

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, October 21, 1926 at 11:10 a.m.

PRESENT: Governor Crissinger
 Mr. Platt
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Eddy, Secretary
 Mr. McClelland, Asst. Secretary
 PRESENT ALSO: Mr. Goldenweiser, Acting Director of the
 Board's Division of Research and Statistics.

Mr. Goldenweiser appeared before the Board in accordance with its action yesterday and discussed with the members in detail the present credit and business situation, with his observations thereon, reviewing in this connection trends over the period of the last several years.

Mr. Goldenweiser then withdrew from the room and Governor Crissinger also left the meeting, Mr. Platt taking the Chair.

During the Board's discussions with Mr. Goldenweiser Mr. James had moved that the Division of Research and Statistics be directed to prepare and submit to the Board a plan for an investigation into the amount of banking paper directly or indirectly based on real estate and building.

This motion now being put by the Chair was unanimously carried.

Telegram dated October 20th from the Chairman of the Federal Reserve Bank of Boston, 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 October 20th from the Chairman of the Federal Reserve Bank of St. Louis, 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.

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Bond of Mr. William H. White, Assistant Federal Reserve Agent at the Federal Reserve Bank of Chicago, dated October 19, 1926, in the amount of \$50,000.

Approved.

Application of The Seaside National Bank of Long Beach, Cal. for permission to exercise general fiduciary powers, with recommendation from the Federal Reserve Agent at San Francisco that action on the application be deferred pending receipt of the next report of examination and recommendation of the Law Committee of the Board that the application be approved. Thereupon ensued a discussion during which it was pointed out that the bank has been in operation for less than a year, having commenced business on November 7, 1925, and that it has a surplus account of but 10% of its capital, whereas it has been the policy of the Board, as a general rule, to grant trust powers to national banks only when their surplus account amounts to at least 20% of their capital.

Following the discussion, Mr. Hamlin moved that the Board approve the application.

Mr. Cunningham moved, as a substitute for Mr. Hamlin's motion, that the recommendation of the Federal Reserve Agent be followed and that action on the application be deferred pending receipt of report of the next examination of the bank.

Mr. Cunningham's substitute motion being put by the Chair was carried, the members voting as follows:

Mr. Miller, "aye"
Mr. James, "aye"
Mr. Cunningham, "aye"
Mr. Platt, "no"
Mr. Hamlin, "no"

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Memorandum from the Secretary dated October 16th, advising that the board of directors of the Federal Reserve Bank of Dallas at their last meeting voted that Mr. Vernon Becker, an employee of the Loan Department of the Bank be granted an additional leave of absence of thirty days, with full pay, on account of illness; the Board's Committee on Salaries and Expenditures recommending approval.

Upon motion, it was voted to approve payment of full salary to Mr. Becker during the leave of absence granted him by the Dallas directors.

Memorandum from the Secretary dated October 16th, advising that the board of directors of the Federal Reserve Bank of Dallas at their last meeting voted to allow Mr. B. A. McKinney, Member of the Federal Advisory Council from the Eleventh District, a flat sum of \$211.50 in reimbursement of his traveling expenses in attending each meeting of the Council, this being in addition to a fee of \$50 paid him for each meeting attended; the Board's Committee on Salaries and Expenditures recommending approval.

Approved.

Memorandum from Counsel dated October 13th, submitting draft of reply to letter dated October 6th from the Assistant Federal Reserve Agent at Dallas, with reference to the procedure to be followed in having surrendered seven shares of stock in the Federal Reserve bank erroneously allotted to the Texas State Bank and Trust Company of San Antonio, Texas; the proposed reply transmitting a suggested form of application for the surrender of this stock, being the regular form of application for surrender with appropriate changes in the wording to care for the exceptional

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conditions in the present case.

Upon motion, the proposed reply was approved.

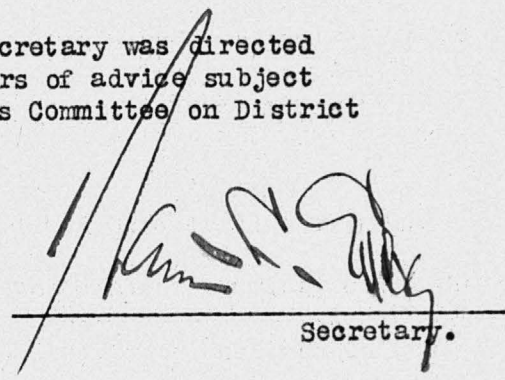
Letter dated October 19th from the Assistant Federal Reserve Agent at New York, with reference to a prospective merger of the Irving Bank and Trust Company and the American Exchange - Pacific National Bank, both of New York City.

Referred to the Committee on Examinations.

The Secretary then referred to the action of the Board yesterday in making special order of business for a meeting to be held on November 11th the question of the consolidation and future operation of the Cuban Agencies of the Federal Reserve Banks of Boston and Atlanta as recommended in the report of the Special Committee submitted at the meeting on May 20, 1926. He requested instructions as to the character of advices which the Board desired be sent to the Federal Reserve Banks of Boston, New York, Philadelphia and Atlanta, the Atlanta Clearing House Association and any other interested parties.

After discussion, the Secretary was directed to prepare and transmit letters of advice subject to the approval of the Board's Committee on District #6.

The meeting adjourned at 1:15 o'clock.



Secretary.

Approved:

Edmund Platt
Vice-Governor.