

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, May 7, 1926 at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on April 27th were read and approved.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on April 30th and May 5th were read and upon motion the actions recorded therein were ratified.

During the reading of the minutes of the meeting on April 30th, discussion was had of the letter received from the Federal Reserve Agent at Chicago, dated April 27th, with respect to attacks on the Federal Reserve System by political candidates in the State of Iowa and suggesting that steps be taken at once to get correct information regarding the System into the papers and before the people of that State.

Following the discussion, it was unanimously voted that the Governor address a letter to the Federal Reserve Agent at Chicago ordering and directing that the Federal Reserve Bank of Chicago refrain from any activity that might be construed as political propaganda.

Matter approved on initials on May 1st, namely, memorandum from Mr. Hamlin submitting the following resolution:

RESOLVED, That Mr. James be authorized and directed to proceed to Havana, Cuba, to investigate the recent run on American and other banks in Havana and other parts of Cuba, and to report on the same, including the assistance rendered by the Federal Reserve Banks of Boston and Atlanta, through their respective agencies in Havana in meeting the situation and all circumstances connected with the shipment of currency by the Federal Reserve System to Havana.

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And for this purpose Messrs. Herson and Wyatt are detailed to accompany Mr. James and assist in the investigation.

Authority is hereby given for the employment of clerical, stenographic or legal aid in Cuba should such employment be deemed necessary.

Formally approved.

Telegram dated May 5th from the Chairman of the Federal Reserve Bank of Boston, advising that the bank's existing schedule of rates of discount and purchase was presented to the board of directors at their meeting on that day and no changes were made.

Noted.

Letter dated May 6th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors of the bank at their meeting on that day made no change in the existing schedule of rates of discount and purchase.

Noted.

Telegram dated May 5th 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.

Telegram dated May 6th from the Chairman of the Federal Reserve Bank of San Francisco, advising that no change was made in the bank's existing schedule of rates of discount and purchase at the meeting of the board of directors on that day.

Noted.

Telegram dated May 5th from the Chairman of the Federal Reserve

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Bank of St. Louis, advising of the establishment of open market rates for the purchase of bankers acceptances as follows:

1 to 15 days	-	3 1/8%
16 to 60 days	-	3 1/4%
61 to 90 days	-	3 1/2%
91 to 120 days	-	3 1/2%
121 to 180 days	-	4%

Noted, with approval.

Letter dated May 6th from the Comptroller of the Currency, requesting approval of an increase in the salary of Chief National Bank Examiner Howard M. Sims, from \$13,000 to \$15,000 per annum.

Approved.

Report of Committee on Examinations on memorandum dated May 5th from the Comptroller of the Currency, recommending approval of an application of The First National Bank of Ringling, Okla. for permission to reduce its capital stock from \$50,000 to \$25,000, on condition that no money be returned to the shareholders but that the entire amount of the reduction be used for the purpose of eliminating losses and taking out slow and doubtful assets; the Committee also recommending approval.

Approved.

Letter dated May 5th from the Federal Reserve Agent at St. Louis, submitting report of an Examiner covering alleged violations of the Revised Statutes by officers of the Mound City Trust Company, St. Louis, Mo., a member bank; the Agent advising that a copy of the report has been sent to the United States attorney at St. Louis.

Upon motion, it was voted that a copy of the report be furnished to the Department of Justice in the usual manner.

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Letter dated May 5th from the Federal Reserve Agent at Chicago, with reference to his recommendation that in view of the pending resignation of Mr. William C. Schrader, Acting Assistant Federal Reserve Agent at the Detroit Branch, Mr. C. A. Woodhouse, an employee of the Credit Department at the branch, be authorized to sign, receipt for, and deliver Federal Reserve Notes for and in the name of the Assistant Federal Reserve Agent at the branch during the absence or disability of the latter; the Agent stating that while in Washington he was informed by the Board's Counsel that because of the fact that Mr. Woodhouse is an employee of the Branch, rather than the Federal Reserve Agent, he would not be eligible to serve in the capacity desired and that under the circumstances Mr. Schrader has consented to withdraw his resignation for the present. The Agent also stated that because Mr. Schrader wishes to leave the branch not later than July 1st, he will endeavor to make other arrangements.

Noted, no action being required.

Memorandum from Counsel, dated April 3rd, submitting draft of reply to letter dated March 17th from the Federal Reserve Agent at Philadelphia, with reference to the application of the recent opinion of the Attorney General, holding that mutual saving banks are banks within the meaning of Section 4 of the Federal Reserve Act, to Mr. Edward S. Stuart and Mr. Alba B. Johnson, directors of the Federal Reserve Bank of Philadelphia, who are also directors of local saving fund societies; the proposed reply stating that the nature and functions of the saving fund societies are substantially the same as those of the savings banks which were the subject of the Attorney General's opinion and that it will, therefore, be necessary for the directors of his bank who

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are now serving as directors of these saving fund societies to give up their positions with the societies or else resign from the Federal Reserve bank directorate.

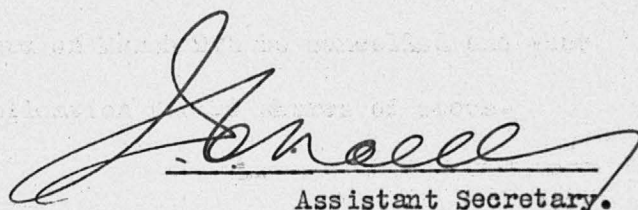
Upon motion, the proposed letter was approved.

Mr. Platt then reported that the Committee on Banking and Currency of the Senate had reported favorably on the Federal Reserve Pension Fund Bill. He stated that copies of the hearings before the Committee had been printed in case any member of the Board would like to read same.

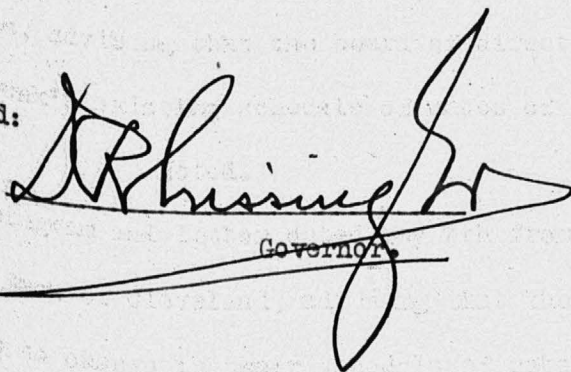
REPORTS OF STANDING COMMITTEES:

Dated, May 5th, Recommending changes in stock at Federal Reserve Banks as
7th, set forth in the Auxiliary Minute Book of this date.
Approved.

The meeting adjourned at 12:15 p.m.


Assistant Secretary.

Approved:


Governor.