

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, December 28, 1926 at 11:00 a.m.

PRESENT: Governor Crissinger  
 Mr. Platt  
 Mr. Hamlin  
 Mr. Miller  
 Mr. James  
 Mr. Cunningham  
 Mr. McIntosh  
 Mr. Eddy, Secretary  
 Mr. McClelland, Asst. Secretary

The minutes of the meetings of the Federal Reserve Board held on December 10, 14, 15, 17 and 18, 1926, having been circulated among the members of the Board were upon motion approved.

Mr. Mitchell, Chairman of the board of directors of the Federal Reserve Bank of Minneapolis, entered the meeting and discussed with the Board the custody function at the Federal Reserve Bank of Minneapolis, stating that for the time being the Minneapolis bank is not considering making a charge for the custody of securities but that it proposes to discontinue the safe keeping of securities not owned by member banks. He referred, however, to the fact that certain clearing houses in and about the 9th District were contemplating the imposition of a charge for the safe keeping function and that in the event such a charge were adopted it might be necessary for the Federal Reserve bank to consider the same course.

Following the discussion, it was the consensus of opinion that as long as there is a question pending as to the imposition of a charge for the custody of securities by clearing house banks, no change in the existing practice of the Federal Reserve banks should be approved by the Board.

Mr. Mitchell then left the meeting.

Letter dated December 22nd from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that day made no

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change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated December 23rd 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.

Matter approved on initials on December 27th, namely, application of the City National Bank in Lincoln, Nebraska, for original stock (240 shares) in the Federal Reserve Bank of Kansas City, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on initials on December 27th, namely, telegram to the Governor of the Federal Reserve Bank of Minneapolis, authorizing the payment of the regular semi-annual dividend by that bank but advising that action with respect to charge-offs which the bank desires to make will be taken within the next day or so.

Formally approved.

Letter dated December 23rd from the Federal Reserve Agent at New York, advising that the City Bank Trust Company, Syracuse, N. Y., contemplates taking over the Bank of Onondaga, Onondaga Valley, N. Y., and that he will forward later application for the Board's approval.

Noted.

Report of Committee on Examinations on letters dated December 22nd and 24th from the Federal Reserve Agent at Chicago, with respect to and recommending approval of the establishment by the Detroit Savings Bank

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of an additional branch office at the intersection of Chalmers and Harper Avenues, Detroit; the Committee recommending approval.

Approved.

Letter dated December 22nd from Mr. Pierre Jay tendering his resignation as a Class C Director of the Federal Reserve Bank of New York, effective as of December 31, 1926.

Upon motion by Mr. Hamlin, Mr. Jay's resignation was accepted with regret.

Memorandum from Counsel dated December 22nd on letter dated December 7th from the Federal Reserve Agent at Boston, transmitting a request of the Fidelity Trust Company of Portland, Me., that the Board waive a special condition imposed upon the bank at the time of its admission to the Federal Reserve System and later amended, restricting the amount of loans and investments for any one person, firm or corporation; Counsel stating that he knows of no legal reason why the Board may not waive this condition if it so desires.

Upon motion by Mr. Hamlin, it was voted to waive the condition of membership referred to.

Memorandum from Counsel dated December 22nd, submitting draft of reply to letter dated December 17th from the Federal Reserve Agent at Chicago, advising of the action of the board of directors of that bank in voting, subject to the approval of the Board, to authorize the officers of that bank to withhold the mailing of dividend checks to any and all member banks whose doors have been closed for the period exceeding six months, until liquidating agents or receivers have been appointed and qualified to wind up the affairs of such institutions; the proposed letter stating that in the opinion of the Board the withholding of dividends as proposed

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is not in accord with law and the Board therefore does not approve.

Upon motion, the proposed letter was approved.

