

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 3, 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

The minutes of the meeting of the Executive Committee held on October 28th were read and upon motion the actions recorded therein were ratified.

The minutes of the meetings of the Federal Reserve Board held on October 29th and 30th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on November 2nd were read and approved as amended.

Application of The Doylestown National Bank of Doylestown, Pa. for permission to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics or in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the state of Pennsylvania; together with recommendation of the Law Committee that the application be approved, effective if and when the capital of the bank is increased to not less than \$125,000, as required by law.

Upon motion, it was voted to approve the application of The Doylestown National Bank, Doylestown, Pa. for permission to exercise general fiduciary powers, effective if and when its capital is increased to not less than \$125,000.

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Memorandum from Counsel dated October 29th, approved by the Law Committee, with regard to the matter referred to the Committee at the meeting on October 20th, namely, letter dated October 11th from Mr. M. B. Angell, submitting a statement in the amount of \$5,025.32 for his fee and expenses in connection with the Pascagoula par clearance case; Counsel recommending approval of the statement and submitting draft of a letter to Mr. Angell advising of such approval and a letter to the Federal Reserve Bank of Atlanta, transmitting the statement for payment and requesting a final and complete statement of all reimbursable expenses arising out of this case in order that they may be pro-rated among all Federal Reserve banks.

After discussion, Mr. James moved approval of the payment of the statement rendered by Mr. Angell and of the letters submitted by Counsel.

Carried.

Telegram dated November 3rd from the Assistant Federal Reserve Agent at Kansas City, advising of the death of Mr. H. W. Gibson, Class B Director of that bank whose term expires December 31, 1926, and advising that all nominations received so far in the regular election of a Class B Director to succeed Mr. Gibson have been for him; the Assistant Federal Reserve Agent inquiring whether a special election should be held to fill Mr. Gibson's unexpired term and requesting approval of the extension of both the date of closing nominations and the date for mailing to member banks a list of candidates nominated in the regular election to November 13th.

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Upon motion by Mr. James, it was voted that the Federal Reserve Bank of Kansas City be advised that it will not be necessary to hold a special election to fill Mr. Gibson's unexpired term and further to approve the extensions requested in connection with the regular election of a Class B Director for a term of three years from January 1, 1927.

The Governor then brought up the special order of business for this morning's meeting, namely, report of the Board's Committee on Examinations dated October 30th, as follows:

"At a meeting of the Board held on November 21, 1924, the following resolution was introduced by Dr. A. C. Miller, member of the Board:

'That the Committee on Examinations of the Federal Reserve Board 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 Examinations, in order to give fuller effect to the provisions of the Federal Reserve Act (Section 9) that "examinations made by direction of the Federal Reserve Board or of the Federal reserve bank" shall be made "by examiners selected or approved by the Federal Reserve Board".'

"The above resolution was called up for consideration by Mr. Miller at a meeting of the Board on September 17, 1925. The resolution was adopted and referred to the Board's Committee on Examinations. The Board's Committee on Examinations later recommended that the resolution be referred to the Federal Reserve Agents' Conference to be held in November, 1925. The Agents' Conference held in November referred the resolution to its standing Committee on Examinations, who, in turn, reported its findings to the Board's Committee. This report is hereto attached.

"The Board's Committee having given consideration to the report of the Agents' Committee on Examinations, begs leave to make comment and recommendations thereto.

"The Federal Reserve Agents' Committee in summarizing its report to the Board's Committee makes the following statement:

'The Committee believes in maintaining and improving the present examination practice. It does not favor the concentration of Federal Reserve examining responsibilities in the Board because it

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"believes it should be exercised in cooperation with State Supervisors and Chief National Examiners, and for effective cooperation with those authorities, close personal relations are important; but the Board should satisfy itself that at all times the Federal Reserve Agents are satisfactorily discharging their responsibilities in this regard and should require from them such current information as it desires. This is a fundamental feature of the program which the Committee recommends."

