram dated April 7th 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.

Letter dated April 6th from the Secretary of the Federal Reserve Bank of New York, advising that on that day the Board of Directors considered the bank's existing schedule of rates of discount and purchase and made no change.

Noted.

Letter dated April 7th from the Assistant Federal Reserve Agent at New York, advising that the New York State Banking Department has authorized the Liberty Bank of Buffalo to establish two additional branches at 512-514 Elmwood Avenue, Buffalo, and at 1322 Hertell Avenue.

Noted.
Report of Committee on Examinations on letter dated April 1st from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the French American Bank of San Francisco for approval of its action in establishing on March 20, 1926, a branch de novo at the northeast corner of Hayes and Octavia Streets, San Francisco; the Board's Committee also recommending approval. Approved.

Report of the Executive Committee on letter dated April 5th from the Federal Reserve Agent at Chicago, transmitting and recommending approval of an application of the National Bank of the Republic of Chicago for permission, under Section 13 of the Federal Reserve Act, to accept drafts and bills of exchange drawn upon it by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange; the Committee also recommending approval.

Upon motion, it was voted to grant the bank's application to accept drafts drawn on it by banks or bankers in the countries on the Board's approved list.

Report of Committee on Examinations on letter dated March 30th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Pacific Southwest Trust and Savings Bank, Los Angeles, for permission to discontinue its branch at 727-729 North Broadway, Los Angeles, effective as of the close of business April 17th, and to open a de novo branch in the Carthay Center District, in the vicinity of McCarthy Vista and Eulalia Avenue; the Committee recommending approval.

Approved.
Letter dated April 5th from Mr. Norman Lombard, requesting information as to the appointment and operations of the Open Market Investment Committee for the Federal Reserve System.

After discussion, the Governor was requested to prepare a reply to the above letter for submission to the Board.

Memorandum from Counsel, dated April 7th, on the matter referred to him at the meeting on March 23rd, namely, letter dated March 18th from the Chairman of the Senate Committee on Banking and Currency, requesting the views of the Board on a proposed amendment to the so-called McFadden Bill, H. R. 2, providing that whenever a national bank in its fiduciary capacity becomes possessed of any shares of its own stock, it shall be the duty of the said bank, with the approval of the State Court to which under the law it must make its accountings as fiduciary, to dispose of the same to persons other than its directors within the term of five years from the beginning of the acceptance of the said trust; Counsel submitting draft of letter to the Chairman of the Senate Committee stating that while the Board is in sympathy with the apparent object of the Bill, the safeguards which it would effect are, in the Board's opinion, not sufficiently important to justify the objectionable results which it is believed would follow from its passage and that the Board is, therefore, opposed to the enactment of the Bill.

After discussion, upon motion by Mr. James, the proposed letter was approved.

Letter dated April 6th, addressed to Mr. Miller by Mr. W. H. Steiner, Director of the Bureau of Savings Research, New York City, with reference to a detailed analysis of the activity of savings deposits being undertaken...
by that Bureau and inquiring whether the Board would be sufficiently interested in the project to finance it in a moderate degree.

Upon motion, the above letter was referred to the Acting Director of the Division of Research and Statistics for report and recommendation.

The Governor then presented draft of a letter to the Chairman of the Federal Reserve Bank of Chicago, prepared in accordance with action taken at the meeting of the Board on April 6th, as follows:

"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 still holds the general view with respect to the incumbency of the secretarial staff of a Federal reserve bank, originally set forth in its "Outline of Organization", X-840, and reiterated in its letter to you of April 17, 1925, expressing a preference in favor of a representative from the Federal Reserve Agent's Department filling the position of Secretary. Some members of the Board have raised particular doubts about the propriety of placing on the secretarial staff the Confidential Secretary to the Governor. It is believed that this would not prove a good working relationship or be otherwise satisfactory to have the same person acting in these two capacities. I am, therefore, requested to advise you that the Board is not yet ready to act on Mr. Olson's appointment. You will be informed when the Board takes action."

After discussion, Mr. James moved that the above letter be amended by striking out the last two sentences, and with this amendment be approved.

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

The Governor then stated that special order of business was the following resolutions submitted by Mr. Miller at the meeting on April 2nd:
"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."

After discussion, Mr. Miller requested that the two portions of the above resolutions be considered separately.

Thereupon, by unanimous consent, action on the first portion, reading as follows, was deferred until a later date:

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

After further discussion, upon motion by Mr. Miller, the latter portion of his resolutions was unanimously adopted, after having been amended to read as follows:

"RESOLVED, that Mr. Smead, Chief of the Division of Bank Operations, Mr. Goldenweiser, Acting Director of the Division of Research and Statistics, and Mr. Herson, the Board's Chief Examiner, with the co-operation 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 study and advise the Board as to the scope of a proposed Division of Credit Information in the Federal Reserve Board, with an estimate of the probable expense of setting up and operating such a Division."

Memorandum from Counsel, dated March 29th, approved by the Law Committee, recommending that in all cases where banks involved in a Clayton Act application appear to be in substantial competition or where there is considerable doubt on this point action by the Board be deferred until it can be definitely ascertained whether the amendment to the
Clayton Act proposed by the Board will be passed at this session of Congress, and that the Federal Reserve Agents submitting applications of this kind be so advised.

Approved.

The minutes of the meeting of the Federal Reserve Board held on April 6th were then read and approved.

The Governor then reported that he had been advised of a proposed merger of the First National Bank of Jamaica, New York City, with the Mechanics Bank of Brooklyn and that a branch of the Mechanics Bank would be operated in the premises of the Jamaica Bank.

Upon motion by Mr. Miller, it was voted that the Federal Reserve Agent at New York be requested to investigate the proposed merger and report to the Board the usual pertinent information.

Mr. Hamlin then brought up the subject of several previous informal discussions, namely, the nature and extent of examinations which are being made of national banks exercising fiduciary powers under permits granted by the Board.

Mr. Miller moved that the Governor be requested to confer with the Comptroller of the Currency and report to the Board on the subject.

Carried.

Letter dated April 8th, from the Comptroller of the Currency, recommending approval of a salary of $3,000 per annum for National Bank Examiner William F. Huck, to be assigned to the Tenth Federal Reserve District.

Approved.
REPORTS OF STANDING COMMITTEES:

Dated April 6th, 7th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date. Approved.

Dated April 6th Recommending action on application for fiduciary powers, as set forth in the Auxiliary Minute Book of this date. Approved.

Dated April 6th Recommending action on application for fiduciary powers, as set forth in the Auxiliary Minute Book of this date. Held.

Dated April 5th Recommending action on application for fiduciary powers, as set forth in the Auxiliary Minute Book of this date. Refused.

The meeting adjourned at 12:15 P.M.

Approved:

Assistant Secretary.

Governor.