

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, November 2, 1926 at 11:15 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary
PRESENT ALSO: Mr. Goldenweiser, Acting Director of
the Division of Research & Statistics.

The reading of the minutes of the meetings of the Federal Reserve Board held on October 28th, 29th and 30th was dispensed with.

Mr. Goldenweiser read to the Board an article on the subject of the present cotton situation which he had prepared for inclusion in the review of the month in the forthcoming issue of the Federal Reserve Bulletin.

During the reading of the article members of the Board made various suggestions for changes and at the conclusion of the discussion Mr. Miller moved that the final revision of the article be left to a committee consisting of the Governor, Mr. Cunningham and Mr. James with power.

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

Mr. Goldenweiser then left the meeting.

Memorandum dated November 2nd from the Assistant Secretary, advising that the Chamber of Commerce of the United States desires one hundred copies of the Digest of Rulings of the Federal Reserve Board, and recommending, inasmuch as the sales of this Digest have more than paid for the cost of same and due to the fact that the Board's Counsel is contemplating revising the Digest after the first of the year, that no charge be made to the Chamber of Commerce for the copies desired, the Board having about seven

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hundred and fifty on hand.

Upon motion, it was voted to approve the recommendation that one hundred copies of the Digest be furnished to the Chamber of Commerce free of charge, and the Secretary was authorized to make free distribution of the balance of copies on hand.

Letter dated October 25th from the Assistant Federal Reserve Agent at San Francisco, advising that the American Bank of San Francisco would on October 26th open in a temporary location at 1550 Market Street, the branch approved by the Board on October 27, 1925 for the north side of Market Street at Van Ness Avenue.

Noted.

Letter dated October 28th from the Assistant Federal Reserve Agent at San Francisco, advising that the Security Trust and Savings Bank of Los Angeles on October 25th merged with the Bank of Van Nuys and established same as a branch under the Board's authority of September 23rd, the location of the branch being 6302 Van Nuys Boulevard.

Noted.

Letter dated November 1st from the Assistant Federal Reserve Agent at New York, advising that the Municipal Bank, Brooklyn, N. Y. on October 30th opened in temporary quarters at Fifth Avenue and Fourteenth Street, Brooklyn, the branch approved by the Board on October 7th for Fifth Avenue and Fifteenth Street.

Noted.

Matter approved on initials this morning, namely, letter dated November 2nd from the Comptroller of the Currency, recommending a salary

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of \$7200 per annum for National Bank Examiner J. G. Hughes, to be assigned to the 5th Federal Reserve District.

Approved.

Letter dated October 28th from the Assistant Federal Reserve Agent at San Francisco, transmitting copy of a letter addressed to the Pacific Southwest Trust and Savings Bank, Los Angeles, by the State Superintendent of Banks relative to an examination of the bank which was started on February 6, 1926.

Ordered circulated.

Letter dated October 29th from the Undersecretary of the Treasury, replying to the Board's letter of October 27th with reference to the recommendation of the Federal Advisory Council regarding the income tax imposed on foreign corporations for income received from investments in commercial bills in the American market; the Undersecretary stating that the matter has already come to the attention of the Treasury which would be disposed to recommend that no tax be collected on such income, and further, that while he is not sure there will be any changes in the tax law at the coming session of Congress, if there are this matter will have the attention of the Treasury.

Noted.

Report of Committee on Salaries and Expenditures on letter dated October 28th, from the Governor of the Federal Reserve Bank of Minneapolis, requesting the Board's approval of an increase in the salary of Mr. Clarence W. Boteler from \$2,600 to \$3,000 per annum, effective November 1, 1926; the

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Committee recommending approval.

Approved.

Letter dated October 30th from the Federal Reserve Agent at Kansas City, transmitting report of examination of the Commerce Trust Company of Kansas City which was commenced on March 13, 1926; the Agent stating that the bank examined is the largest member bank in the district and an efficient examination could have been accomplished only with the assistance of the examiners of the Federal Reserve Board who cooperated in the examination.

Noted, with the understanding that the Chief Examiner is to prepare for the information of the Board an analysis of the examination report.

The Governor then presented application of the First National Bank of Clinton, Ind. for permission to exercise general fiduciary powers, action on which was deferred at the meeting on October 12th with the understanding that the Comptroller of the Currency would correspond with the bank with reference to a possible increase in its capital. The Governor also presented a letter addressed to the Comptroller by the President of the bank stating that if they are to be compelled to increase their capital to secure trust powers they will abandon the idea of having trust powers issued to them and stating that while they know their capital is small for the amount of their deposits, business conditions in their territory are bad and they do not know that their deposits will continue as they are.

Following a discussion, Mr. McIntosh moved that the Board approve the application of the First National Bank of Clinton, Indiana, for permission to exercise general fiduciary powers.

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

Memorandum from Counsel submitting draft of reply to letter dated October 28th from Honorable Isaac Bacharach, with reference to the Clayton Act application of Mr. Richard McAllister which the Board on October 6th temporarily refused with the understanding that Mr. McAllister might within thirty days present additional evidence to show that the banks involved in his application are not in substantial competition; the proposed reply stating that the Board will be glad to extend the time in which additional evidence in this case may be presented and requesting Congressman Bacharach to advise the Board when it will be convenient for him to take the matter up.

Upon motion, the proposed reply was approved.

Matter ordered circulated at the meeting on October 12th, namely, memorandum from Counsel dated September 30th, with reference to the power of the Federal Reserve Board to regulate or eliminate collection charges on checks collected through Federal Reserve banks.

Noted and ordered filed.

The Secretary then presented a further letter dated October 29th from the Assistant Federal Reserve Agent at New York with reference to the matter discussed at the meeting on October 26th, namely, a suggestion for the earlier release of figures showing the condition of reporting member banks in New York City and Chicago; the Assistant Federal Reserve Agent stating that he does not believe the earlier release of the New York and Chicago figures would in any way impair the usefulness of the statement of condition of all member banks which it is contemplated would continue to

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be released as usual.

Following a discussion, Mr. Miller moved that the suggested change be laid on the table for the time being.

Carried.

Report of Committee on Examinations dated October 30th on the matter referred to it at the meeting on September 17, 1925, namely, resolution introduced by Mr. Miller that the Committee on Examinations be requested to investigate and report to the Board on the advisability and practicability of coordinating all examining work in the Federal Reserve System under the supervision of the Board, acting through its Division of Examination, which resolution was later referred to the Federal Reserve Agents' Conference held in November 1925 and by it referred to the Federal Reserve Agents' Standing Committee on Examinations, which, in turn reported its findings to the Board's Committee.

The above report was read to the Board by the Secretary and after a brief discussion was made special order of business for a meeting to be held tomorrow.

REPORTS OF STANDING COMMITTEES:

Dated, October 30th, Recommending changes in stock at Federal Reserve Banks
November 1st, as set forth in the Auxiliary Minute Book of this date.

Approved.


Dated, October 30th, Recommending action on applications for fiduciary
November 1st, powers as set forth in the Auxiliary Minute Book of
this date.

Approved.

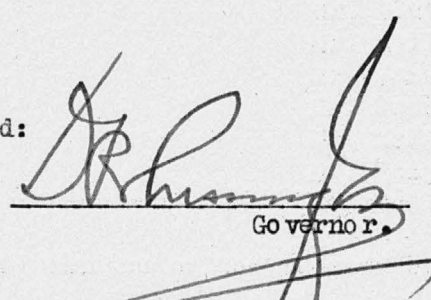
The meeting adjourned at 1:15 p.m.

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Secretary.

Approved:


Governor.