

A meeting of the Federal Reserve Board was held in the Office of the Governor on Friday, July 23rd, 1926, at 10:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. James
Mr. McIntosh
Mr. Eddy, Secretary
Mr. Noell, Assistant Secretary

The minutes of the meeting of the Federal Reserve Board held on July 21st were read and approved.

Memorandum from the Governor dated July 22nd advising that he has promoted his stenographer, Mr. Henry G. Giovanetti, to the position of private secretary, with salary at the rate of \$2,500 per annum, effective July 16th, to fill the vacancy created by the assignment of Mr. Carter to the Secretary's Office.

Noted.

Memorandum dated July 22nd from Mr. James advising that he has increased the salary of his private secretary, Mr. C. S. Bradley, from \$2,950 to \$3,000 per annum, effective July 1st.

Noted.

Memorandum from the Secretary dated July 22nd stating that Mr. Hamlin has advised him that he is considering dispensing with the services of his present private secretary Mr. J. P. Moore, whose salary is \$3,000 per annum, and appointing in his stead Miss Margaret A. Laning, at present stenographer in his office, with salary at the rate of \$2,500 per annum, and has requested to be advised whether or not there is any particular work in the Board's organization for which Mr. Moore is suited; the memorandum recommending that the Secretary be authorized to offer employment to Mr. Moore in the Chief

Clerk's Division for a period not to exceed one year, with salary at the rate of \$2,500 per annum, to carry on the work he has been performing for several months under the supervision of the Secretary's Office in making an index-digest of the reports of the conferences of Governors and Federal Reserve Agents held during the past ten years, and also to bring up to date the index-digest of the Federal Reserve Bulletin.

On motion, it was voted that the Secretary be authorized to offer Mr. Moore employment as outlined above.

Letter dated July 22nd from the Secretary of the Federal Reserve Bank of New York, advising that the Board of Directors on that day considered and made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Draft of letter to the Chairmen of all Federal Reserve banks transmitting a statement bringing out the trend of expenses chargeable to functions essential to the operation of the Federal Reserve System, as distinguished from expenses absorbed as a matter of policy or of operations carried on as a matter of policy, which statement is similar to that transmitted with the Board's letter of March 11, 1925 (St. 4450).

Approved.

Memorandum from Counsel dated July 21st submitting for publication in the August issue of the Federal Reserve Bulletin the Board's ruling (X-4628) with regard to the eligibility for rediscount of notes of a parent corporation to finance the purchase of automobiles to be used by its subsidiaries.

Approved.

Letter dated July 20th from the Board's Chief Examiner advising that his examination of the paper in the portfolio of the Federal Reserve Bank of

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Atlanta did not disclose any non-member bank paper either discounted direct or through a member bank, and that none of the so-called "Witham" paper was found in the portfolio; the letter also stating that among the members in the Atlanta District are three banks which were associated with the "Witham" system.

Noted.

Memorandum dated July 20th from Counsel with regard to the question raised in letter dated July 16th from the Federal Reserve Agent at Kansas City, as to the eligibility of Mr. Charles A. Burkhardt, Manager of the Denver Clearing House Association, to serve as Assistant Federal Reserve Agent at the Denver Branch of the Federal Reserve Bank of Kansas City, with a nominal salary, Mr. Burkhardt to continue his duties with the Clearing House Association while serving as Assistant Agent; Counsel stating that Mr. Burkhardt complies in all respects with the requirements of the ruling of the Board that it is necessary to have at each Federal Reserve branch bank where unissued Federal Reserve notes are held an Assistant Federal Reserve Agent properly qualified and bonded, who is entirely independent of the Federal Reserve bank or branch bank.

Upon motion, it was voted to advise the Federal Reserve Agent at Kansas City that the Board regards Mr. Burkhardt as eligible to serve as Assistant Federal Reserve Agent at Denver.

Memorandum dated July 13th from Counsel, regarding the amendment to Regulation "A" of the Board's Regulations which was recommended at the last Governors' Conference to make eligible for rediscount or purchase by Federal Reserve banks bankers' acceptances drawn by an elevator company and secured by a terminal warehouse receipt of the elevator company that draws the draft; Counsel stating that in his opinion the Board may legally adopt and promulgate this amend-

ment to its regulations.

Ordered circulated.

The Governor then called attention to a pamphlet descriptive of the Federal Reserve System prepared by the Federal Reserve Bank of Boston for distribution, a copy of which pamphlet had been furnished each member of the Board. The Governor stated that he had read the text of the pamphlet and noted certain inaccuracies and omissions which he had discussed with Dr. Goldenweiser. The Governor suggested that Dr. Goldenweiser be invited into the meeting to discuss these inaccuracies and omissions with the Board. Thereupon, Dr. Goldenweiser entered the meeting and advised the Board that certain of the statements contained in the text of the pamphlet were inconsistent with articles published by the Federal Reserve Board and that the text descriptive of certain functions of the Federal Reserve System was inadequate and might be misconstrued.

