

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, July 7, 1926, at 10:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. James
Mr. McIntosh
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary

Letters dated July 3rd from the Governor and the Secretary of the Federal Reserve Bank of Chicago, requesting approval of the action of the Executive Committee of that bank in voting to subscribe to the extent of \$1,000 to the Credit Justice Fund being raised by the National Association of Credit Men.

Referred to the Committee on Salaries and Expenditures.

Letter dated July 2nd from the Federal Reserve Agent at Kansas City, with reference to the donation of \$145 made by that bank to the Grand Avenue Improvement Association; the Agent stating that it is the purpose of the organization to endeavor to maintain and enhance the desirability of Grand Avenue property in any way possible.

After discussion, the Secretary was directed to communicate with the Federal Reserve Bank of Kansas City with a view to obtaining detailed information as to the benefits accruing to the Federal Reserve Bank of Kansas City through the activities of the Association.

Letter dated July 3rd from the Federal Reserve Agent at Philadelphia, requesting the appointment as Assistant Federal Reserve Agent of Mr. Ernest C. Hill, Manager of the Department of Bank Examination.

Approved, for the remainder of the calendar year.

7/7/26

-2-

Letter dated July 1st from Professor O. M. W. Sprague stating he is advised by Mr. Smead that the special committee appointed by the Board on April 8th is prepared to submit a further report with reference to its investigation as to the desirability of setting up in the Federal Reserve Board a Division of Credit Information; Professor Sprague stating that as this is a project in which he is particularly interested, it might be helpful if he were present to furnish additional explanations and that he will be glad to come to Washington at such time as the Board may find convenient.

Thereupon ensued a discussion during which Mr. Hamlin suggested that the Chief of the Board's Division of Bank Operations, who is Chairman of the special committee, be requested to submit the committee's report and that same be circulated among the members of the Board, following which Professor Sprague could be called to Washington if it is deemed necessary.

After discussion, upon motion by Mr. Platt, it was voted to approve Mr. Hamlin's suggestion.

Memorandum dated June 28th from the Fiscal Agent, approved by the Board's Chief Examiner, submitting vouchers totaling \$4,130.50 from the Federal Reserve Banks of Boston, Philadelphia, Cleveland and Richmond, covering expenses of employees detailed to assist the Board's Examiner in the recent examination of the Federal Reserve Bank of New York.

Thereupon ensued a discussion during which Mr. James questioned the subsistence allowance granted the Federal Reserve bank employees who assisted in the examinations.

At the conclusion of the discussion, upon motion by Mr. Platt, it was voted to approve payment of the vouchers as submitted, Mr. James voting "no".

Report of Committee on Salaries and Expenditures on letter dated July

7/7/26

-3-

1st from the Chairman of the Federal Reserve Bank of New York, (1) requesting that the Board modify its resolutions adopted on January 11, 1926, with regard to the operation of the Federal Reserve bank's salary standardization plan in such a manner as to permit them to make changes in grades, and changes in salaries, of employees with salaries in excess of \$2500 and not in excess of \$5,000, (2) requesting approval of an increase from \$6,000 to \$7,200 per annum in the salary of Mr. Herbert S. Downs, one of the traveling men in the Bank Relations Department, to be appointed Manager of the department and (3) advising that the Board of Directors of the bank have voted to defer until the end of the year a request for the Board's approval of a recommendation recently approved by them that the salary of Mr. William R. Burgess, Assistant Federal Reserve Agent, be increased from \$10,000 to \$15,000 per annum; the Board's Committee recommending approval of the increase in Mr. Downs' salary from \$6,000 to \$7,200 per annum, and that the other matters referred to in the letter be noted.

After discussion, upon motion by Mr. Platt, the recommendation of the Committee was adopted and it was voted to approve the increase recommended for Mr. Downs.

Report of Committee on Salaries and Expenditures on letter dated July 2nd from the Deputy Governor of the Federal Reserve Bank of New York, with reference to the memorandum tentatively approved by the Board on June 30th, prepared by Messrs. Sailer, Eddy and Smead, with reference to modification in the plan established at the Federal Reserve Bank of New York for the standardization of grades and salaries of the employees of that bank; the Deputy Governor recommending that the revised conditions of the Board's ap-

7/7/26

-4-

proval of the plan as set out in the memorandum be amended by changing Paragraph 4 to be Paragraph 3 and amending the old Paragraph 3 to read as follows:

"On or before December 15 of each year the Federal Reserve Bank of New York shall submit to the Federal Reserve Board a report of all employees of the bank according to groups, showing the salary paid to each such employee at the beginning of the year; the amount of salary adjustment made in the case of each employee during the year under the above authorization; also the salary which the bank proposes to pay each employee as of the beginning of the succeeding year."

