

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, December 3, 1926 at 11:15 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on November 30th and December 1st, were read and approved.

Mr. Hamlin then presented draft of a letter to the Chairmen and Governors of all Federal Reserve banks, prepared by the Secretary in accordance with the action of the Board at the meeting on November 30th, advising that the Federal Reserve Board does not concur in the recommendation made to the Governors' Conference by the Pension Committee in its report dated October 27, 1926 or in the action of the Governors' Conference in approving the report with the understanding that the action recommended therein should be taken insofar as it is practicable.

After discussion, upon motion by Mr. Hamlin, the proposed letter was approved as amended.

Telegram dated December 1st 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.

Letter dated December 2nd 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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Telegram dated December 1st 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 December 1st 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.

Telegram dated November 30th 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.

Telegram dated December 2nd from the Chairman 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.

Telegram dated December 3rd from the Chairman of the Federal Reserve Bank of Boston, advising of the re-election of Mr. Alfred L. Ripley, as Class A Director of the Bank, and Mr. Philip R. Allen, as Class B Director, both for terms of three years beginning January 1, 1927.

Noted.

Telegram dated December 2nd from the Chairman of the Federal Reserve Bank of Cleveland, advising of the re-election of Mr. Robert Wardrop, as Class A Director of the bank, and of Mr. George D. Crabbs, as Class B Director, both

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for terms of three years beginning January 1, 1927.

Noted.

Copy of circular letter issued by the Chairman of the Federal Reserve Bank of Richmond, advising of the re-election of Mr. L. E. Johnson as Class A Director of the bank, and Mr. D. R. Coker as Class B Director, both for terms of three years beginning January 1, 1927.

Noted.

Copy of circular letter issued by the Chairman of the Federal Reserve Bank of Atlanta, advising of the re-election of Mr. G. G. Ware as Class A Director of the bank, and Mr. Leon C. Simon as Class B Director, both for terms of three years beginning January 1, 1927.

Noted.

Letters and telegram dated December 1st from the Chairman of the Federal Reserve Bank of Chicago, advising of the re-election of Mr. E. L. Johnson, as Class A Director of the bank, and Mr. Robert Mueller, as Class B Director, both for terms of three years beginning January 1, 1927.

Noted.

Copy of circular letter issued by the Chairman of the Federal Reserve Bank of New York, advising of the re-election of Mr. R. H. Treman, as Class A Director of the bank, and Mr. Theodore F. Whitmarsh, as Class B Director, both for terms of three years, beginning January 1, 1927.

Noted.

Telegram addressed to Mr. James under date of November 30th by Mr. Paul Dillard of Memphis, Tenn., advising of his acceptance of the

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Board's appointment as Class C Director of the Federal Reserve Bank of St. Louis, for the unexpired term ending December 31, 1928.

Noted.

Letter dated November 29th from the Governor of the Federal Reserve Bank of Kansas City, referring to the vacancy in the board of directors of that bank caused by the resignation of Mr. W. S. Bulkley, Class C Director.

Noted.

Report of Committee on District #9 dated November 30th, recommending the appointment of Mr. John R. Mitchell as Class C Director of the Federal Reserve Bank of Minneapolis, for a term of three years beginning January 1, 1927, the redesignation of Mr. Mitchell as Chairman and Federal Reserve Agent for the year 1927 and the appointment of Mr. C. J. Kelly of Butte, Montana, as Director of the Helena Branch for a term of two years, beginning January 1, 1927; the Committee also recommending approval of the action of the board of directors of the Federal Reserve Bank of Minneapolis in voting to reduce the number of directors at the Helena Branch from seven to five.

After discussion, Mr. Hamlin moved approval of the action of the board of directors of the Minneapolis Bank in voting to reduce the size of the directorate of its Helena Branch from seven to five members, effective January 1, 1927.

Carried.

Thereupon ensued a discussion during which it was agreed that the appointments recommended by the Committee should be taken up with other similar recommendations, on a date to be fixed by the Governor.

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Report of Committee on Salaries and Expenditures on letter dated November 30th, from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of the action of the executive committee of that bank in voting to grant extensions, with full pay, of thirty days from November 22nd and November 14th, respectively, in leaves of absence on account of illness, granted Miss Anne Mitchell and Miss Helen Moore, employees of the bank; the Committee recommending approval.

Upon motion, it was voted to approve payment of full salary to Miss Mitchell and Miss Moore during the extensions authorized by the executive committee of the Richmond bank.

Report of Committee on Salaries and Expenditures on letter dated November 20th from the Secretary of the Federal Reserve Bank of Chicago, requesting approval of the action of the executive committee of that bank in voting to grant 90 day extensions, with full pay, from November 7th and October 28th, respectively, in leaves of absence on account of illness, granted Miss Jessie Gasparo, an employee of the Bond Department, and Miss Catherine Flannigan of the Check Department; the Committee recommending approval.

Upon motion, it was voted to approve payment of full salary to Miss Gasparo and Miss Flannigan during the extensions in leave of absence, authorized by the Executive Committee of the Chicago bank.

Letter dated November 26th from the Chairman of the Federal Reserve Bank of New York, advising that the Central Mercantile Bank of New York, which recently merged The National American Bank, will establish its main

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office at Fifth Avenue and 44th Street, discontinuing the branch at 8 West 40th Street, which was formerly the main office of the National American Bank and which it was originally supposed would be the location of the main office of the merged institution.

Noted.

