

A meeting of the Federal Reserve Board was held in the office of the Governor on Friday, November 19, 1926 at 12:30 p.m.

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

The reading of the minutes of the meetings of the Federal Reserve Board held on November 9th and 10th, and the meeting of the Executive Committee held on November 17th was dispensed with.

Telegram dated November 17th 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 November 17th from the Chairman of the Federal Reserve Bank of Philadelphia, 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 November 18th from the Secretary of the Federal Reserve Bank of San Francisco, 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.

Letter dated November 18th from the 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.

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Memorandum dated November 17th from the Acting Director of the Division of Research and Statistics, recommending the permanent appointment as statistical clerks in the Division at salaries of \$1560 per annum each, effective December 1, 1926, of Mrs. E. Bess Hamilton and Mrs. Kathleen B. Perry, who have been engaged in temporary work with the Division since April 19, 1926.

Approved.

Bond of Mr. Curtis L. Mosher, Assistant Federal Reserve Agent at Minneapolis, dated November 5, 1926 in the amount of \$100,000.

Approved.

Letter dated November 18th from the Assistant Federal Reserve Agent at Philadelphia, requesting the designation of Mr. Charles B. Flood of the Currency Department of the bank to assist examiners in a pending examination of a large out-of-town state member bank.

Approved.

Letter dated November 10th from the Assistant Federal Reserve Agent at Cleveland, advising of a request of The Citizens Trust and Savings Bank, Columbus, Ohio, for an extension of six months in the period in which it may open the branch approved by the Board on May 25, 1926 for the corner of Main Street and Ohio Avenue, as well as for permission to change the location of the proposed branch to Main Street near Miller Street, about six blocks east of Ohio Avenue.

Upon motion, it was voted to grant the extension requested and also to approve the change in the location of the proposed branch.

Memorandum dated November 18th from the Chief Clerk advising that the Board has on hand approximately 850 copies of its Index Digest of the

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Federal Reserve Act (1924 Edition), for which there is a very limited demand, and suggesting that a satisfactory disposition of a good part of the supply might be effected by forwarding a copy to each of the universities and colleges now on the Board's complimentary mailing list for the Federal Reserve Bulletin.

After discussion, it was voted to approve the above suggestion.

Memorandum from Counsel dated November 13th, prepared in accordance with the action of the Board at its meeting on November 9th, with reference to the reserve requirements of member banks in the various boroughs of the city of New York.

Ordered circulated.

Report of Committee on Examinations on letter dated November 11th from the Assistant Federal Reserve Agent at New York, transmitting an application of The American Exchange-Pacific National Bank, on behalf of The American Exchange-Pacific Bank, a conversion of the former institution, for permission to accept drafts or bills of exchange drawn upon it up to 100% of its paid-in capital and surplus; the Assistant Federal Reserve Agent stating that the conversion became effective at the close of business on November 8th and recommending that the permission requested be made retro-active to the time of conversion.

Upon motion, it was voted to authorize The American Exchange-Pacific Bank to accept up to 100% of its paid-in and unimpaired capital and surplus, effective November 9, 1926.

Memorandum from Counsel dated November 10th with reference to the application of Mr. B. Volk, Jr. for permission to serve upon the directorates of the Union National Bank and the Peoples City Bank, both of McKeesport, Pa.;

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Counsel submitting draft of a letter to the Federal Reserve Agent at Cleveland advising that on the basis of all the evidence before the Board in connection with Mr. Volk's application, the banks involved are in substantial competition and the Board is, therefore, without authority under the law to grant the application, it accordingly being necessary for Mr. Volk to sever his connection with one of the banks.

Upon motion, the proposed letter was approved.

Memorandum from Counsel dated November 9th, regarding a conference held on November 5th with reference to the Clayton Act applications of Mr. Bruce F. Failey and certain other gentlemen, involving the Terre Haute National Bank and the United States Trust Company, both of Terre Haute, Ind.; Counsel submitting draft of a letter to the Federal Reserve Agent at Chicago advising that because of negotiations now pending for a consolidation of the banks, and in view of certain other important information developed at the conference, the Board will not insist that Mr. Failey or the other gentlemen involved resign at once from one of the banks, but that it is understood that the Board will be advised not later than the 4th of March, next, as to what definite arrangements have been made for the consolidation, at which time it will take such action as appears proper under the circumstances to secure compliance with the law.

Upon motion, the proposed letter was approved.

Letter dated November 16th from the Deputy Governor of the Federal Reserve Bank of New York, transmitting copy of a letter to the Governor

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of the Finlands Bank, advising of the appointment of that institution as agent and correspondent of the Federal Reserve Bank and setting forth terms and conditions under which the Federal Reserve bank will handle transactions for its account.

Ordered circulated.

Letter dated September 21st, addressed to the Secretary of the Treasury by the Secretary of State, with reference to the continuation and proposed consolidation of the branches in Havana, Cuba of the Federal Reserve banks of Boston and Atlanta.

Ordered circulated.