Thereupon ensued a general discussion of the pamphlet, following which Mr. James moved that Mr. Curtiss be requested to advise the Board why the pamphlet was distributed in violation of the Board's letter of October 31, 1924, (X-4181).

Mr. Hanlin moved as a substitute, that the Federal Reserve Agent at Boston be advised (1) that the text of the pamphlet should have been submitted to the Federal Reserve Board for its approval before any distribution was made, in accordance with the Board's ruling as contained in its letter dated October 31, 1924 (X-4181); (2) that the Federal Reserve Agent be advised of the suggestions and criticisms discussed by Dr. Goldenweiser; (3) that the Board does not approve of the text of the pamphlet in its present form; and (4) that if the bank desires to do so, it may revise the text of the pamphlet along the lines of the suggestions made by Dr. Goldenweiser and submit the revised text to the Board for its approval.

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Mr. Hamlin's substitute motion, brought by the Chair, was carried, Mr. James voting "no".

Letter dated July 20th from the Federal Reserve Agent at Boston advising that because of a severe illness he had last winter his Doctor has recommended that he take a sea trip, and that he proposes to sail for the Mediterranean on August 11th, returning October 1st; the letter stating that it has been arranged so that his absence will not interfere with the vacations of any of his associates and that the Directors of the bank have urged that he take this rest.

Mr. McIntosh moved that Mr. Curtiss be advised that in view of his illness and apparent need for a rest that the Board will approve of him being absent from the bank from August 11th to October 1st.

Carried.

The Governor then stated that the matter of an appropriate fee for Mr. Newton D. Baker in connection with his services in representing the Federal Reserve System in the case of the Pascagoula National Bank v. the Federal Reserve Bank of Atlanta et al. should be discussed and determined by the Board.

On motion by Mr. James, the matter of the amount of the fee which should be paid Mr. Baker was referred to the Governor with power.

The Governor then submitted letter dated July 21st from the Board's Chief Examiner, enclosing for the information of the Board copies of letters exchanged between Undersecretary of the Treasury Winston and the Governor of the Federal Reserve Bank of Atlanta, dated July 17th and 20th, respectively, with regard to the present banking situation in Georgia and Florida.

The letters were read to the Board by the Secretary.

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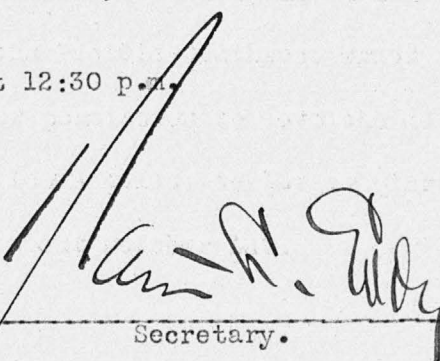
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The Secretary then referred to the action of the Board at the meeting on July 21st in setting Friday, July 23rd, as the date on which Professor Sprague should appear before it to discuss the report of the Special Committee appointed by the Board to consider the advisability of setting up in the Federal Reserve Board a Division of Credit Information, and stated that he had learned that Professor Sprague was vacationing in Maine and that he was unable to get in touch with him.

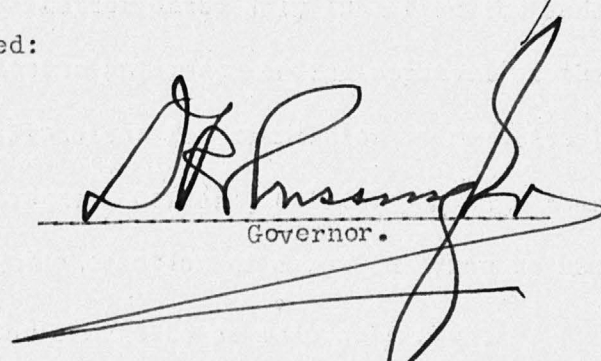
REPORTS OF STANDING COMMITTEES:

- Dated, July 16th, Recommending action on an application for fiduciary powers as set forth in the auxiliary minute book of this date.
Approved.
- Dated, July 16th, Recommending action on an application for fiduciary powers as set forth in the auxiliary minute book of this date.
Held.
- Dated, July 20th, Recommending action on applications for fiduciary powers as set forth in the auxiliary minute book of this date.
Refused.
- Dated, July 21st, Recommending approval of the application of Mr. Nathan C. Lenfestey to serve at the same time as Director of the First National Bank, Summit, N.J., and as Cashier of the National City Bank of New York, N.Y.
Approved.

The meeting adjourned at 12:30 p.m.


Secretary.

Approved:


Governor.