After discussion, Mr. James moved approval of the recommendation of the Board's Committee on Salaries and Expenditures, namely, that the phraseology of the conditions as set forth in the memorandum tentatively approved on June 30th be adhered to.

Carried.

Memorandum from Counsel dated July 2nd, submitting draft of a letter to the Federal Reserve Agent at Boston, regarding the change of the Phoenix National Bank of Hartford, Conn., into a state bank and its subsequent consolidation with the State Bank and Trust Company of Hartford; the letter advising of the procedure whereby the bank which is to be formed by the consolidation of two state banks, one a member and one a nonmember, may acquire membership in the Federal Reserve System as of the date the consolidation takes place and explaining also the procedure by which the Federal Reserve bank stock held by a national bank which is converting into a state bank may be surrendered, and a new certificate of stock issued to the state bank which is to become a member of the System upon the date of its organization, without involving any actual cash payment or transfer of funds.

7/7/26

-5-

Upon motion, the proposed letter was approved.

Matter ordered circulated at the meeting on June 29th, namely, letters dated May 26th and 28th from the Federal Reserve Agents at Philadelphia, Chicago and St. Louis, with reference to replies to a circular addressed to them by Honorable James J. Strong, Representative from Kansas, requesting their views on certain amendments to the Federal Reserve Act, with relation to stabilization of price levels.

Thereupon ensued a discussion following which Mr. Platt moved that the letters submitted by the Federal Reserve Agents be returned to the writers with the statement that the Board has no objection to their being transmitted if at this late date the writers so desire.

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

Mr. Platt then moved that individual letters be written to the three Federal Reserve Agents with direct relation to the contents of their proposed replies to Congressman Strong.

Carried, Messrs. James and McIntosh voting "no".

Telegram dated July 7th from the Chairman of the Federal Reserve Bank at 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.

The Governor then presented the minutes of the meetings of the Federal Reserve Board held on June 15th and 16th, which have been circulated among the members, and upon motion they were formally approved.

The minutes of the meeting of the Federal Reserve Board held on July 2nd

7/7/26

-6-

were then read and approved.

REPORTS OF STANDING COMMITTEES:

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

Approved.

Dated, July 6th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, July 2nd, Recommending approval of the application of Mr. John McRoberts for permission to serve at the same time as director of the Mariner Harbor National Bank of Mariner Harbor, New York, and as director of the West New Brighton Bank of West New Brighton, N.Y.

Approved.

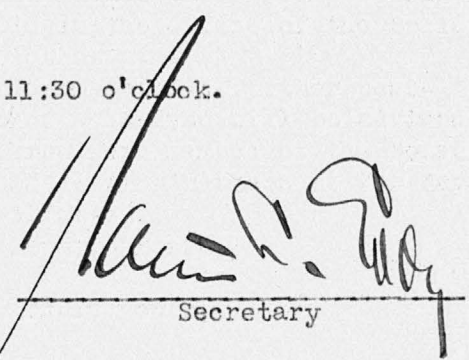
Dated, July 2nd, Recommending approval of the application of Mr. John J. Stamler for permission to serve at the same time as director and Vice President of the Broad and Market National Bank of Newark, N.J., as director and Vice President of the Elizabeth Trust Company of Elizabeth, N.J., and as director of the Peoples National Bank of Elizabeth, N.J.

Approved.

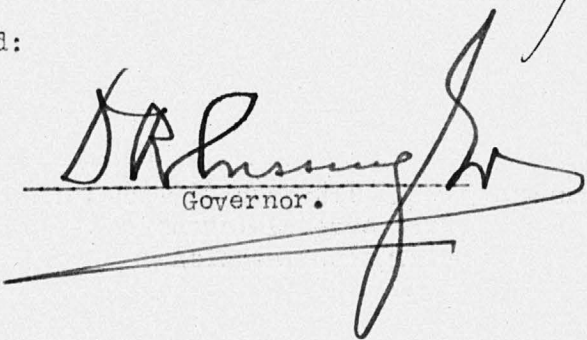
Dated, July 2nd, Recommending approval of the application of Mr. Eugene V. R. Thayer for permission to serve at the same time as director of the Chase National Bank of New York City and as director of the Stock Yards National Bank of Chicago, Ill.

Approved.

The meeting adjourned at 11:30 o'clock.


Secretary

Approved:


Governor.