Draft of reply to letter dated November 16th from the Postmaster of the District of Columbia advising of a suggestion that Federal Reserve notes pouched at the Bureau of Engraving and Printing for shipment through the mails be delivered direct to the main postoffice in Washington instead of to the branch postoffice located in the Treasury Building as is now the practice; the proposed reply stating that the suggestion seems to be a good one and should work to the advantage of both the Postoffice Department and the Federal Reserve banks, in that the responsibility attaching to the Postoffice and the risk incurred by the insurance companies through transportation of the currency through the streets of Washington would be eliminated and the Board should be able to effect earlier dispatch of currency from Washington.

After discussion, the proposed reply was referred to the Governor with power.

Memorandum from the Secretary dated November 12th, with reference to an inquiry made by the Governor of the Federal Reserve Bank of Minneapolis,

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at a conference with certain members of the Board on November 12th, as to whether the Board would object to the Federal Reserve Bank of Minneapolis making a charge in connection with its safekeeping function if the Board of directors of the bank decides to take such action.

Ordered circulated.

Memorandum from Counsel dated November 5th, submitting draft of reply to letter dated October 30th from the Federal Reserve Agent at Atlanta, with reference to the inability of the Union Bank and Trust Company of Baton Rouge, La., which has withdrawn from membership in the Federal Reserve System, to surrender its certificate of membership which has been lost; the proposed reply stating that since it appears that the certificate of the Union Bank and Trust Company has been lost it will not be necessary for the Federal Reserve Agent to take any further steps toward its surrender other than to request the bank to forward the certificate if it should be found.

Upon motion, the proposed reply was approved.

Matter ordered circulated at the meeting on November 9th, namely, memorandum from Counsel dated October 23rd with reference to the report of the General Committee on Bankers Acceptances which the Governors' Conference in March, 1926, voted be approved and recommended to the Board; the report consisting principally of a statement of the broad general principles of correct practice in the granting of domestic bankers acceptance credits, but recommending that the use of domestic acceptances be broadened, particularly in two respects:

1. To permit the purchaser of goods under bankers acceptance credits to draw bills having a maturity con-

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sistent with the usual and customary credit time that obtains in the relative trade, instead of requiring the shipper to draw the bill if it has a maturity in excess of the actual transit time of the goods.

2. To permit the use of bankers acceptances secured by "independent converter's receipts" covering readily marketable staples to finance the carrying of certain staples during the time they are being converted into other forms of staples through a converter independent of the drawer, provided that the identity of the goods is not lost and the accepting bank remains secured by the independent converter's receipt.

After discussion, it was voted to request the views of the Federal Advisory Council, which is now in session, on the two recommendations above referred to.

Letter dated November 15th from the Deputy Governor of the Federal Reserve Bank of New York, stating he has been advised by the Chief of the Board's Division of Bank Operations that if and when the Federal Reserve bank first purchases bills under the credit recently extended the National Bank of Belgium, the Board might make some comment in the analysis of its weekly statement of condition of Federal Reserve banks, mentioning not only the fact that the National Bank of Belgium has sold the bills, but also the amount; the Deputy Governor setting forth certain reasons why it is not believed necessary or advisable to publish the fact that the National Bank of Belgium may have used its credit or to what extent, either in the analysis of the Board's weekly statement or in the Federal Reserve Bulletin. Thereupon ensued a discussion of the action of the Board at the meeting on October 28th in authorizing the incorporation in the analysis of the weekly statement following the first purchase of bills from the National Bank of Belgium of a

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statement that "The Federal Reserve banks made the first purchase of bills under the credit recently established for the National Bank of Belgium on (date). The amount of the bills purchased, \$_____, is included with other 'Bills bought in open market'."

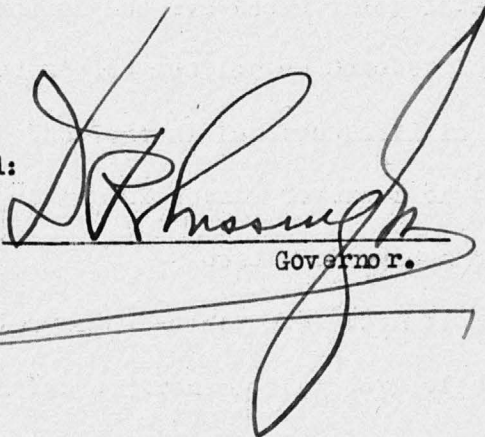
Following the discussion, it was voted that the form of statement authorized by the Board on October 28th be used, with the elimination of the amount of bills purchased.

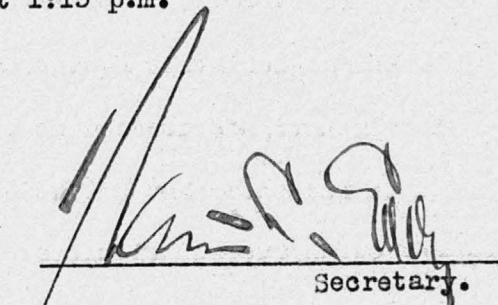
REPORTS OF STANDING COMMITTEES:

Dated, November 18th, Recommending changes in stock at Federal Reserve
19th, banks, as set forth in the Auxiliary Minute Book
of this date.
Approved.

The meeting adjourned at 1:15 p.m.

Approved:


Governor.


Secretary.