Letter dated November 23rd from the Assistant Federal Reserve Agent at Cleveland, advising that effective November 20th The Ohio Trust Company was absorbed by the Lake Erie Trust Company of that city, also a member; together with memoranda from Messrs. Platt and Cunningham, members of the Committee on Examinations, with reference to the necessity for approval of this consolidation by the Board.

After discussion, Mr. Cunningham moved that the Federal Reserve Agent at Cleveland be requested to secure from the Lake Erie Trust Company an application for the Board's approval of its action in absorbing the Ohio Trust Company and to forward same to the Board with his recommendation.

Carried.

Telegram dated December 2nd from Mr. Alex Dunbar of Pittsburgh, Chairman of the American Bankers' Association Committee on Standardization of Checks, inquiring if the Committee may meet with the Board on Monday, December 6th; together with proposed telegraphic reply stating that the Board has a full docket for Monday morning but will be glad to see the Committee on the afternoon of that day.

Noted, with approval.

Letter dated November 30th from the Washington office of the Dearborn Independent, submitting an inquiry as to the amount of Federal Reserve notes issued from 1918 to 1921, how many have been retired, etc.

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Referred to the Secretary for preparation of a reply.

Memorandum from the Secretary dated December 2nd, submitting draft of letter to be addressed to the Federal Reserve Agents at Federal Reserve banks branches of which maintain a supply of unissued Federal Reserve notes, advising of the Board's approval of the suggestion of the recent Federal Reserve Agents' Conference that such branches experiment during the next six months with the possibility of carrying the necessary reserve supply of notes in the banking department instead of the Federal Reserve Agent's Department at the branch; the proposed letter requesting that the experiment be conducted during the first six months of 1927 and a report be made at the end of that period with respect to the advisability of a permanent arrangement for carrying all Federal Reserve notes at the branches as bank cash. The Secretary's memorandum also submitted a letter dated November 22nd from the Federal Reserve Agent at Chicago, regarding the situation with respect to the carrying of unissued Federal Reserve notes at the Detroit Branch.

After discussion, Mr. Hamlin moved that the letter submitted by the Secretary be approved for transmittal to all Federal Reserve Agents except at Chicago and Kansas City, the Board having already been advised of arrangements to discontinue the carrying of such unissued notes at the Omaha and Oklahoma City Branches and of a study being made of the situation at the Denver Branch.

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

He then moved that the letter from Mr. Heath, above mentioned, be referred to the Committee on District #7 for report.

Carried.

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The Governor then referred to the action of the Board at its meeting on November 19th, in voting that the text accompanying the weekly statement of condition of Federal Reserve banks, following the first purchase of bills from the National Bank of Belgium under the credit recently established, should contain the following mention of the purchase:

"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'."

He stated certain objections which had been expressed to him to the inclusion of the above reference in the weekly statement and stated that he personally could see no reason for it, in view of the fact that the Board has already published in the Federal Reserve Bulletin information regarding the credit approved for the National Bank of Belgium.

Following a discussion, Mr. Hamlin moved reconsideration of the Board's action of November 19th.

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

The Governor then referred to the fact that the bills bought under the Belgian credit were to be included in the weekly statement along with other "bills bought in open market" and suggested that it might be advisable to subdivide this item so as to show separately domestic and foreign bills.

Mr. Miller then moved that Mr. Smead, Chief of the Board's Division of Bank Operations, be directed to present to the Board draft of a form of the weekly statement, showing under the caption of "Bills bought in open market" separate items of foreign and domestic bills.

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Carried.

The Secretary of the Board then entered the meeting and submitted draft of a proposed telegraphic reply to a letter dated November 29th from the Deputy Governor of the Federal Reserve Bank of Cleveland, with reference to a change in the plan of charging off depreciation on the building and vaults of the Pittsburgh branch which at the present time is being depreciated on a fifty year basis or at the rate of 2% per year; the Deputy Governor requesting an expression as to the propriety of placing the Pittsburgh building and vaults on a forty year depreciation basis and suggesting that in order to make the depreciation retroactive a charge-off of \$18,436.10 be made at the end of the present year, with a future annual depreciation of \$14,011.49.

Upon motion, it was voted to approve the proposed reply as follows:

"Proposal regarding Pittsburgh building contained in your November 29 letter seems reasonable but think recommendation your board of directors should be received before proposal is presented to Federal Reserve Board. According to our figures if new procedure were adopted your charge for 1926 would be \$15,817.68 and in the future \$14,011.49. Your figure of \$18,436.10 apparently includes the annual increase for one year too many."

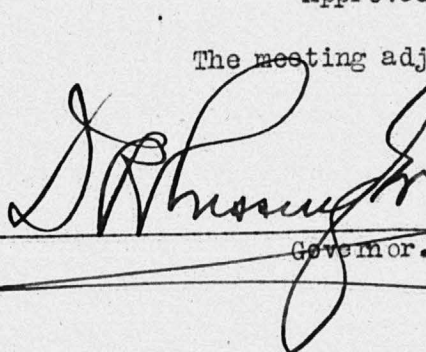
REPORTS OF STANDING COMMITTEES:

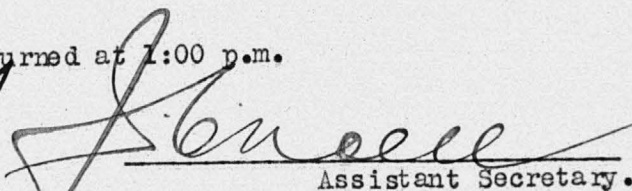
Dated, December 2nd, Recommending changes in stock at Federal Reserve banks,
3rd, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Assistant Secretary.