

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, April 15, 1926 at 11:00 a.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. McIntosh
Mr. Noell, Asst. Secretary
Mr. McClelland, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on April 8th were read and approved.

The minutes of the meeting of the Executive Committee held on April 14th were read and upon motion the actions recorded therein were ratified.

Mr. Noell then reported that Mr. Cooksey, member of the War Finance Corporation, had requested permission to examine reports which are in the Board's possession of the public hearings before the Organization Committee held in New York and New Orleans in 1914. He stated that Mr. Cooksey wished to verify his recollection of statements made at these hearings and that aside from the physical difficulty of getting the records out of storage there would probably be no trouble in complying with the request.

Referred to the Vice Governor with power.

Matter approved on initials this morning, namely, telegrams dated April 14th from the Assistant Federal Reserve Agent and Federal Reserve Agent, respectively, of the Federal Reserve Banks of Dallas and Kansas City, recommending approval of the following changes in Federal Reserve stock holdings of member banks involved in the transfer being made today of Valencia and Bernalillo Counties, New Mexico, from the 11th to the 10th Federal Reserve District:

4/15/26

-2-

352

Albuquerque National Bank, Albuquerque, New Mexico -
Surrender of 161 shares in Federal Reserve
Bank of Dallas and subscription to 161
shares in Federal Reserve Bank of Kansas
City.

First National Bank, Albuquerque, New Mexico -
Surrender of 360 shares in Federal Reserve
Bank of Dallas and subscription to 360
shares in Federal Reserve Bank of Kansas
City.

First National Bank of Belen, New Mexico -
Surrender of 45 shares in Federal Reserve
Bank of Dallas and subscription to 33
shares in Federal Reserve Bank of Kansas
City.

Formally approved.

Memorandum dated April 12th from the Deputy Comptroller of the Currency,
advising that the Comptroller would this morning issue a call upon all nation-
al banks for reports of condition as of the close of business Monday, April
12, 1926; together with copy of a telegram sent this morning to all Federal
Reserve Agents calling for reports of condition of state member banks as
of the same date.

Noted, with approval.

Report of Law Committee with reference to the action of the Board on
April 8, 1926 in withholding approval of an application of The Broad and
Market National Bank of Newark, N. J. for permission to exercise general
fiduciary powers; the Committee recommending that the Board approve the
application if and when a proposed increase in capital from \$200,000 to
\$400,000 is made.

Mr. Hamlin moved reconsideration of the Board's
action of April 8th.

Carried.

4/15/26

-3-

353

Mr. Hamlin then moved that the Board approve the above application effective upon an increase in the capital of the bank to not less than \$400,000.

Carried.

Report of Committee on Salaries and Expenditures on letter dated April 9th from the Controller of Administration of the Federal Reserve Bank of Chicago, reporting the appointment of Mr. Nick White, carpenter in the Service Department, at an annual salary of \$2870, effective March 22; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated April 12th from the Chairman of the Federal Reserve Bank of Kansas City, requesting approval of increases in the salaries of Harry M. Thornton, Claim Clerk in the Auditing Department, from \$2800 to \$3,000 and of J. L. McCarthy, Proof Clerk in the Auditing Department, from \$2400 to \$2640 per annum, both effective April 1, 1926; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated April 7th from the Federal Reserve Agent at Chicago, requesting authority to employ Mr. Harry L. Brown as Federal Reserve Examiner at a salary of not to exceed \$4800 per annum; the Committee recommending approval.

Approved.

Letter dated April 12th from the Federal Reserve Agent at Philadelphia, advising of a proposed consolidation of the Philadelphia Trust Company and the Fidelity Trust Company, both member banks of Philadelphia; the Agent

4/15/26

-4-

reporting with reference to the condition of the banks mentioned and stating that it is believed that the consolidation will bring about no change in the character of the assets of the institutions or in the scope of the functions exercised by them.

Noted, without objection.

Letter dated April 9th from the Federal Reserve Agent at New York, with reference to the proposed absorption of the First National Bank, Jamaica, N. Y. by the Mechanics Bank of Brooklyn, N. Y.; the Agent stating that the details of the proposed consolidation have not yet been worked out and that upon receipt of further information he will transmit it to the Board, but that if the merger should take place it would not involve any change in the general character of the assets of the Mechanics Bank or in the scope of functions exercised by it as would tend to affect materially the standard maintained at the time of admission to the System.

Noted, without objection.

Draft of reply to letter dated April 5th from Mr. Norman Lombard, requesting information with reference to the appointment and functions of the Open Market Investment Committee for the Federal Reserve System; the proposed letter setting forth facts with reference to the appointment of the Committee, its personnel and duties.

