

A meeting of the Federal Reserve Board was held in the office of the Governor on Friday, September 24, 1926 at 10:45 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on September 7th and 8th were read and approved.

The minutes of the meetings of the Federal Reserve Board held on September 9th and 10th were read and approved as amended.

The meetings of the Executive Committee of the Federal Reserve Board held on September 15th were read and upon motion the actions recorded therein were ratified.

The minutes of the meeting of the Executive Committee held on September 22nd were read and after amendment the actions recorded therein were ratified.

The minutes of the meeting of the Federal Reserve Board held on September 23rd were read and approved.

Letter dated September 23rd from the Assistant Secretary of the Federal Reserve Bank of New York, 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 September 24th from the Chairman of the Federal Reserve Bank of Chicago, 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.

9/24/26

-2-

Telegram dated September 23rd from the Chairman of the Federal Reserve Bank of Kansas City, 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 reported that in accordance with the Board's instructions yesterday, he met, at their request, Messrs. Black, Melvin and Ware, members of the Special Committee of the Federal Reserve Bank of Atlanta, appointed by the Board of Directors of that bank to investigate all circumstances in connection with the shipment of currency made by the bank to its Havana Agency on April 10th. The Committee had advised him, he stated, that Mr. W. C. Rich, former Manager of the Agency of the Federal Reserve Bank of Boston in Havana, had appeared before the Committee, and that there was considerable variance between the testimony given by Mr. Rich before the Committee and the statements regarding the conduct of Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta, made by him in a letter which he addressed to the Board's Special Committee which investigated the Cuban shipment. The Governor also reported that according to the Committee, Mr. Rich's testimony also conflicted with statements made to the Board's Committee by Mr. E. L. Anderson, of Havana, who accompanied Mr. Rich, as interpreter, to Key West to meet the currency shipment. The Governor stated that the Atlanta Committee desired to call the attention of their Board of Directors to the variance in Mr. Rich's testimony in their report to that body, but were uncertain whether or not such action would be in violation of the stipulations made by the Board at the time the written statements of Mr. Rich and Mr. Anderson, together with other information in the Board's

9/24/26

-3-

files, was furnished to the Committee. The Governor stated that the Atlanta Committee also desired to include in their report the substance of statements made to the Board's Committee by certain bankers in Havana, commending the manner in which the Atlanta Federal Reserve bank had handled the currency shipment. He stated he had told the Committee that the Board had taken the position that it did not desire to have read to it any part of the Committee's report to the Atlanta Board of Directors prior to its being formally referred to the Board after presentation to the Atlanta directors, nor did it wish to be advised of the contents of the report, but that after it had been submitted to the directors of the Atlanta bank, and by them to the Board, due consideration would be given to it. He stated he had not seen the report, nor was he informed of the contents of it or of the findings of the Committee. He stated he had told Mr. Black, Chairman of the Committee, that the Board would have no objection to their quoting from any of the communications furnished the Committee by the Board but that all communications of a confidential nature should be quoted without using the names of the writers. He stated he also told the Committee that he, personally, saw no reason why, if Mr. Rich desired to repudiate or modify any of his statements to the Federal Reserve Board, the Committee should not use for comparative purposes, the statements made to the Board by Mr. Rich.

The Secretary then read to the Board the following letter to the Governors of all Federal Reserve banks advising of the action taken by the Board yesterday, with respect to the collection of non-cash items:

"In the considerations which have been given during the past two years to the question of whether or not the Federal reserve banks should discontinue the handling of so-

9/24/26

-4-

"called non-cash collection items, considerable opposition has developed to the continuance of the service as at present, that is, without charge and without limitation as to items payable at street addresses.

The provisions of the Federal Reserve Act authorize, but do not require the Federal Reserve banks to handle non-cash items and the inauguration of the function was not the result of an order by the Federal Reserve Board, but rather at its suggestion. The Board wishes to suggest to the Federal reserve banks that each bank exercise its own option as to the collection of non-cash items at street addresses, but continue the collection of non-cash items collectible at banks."

Approved.

The Secretary also read to the Board the following proposed telegrams addressed to the Governors of all Federal Reserve banks and to Mr. John W. Barton, Chairman of the American Bankers Association Committee on Non-cash Items, respectively:

"For your information, letter being mailed Governors of all Federal Reserve Banks today, suggesting each bank exercise its own option as to collection of non-cash items at street addresses."

"For your information, Board yesterday voted to suggest to each Federal Reserve bank that it exercise its own option as to the collection of non-cash items at street addresses".

Approved.

In accordance with informal request of the Board at the meeting yesterday, Mr. Miller then submitted the following report:

"The undersigned, to whom was referred certain questions in connection with the action previously taken by the Board with reference to the appointment of a bank examiner for state member bank examination work, recommends that Mr. H. W. Black, who was employed by the Board to undertake this work, be attached to the Board's Division of Examination until such time as the Board has the information and data necessary to determine the scope and permanent status of state member bank examination work. The under-

9/24/26

-5-

"signed also recommends that Mr. Black be informed that, in addition to analyzing reports of member bank state examinations in order to determine the quality and adequacy of examinations now being made by various state banking departments, he also be directed to investigate the member bank examination work of Federal reserve banks with the view of determining its thoroughness and adequacy, and for this purpose he be authorized, with the approval of the Chief Examiner and the Governor, to make such visits to Federal reserve banks as are deemed advisable.

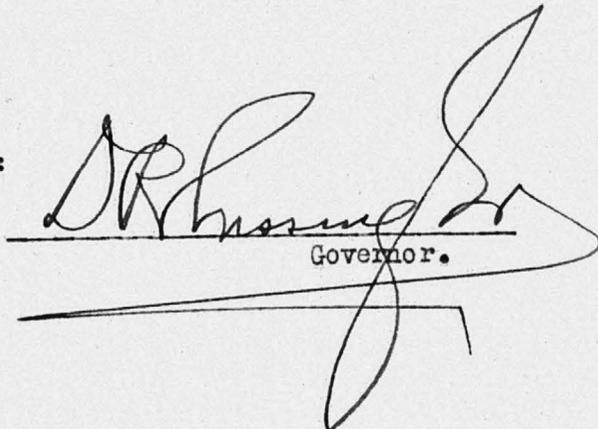
It is also recommended that further determination of the scope of Board member bank examination work and the question of establishing a separate Division of Member Bank Examination be deferred until the Board is provided with the requisite data through the analyses and investigations to be made by Mr. Black."

Following a brief discussion action on the above report was deferred.

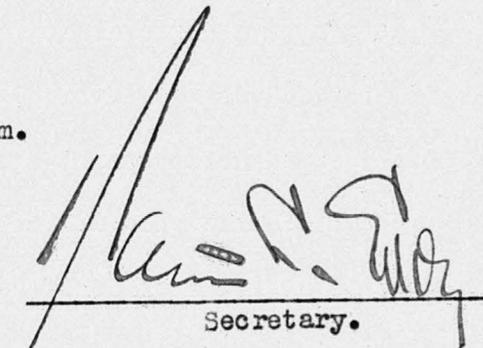
At this point, the Secretary of the Treasury entered the meeting and gave an account of his impressions during a visit to Europe from which he returned a few days ago.

The meeting adjourned at 1:20 p.m.

Approved:



 Governor.



 Secretary.