

A meeting of the Federal Reserve Board was held in the office of the Governor on Tuesday, August 24, 1926 at 11:15 a.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on August 23rd was dispensed with.

Memorandum from Counsel dated August 18th, with reference to the applications of Mr. G. B. Romfh to serve upon the directorates of the First National Bank and The First Trust and Savings Bank, both of Miami, Fla., and The Hollywood Bank and Trust Company of Hollywood, Fla., and of Mr. J. L. Griffin to serve the First National Bank of Miami and The Hollywood Bank and Trust Company; Counsel stating that the First Trust and Savings Bank of Miami and The Hollywood Bank and Trust Company do not come within the prohibitions of the Clayton Act and the applications are unnecessary at this time, and recommending that the applications be held pending a proposed conversion of The Hollywood Bank and Trust Company into the Hollywood - First National Bank, after which the Board's permission will be necessary in order to enable the gentlemen concerned to serve the two national banks.

Upon motion, Counsel's recommendation was approved.

Letter dated August 17th from the Federal Reserve Agent at New York, inquiring if there would be any objection to his beginning his vacation

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period on Saturday, September 11th, instead of Wednesday, September 15th, as previously approved by the Board.

Noted, without objection.

Letter dated August 20th from the Secretary of the Open Market Investment Committee, enclosing copy of the minutes of the meeting of the Committee held in New York on August 17th.

Ordered circulated.

Letter dated August 11th from the Chairman of the Federal Reserve Bank of Minneapolis, with reference to expenses of the Federal Reserve banks; the Chairman stating that further substantial economies can not be effected if the banks continue to perform the same functions they are now performing, but that by the elimination of some of the free services rendered by the banks, particularly the handling of non-cash items, it is quite obvious that a substantial further reduction can be made, and suggesting that it might be well to discuss at a joint meeting of Governors and Federal Reserve Agents and with the Federal Advisory Council the question whether the maintenance of earning assets to meet the expense of these functions does not subject the System to criticism.

Referred to the Executive Committee.

Letter dated July 27th from the Chairman of the Financial Committee of the League of Nations, advising of a meeting to be held in Geneva on September 2nd for the purpose of instituting a campaign to suppress the counterfeiting of currency and submitting a questionnaire on counterfeiting which has been addressed to all banks of issue.

After discussion, it was voted to refer the above letter to the United States Secret Service Division.

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Memorandum dated August 23rd from the Committee on Salaries and Expenditures, submitting a report of functional expenses of the Federal Reserve banks and branches for the first half of the year 1926.

Ordered circulated.

The Governor then presented the matter on which action was deferred at the meeting on August 6th pending the return of Mr. Miller, namely, letters prepared by the Acting Director of the Board's Division of Research and Statistics, addressed to all Federal Reserve Agents, requesting each Agent to send one or two representatives to attend a Conference of the Research and Statistical Staffs of the Federal Reserve banks and the Board on Monday and Tuesday, September 13th and 14th.

Mr. Miller stated he had discussed this matter with Mr. Goldenweiser and believed the conference would be desirable but that he believed it should be held at a later date than that proposed.

After discussion, Mr. Miller moved that the Board approve the proposed conference, the date thereof to be left to the Governor with power.

Carried.

Telegram dated August 24th from the Chairman of the Federal Reserve Bank of Chicago, advising of the establishment of the following rates for purchases of acceptances:

1 to 15 days	-	3 3/8%
16 to 45 days	-	3 1/2%
46 to 120 days	-	3 3/4%
5 to 6 months	-	4%

Noted, with approval.

Mr. Hamlin then referred to the action of the Board at its meeting on August 11th in instructing the Law Committee to prepare for submission to

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the Board a letter to the Secretary of the Treasury, requesting that he secure an opinion of the Attorney General, with respect to the right of the Board by regulation to fix its quorum at less than five members. Mr. Hamlin stated that the letter which was being drafted would transmit an opinion of the Board's Counsel to the effect that a majority of five members of the Board is necessary to constitute a lawful quorum and requested authority to transmit also a memorandum setting forth his personal opinion that the Board has lawful authority through its by-laws to prescribe that the quorum shall consist of less than five members.