After discussion, Mr. Hamlin moved approval of the proposed reply, after amendment so as to transmit in their entirety the resolutions adopted by the Board on March 22, 1923 with respect to the Open Market Investment operations of the Federal Reserve banks.

Carried.

4/15/26

-5-

Letter dated April 13th from the Chairman of the board of directors of the Federal Reserve Bank of Cleveland, with reference to the granting of applications of national banks for permission to exercise trust powers; the Chairman, on behalf of the Executive Committee of his bank, (1) Suggesting that the trust departments of these institutions should be under the supervision of trust committees consisting of members of the boards of directors of the respective banks; (2) Setting forth the opinion that the granting of fiduciary powers should carry with it an urgent suggestion to the effect that the management of a trust department should meet with an especially close supervision and that the importance of this department should be impressed upon the board of directors of the applying bank; and (3) Stating that another phase of the question which they think will come under the immediate concern of the Comptroller's office and the Department of Examination is the matter of providing for proper investigation or examination of the department after it is in operation.

Mr. James reported informally that he understood the Comptroller of the Currency was giving special consideration to the question of the examination of trust departments of national banks apart from the examination of commercial departments, but that his plans were not yet far enough advanced to permit a definite report.

After discussion, it was voted that a circular letter be addressed to all Federal Reserve banks stating that the proposals contained in the above letter commend themselves to the Board which has felt some solicitude about the operation of trust departments in national banks, and requesting their views and suggestions in the matter.

Report of Committee on Examinations on letter dated April 13th from the Federal Reserve Agent at Atlanta, transmitting and recommending approval

4/15/26

-6-

of an application of the Hibernia Bank and Trust Company of New Orleans for permission to establish a branch office at the Bourbon Street entrance of the D. H. Holmes Company, Ltd. Department Store, New Orleans; the Committee also recommending approval.

Approved.

Letter dated April 6th from Professor Norman Lombard, Executive Director of the Stable Money Association, New York City, advising that the regular monthly dinner of the Association will be held on May 3rd and requesting that a representative of the Board attend the dinner and discuss the question "How and to what extent can and should the Federal Reserve authorities control the general price level."

After discussion, Mr. Miller stated that he might find it convenient to attend the meeting and the above letter was referred to him.

Draft of reply to letter dated April 14th from Honorable E. D. Smith, United States Senator, requesting information with reference to the action taken by the Federal Reserve banks on Saturday, last, in shipping Federal Reserve currency to Havana, Cuba to assist in meeting runs which began on that day on banking institutions on the Island; the proposed reply stating that several New York City member banks purchased Cuban exchange through the Federal Reserve Bank of Boston, to be paid for in Havana by delivery of Federal Reserve notes; that to pay for the notes, the Federal Reserve Bank of Boston, through the Gold Settlement Fund here in Washington, transferred gold to the Federal Reserve Bank of Atlanta and that the Atlanta bank, its supply of notes on hand in Havana being insufficient to meet the unusual

4/15/26

-7-

demands, shipped the necessary currency.

Upon motion, the proposed letter was referred to the Vice Governor with power.

Letter dated April 13th from Mr. Charles R. Adair of Flint, Michigan, requesting information with respect to the Federal Reserve currency policy.

Referred to the Vice Governor for reply.

Telegram dated April 15th from the Federal Reserve Agent at Kansas City, inquiring whether stock transfers and transfers of balances of member banks, in connection with the Board's order of March 31st transferring Bernalillo and Valencia Counties, New Mexico from the 11th to the 10th Federal Reserve District, should be made today or at the close of business this evening.

The Secretary stated that the Board's order directed that the transfers be made effective on April 15th and upon motion he was directed to advise the Federal Reserve Agent at Kansas City accordingly.

REPORTS OF STANDING COMMITTEES:

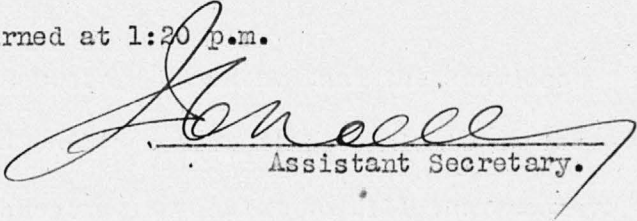
Dated, April 14th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.

Approved.

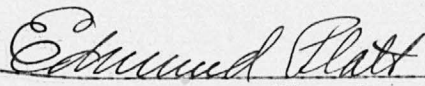
Dated, April 15th, Recommending approval of the application of Mr. Peter J. Corey for permission to serve at the same time as director of the Peoples National Bank of Montclair, N. J. and as director of the County Trust Company of New York City.

Approved.

The meeting adjourned at 1:20 p.m.


Assistant Secretary.

Approved:


Vice-Governor.