"The information before the Board's Committee at the present time is not sufficient to enable it to determine to what extent it may ultimately become necessary to centralize, under the Board, certain features of the examination work in order to more effectively coordinate the examination work of the system. In the main, however, the Committee finds itself in hearty accord with the recommendations as above recited, and believes that for the present the Board should hold the Federal Reserve Agents responsible and should take such measures as may be necessary to satisfy itself that the Federal Reserve Agents are 'satisfactorily discharging their responsibilities in this regard.'

"In order to provide the Board with all data necessary to enable it to determine the most practicable manner in which to proceed in the full discharge of its responsibilities with reference to the examination of member banks, the Board's Committee would recommend the appointment of a man well qualified for the work, to make a survey, and report as to the efficiency and thoroughness of the examinations and credit investigations made by each Federal Reserve Bank, and as to the efficiency and thoroughness of the examinations of State banking departments - with particular reference to the question whether the State examinations, or Clearing House examinations, furnish the information to Federal reserve banks upon which they may safely act when asked to extend credit. This survey should not only bring in additional information to the Board, but should result in recommendations for such action or changes of policy as may be indicated so that the Board may at all times feel assured of the competency of the examination of member banks.

"The Committee does not feel that it will be in a position to make a final recommendation on the question submitted to it in the resolution of November 21, 1924, to wit; 'The advisability and practicability of coordinating all examining work in the Federal Reserve System under the supervision of the Board,' until the data, information and recommendations which will result from the survey recommended above, are available.

"The Board's Committee believes that the ideal system for State bank members in many States would be to have one examination by State authorities, and one by Federal Reserve authorities each year. This cannot be done under State laws excepting in a few States at the present time, but an effort should be made to obtain the necessary amendments to State laws so that it may be authorized. Complete joint examinations by State and Federal Reserve authorities are often also desirable and an amendment to the Federal Reserve Act to permit such examinations should be recommended when opportunity occurs."

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(Signed) Edmund Platt

(Signed) E. H. Cunningham"

Mr. Platt moved approval of the report of the Committee.

After discussion, Mr. James moved as a substitute for Mr. Platt's motion that the Board tentatively approve the recommendations of the Committee, and request the Committee to report back in detail the proposed duties of the examiner whose employment it recommends, with the understanding that the Committee may, if it desires, confer in this matter with the Board's Chief Examiner, Mr. Herson, and with Mr. Stearns and Mr. Pole of the Office of the Comptroller of the Currency.

After further discussion, Mr. James' substitute motion was put by the Chair and unanimously carried.

REPORTS OF STANDING COMMITTEES:

Dated, November 2nd, 3rd, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

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

Approved.

Dated, October 30th, Recommending approval of the application of Mr. C. B. Fox for permission to serve at the same time as director of the Union Trust Company, East St. Louis, Ill. and as director of the Security National Bank Savings & Trust Company, St. Louis, Mo.

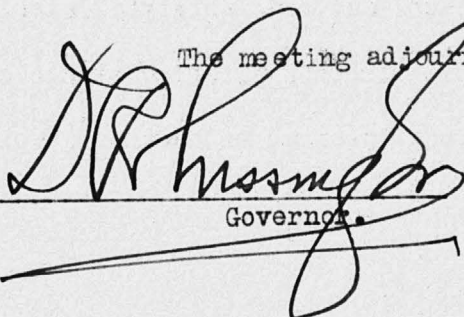
Approved.

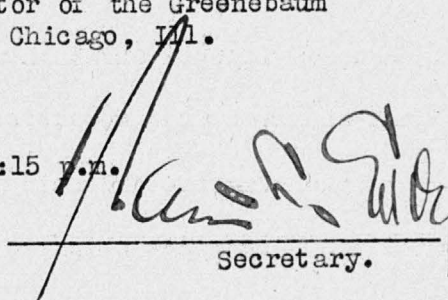
Dated, October 30th, Recommending approval of the application of Mr. Jacob L. Kesner for permission to serve at the same time as director of the Guardian National Bank, Chicago, Ill. and as director of the Greenebaum Sons Bank & Trust Company, Chicago, Ill.

Approved.

The meeting adjourned at 1:15 p.m.

Approved:

  
Governor.

  
Secretary.