Mr. Miller then raised a question as to the desirability of the Board's requesting the opinion above referred to and called attention to the provisions of the By-laws of the Board, with reference to meetings of the Board and powers of the Executive Committee in the absence of a quorum of the Board. He stated that in his opinion the present By-laws were very effective, but that it might be possible to amend them in such a way as to eliminate the difficulties which lead to the recent action of the Board.

Following a discussion, Mr. Hamlin moved that a committee consisting of Messrs. Miller and Platt be appointed to consider possible appropriate amendments to the By-laws.

Carried.

Mr. Hamlin then moved that the matter of the procurement of the opinion of the Attorney General above referred to be laid upon the table, pending the report of the Committee just appointed.

Carried.

Report of Executive Committee on letter dated August 18th from the

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Federal Reserve Agent at Minneapolis, recommending approval of an application of the Bloomington - Lake National Bank of Minneapolis for a reduction in its reserve requirements from 10% of demand deposits and 3% of time deposits to 7% of demand deposits and 3% of time deposits; the Committee recommending approval.

After discussion, upon motion by Mr. James, the above application was approved, the members voting as follows:

Governor Crissinger, "aye"
 Mr. Platt, "aye"
 Mr. Hamlin, "aye"
 Mr. James, "aye"
 Mr. McIntosh, "aye"
 Mr. Miller, "no"

Report of Executive Committee on letter dated August 14th from the Federal Reserve Agent at San Francisco, recommending approval of an application of the National Bank of Hollywood, Hollywood, Cal. for a reduction in its reserve requirements from 10% of demand deposits and 3% of time deposits to 7% of demand deposits and 3% of time deposits; the Committee recommending approval.

After discussion, upon motion by Mr. James, the above application was approved, the members voting as follows:

Governor Crissinger, "aye"
 Mr. Platt, "aye"
 Mr. Hamlin, "aye"
 Mr. James, "aye"
 Mr. McIntosh, "aye"
 Mr. Miller, "no"

Mr. James then referred to the action of the Board on July 2nd in voting to postpone, to a date which had not then been fixed, the hearing

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to be granted under the provisions of the resolution adopted by the Board on June 9th, to Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta, to show cause why he should not be removed from office as Deputy Governor of the Federal Reserve Bank of Atlanta, pursuant to the provisions of Section 11 (f) of the Federal Reserve Act.

Mr. James suggested that this hearing be held at the earliest practicable moment, and moved that the date thereof be fixed for Thursday, September 9, 1926 at 10:00 o'clock a.m.

Mr. James' motion being put by the Chair was unanimously carried.

REPORTS OF STANDING COMMITTEES:

- Dated, August 23rd, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 16th, Recommending approval of the application of Mr. H. C. Couch for permission to serve at the same time as director of the Arkansas National Bank, Hot Springs, Ark., as director of the Bankers Trust Company, Little Rock, Ark. and as director of the Simmons National Bank, Pine Bluff, Ark.
Approved.
- Dated, August 16th, Recommending approval of the application of Mr. E. S. Herman for permission to serve at the same time as director and officer of the New Cumberland National Bank, New Cumberland, Pa. and as director of the Harrisburg Trust Company, Harrisburg, Pa.
Approved.
- Dated, August 16th, Recommending approval of the application of Mr. S. H. Huff for permission to serve at the same time as Vice President and director of the Brotherhood of Locomotive Engineers National Bank, Boston, Mass. and as director, Vice President and Chairman of the Board of the Brotherhood of Locomotive Engineers Cooperative Trust Company, New York, N. Y.
Approved.
- Dated, August 16th, Recommending approval of the application of Mr. L. G. Griffing for permission to serve at the same time as director and Chairman of the Board of the Brotherhood of Locomotive Engineers National Bank, Boston, Mass.