Memorandum from Counsel dated December 8th, with reference to the recommendations of the recent Conference of Federal Reserve Agents with regard to securing the surrender of Federal Reserve bank stock by national banks which have discontinued business, but have not gone into liquidation in accordance with law; Counsel submitting draft of a letter to the Comptroller of the Currency (1) requesting that whenever possible under the law he notify a national bank which has ceased to do business but which has not gone into liquidation that it must go into liquidation in accordance with law or else a receiver will be appointed; and (2) requesting his opinion with respect to the proposed amendments to Section 6 of the Federal Reserve Act and Section 5220 of the Revised Statutes, which would give the Comptroller of the Currency authority to appoint a receiver for a national bank which has discontinued its banking operations for a period of sixty days but which has not gone into liquidation as provided by law and which would also authorize the cancellation of Federal Reserve bank stock held by such a national bank when a receiver has thus been appointed.

Upon motion, the letter submitted by Counsel was approved.

Report of Committee on Salaries and Expenditures dated December 21st on the subject of salary recommendations for employees of the Federal Reserve Bank of New York, submitted in accordance with the salary plan of that bank which was approved by the Board on January 12, 1926; the Committee recommending approval of all proposed transfers of employees from one grade to another, the maximum salary of which is in excess of \$2,500,

and submitting without recommendation adjustments in the salaries, without changing the grades, of certain employees now receiving a salary of \$5,000 or more per annum, and increases in the compensation of certain employees occupying so-called appraised positions which do not fall within any of the grades approved in the salary plan.

Upon motion by Mr. Hamlin, it was voted to approve all changes in grades of employees of the New York bank as recommended by the Committee.

Upon motion by Mr. Hamlin, it was voted to approve an increase in the salary of Mr. Henry Z. Persons, Examiner, from \$5,300 to \$5,800 per annum.

Upon motion by Mr. Platt, it was voted to approve an increase in the salary of Mr. Wm. G. Simpson, Chief of the Examining Division of the Auditing Department, from \$6,000 to \$6,250 per annum.

Upon motion by Mr. Platt, it was voted to approve an increase in the salary of Mr. George W. Ferguson, Chief of the Reconciling Division of the Auditing Department, from \$5,000 to \$5,250 per annum.

Upon motion by Mr. Hamlin, it was voted to approve an increase in the salary of Mr. William Scott, Chief of the Foreign Department, from \$5,200 to \$5,500 per annum.

Upon motion by Mr. Hamlin, it was voted to approve an increase in the salary of Mr. Robert M. Morgan, Chief of the Loan Application Division of the Credit and Discount Department, from \$5,000 to \$5,500 per annum.

Upon motion by Mr. Hamlin, it was voted to approve an increase in the salary of Mary M. Crawford, Chief of the Medical Division, from \$6,000 to \$6,300 per annum, the members voting as follows:

Governor Crissinger, "aye"  
Mr. Platt, "aye"  
Mr. Hamlin, "aye"  
Mr. Cunningham, "aye"  
Mr. Miller, "no"  
Mr. James, "no"  
Mr. McIntosh, "no"

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Thereupon ensued a discussion of recommendations for increases in the salaries of Mr. Otto W. TenEyck, Superintendent of the Bank Building, and Mr. Arthur S. Vincent, Chief Engineer, from \$9,000 to \$10,000 per annum, and from \$6,500 to \$7,000 per annum, respectively.

Following a discussion, Mr. McIntosh moved that the Board approve continuance of present salaries of these employees pending report by the Secretary of the Board as to salaries paid for similar services in comparable buildings in New York City.

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

Letter dated December 23rd from the Deputy Governor of the Federal Reserve Bank of New York, requesting approval of the transfer, effective January 1, 1927, of Mr. John C. Wagner from the grade of elevator mechanic, with salary at the rate of \$45 per week, to that of foreman elevator mechanic, with salary at the rate of \$50 per week; this change being made necessary by the resignation of Mr. William V. Clifford, who has been employed as foreman elevator mechanic.

Approved.

Mr. Miller then submitted a memorandum addressed to him under date of December 24th by the Acting Director of the Division of Research and Statistics, with reference to the work being done by Mr. Carl Snyder, Statistician at the Federal Reserve Bank of New York, and its effect on the research work of the Federal Reserve System as a whole; the Acting Director concurring in a recommendation made by Mr. Stewart, former director of the Division, in a memorandum to the Board in June 1925, that the New York bank should be advised that its present work in long time trends, production and trade should be either discontinued or greatly curtailed.

Following a discussion, Mr. Miller moved that the recommendation of the former Director of the Division of Research and Statistics, concurred in by the present Acting Director, be approved by the Board and that it be the sense of the Board that work in long time trends of production, trade, etc. at the Federal reserve banks be discontinued and that the services of Mr. Carl Snyder in the Federal Reserve Agent's Department at New York be discontinued at the end of the year 1927.

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

Mr. Miller then moved that the matter of drafting a suitable letter of advice of the above action be referred to the Secretary of the Board and the Acting Director of the Division of Research and Statistics.

Carried.

Memorandum dated December 22nd from the Committee on Salaries and Expenditures, with regard to budgets submitted by the Federal Reserve Agents for the statistical and analytical functions at the Federal Reserve banks during the year 1927; the Committee recommending approval of budgets in the following amounts:

Boston	-	\$44,980
New York	-	117,964
Philadelphia	-	45,000
Cleveland	-	39,710
Richmond	-	15,330
Atlanta	-	11,100
Chicago	-	60,000
St. Louis	-	17,986
Minneapolis	-	19,980
Kansas City	-	20,521
Dallas	-	19,600
San Francisco	-	50,000

Upon motion, it was voted to adopt the recommendations of the Committee and to approve budgets for statistical and analytical work at the Federal Reserve banks in the amounts listed above.

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Letter dated December 24th from the Deputy Governor of the Federal Reserve Bank of New York, confirming his telephone advice of December 23rd that the directors of that bank wish to withdraw their recommendation for an increase from \$3,800 to \$5,000 per annum in the salary of Mr. Roy W. Furman who was to have been appointed Manager of the Credit Department; the letter transmitting a report of irregularities discovered in the credit files due to Mr. Furman's activities and stating that he has been relieved of his duties in the Department and is now engaged in making a special study, and further, that a copy of the report has been sent to the United States District Attorney, as disclosing a possible violation of Section 22 of the Federal Reserve Act and Sections 5208 and 5209 of the Revised Statutes.

After discussion, Mr. Miller moved that the above letter be acknowledged with the statement that the Board notes that Mr. Furman has been relieved of his regular duties and is of the opinion that he should be relieved of all duties at the Federal Reserve Bank of New York and immediately removed from the salary roll of the bank.

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

Letter dated December 24th from the Chairman of the Federal Reserve Bank of Chicago, requesting an expression of opinion by the Board as to the advisability of including in his Annual Report a discussion of bank failures in the 7th District during the past year, both member and non-member.

After a discussion, the Secretary was directed to request the Federal Reserve Agent at Chicago to submit to the Board a manuscript of the matter he desires to include in his report.

Memorandum dated December 17th from the Chief of the Division of



Bank Operations, with regard to the desire of the Governors of the Federal Reserve Banks of Philadelphia and Richmond to continue publication in their Annual Reports to stockholders of a detailed statement of the expenses of the banks by functions.

After discussion, Mr. Hamlin moved that in view of the fact that the Philadelphia and Richmond banks are the only ones desiring to publish this information, the Board interpose no objection to those banks including in their Annual Reports to their stockholders a statement of expenses by functions and arrange during the coming year to have these functional expenses computed in such a manner as would permit of their publication by all Federal Reserve banks at the end of 1927.

Mr. Hamlin's motion being put by the Chair was carried, Mr. James voting "no".

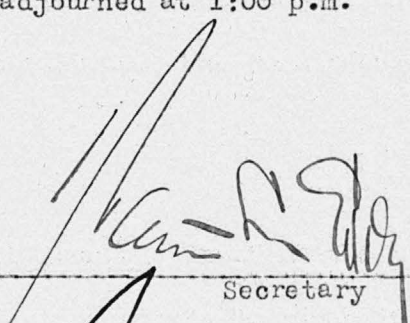
REPORTS OF STANDING COMMITTEES:

Dated, December 24th, Recommending changes in stock at Federal Reserve  
27th, banks, as set forth in the Auxiliary Minute Book  
28th, of this date.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:

  
Secretary

  
Governor