

A meeting of the Federal Reserve Board was held in the office of the Board on June 29, 1922, at 10:10 a.m.

PRESENT: Governor Harding
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. Mitchell
Mr. Crissinger
Mr. Hoxton, Secretary.

Minutes of the two meetings of the Board held on June 28th were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business June 27th.

Letter dated June 26th, from the Federal Reserve Agent at Atlanta, transmitting, with favorable recommendation, the application of the American-Liberty Bank and Trust Company of New Orleans, La. to accept up to 100% of its capital and surplus.

Approved.

Letter dated June 26th, from the Assistant Federal Reserve Agent at Philadelphia, reversing a recommendation made under date of May 2d, and suggesting, in view of reasons given, that the petition of the Berks County Trust Company of Reading, Pa. for the waiving of Condition No. 3 of the conditions of membership be denied.

Upon motion, in view of the recommendation aforesaid, it was voted to deny the application of the Berks County Trust Company of Reading, Pa. for authority to waive Condition No. 3.

Memorandum from General Counsel, dated June 27th, recommending certain increases in the salaries of persons employed in the Counsel's Office.

After discussion, Mr. Mitchell moved that the recommendations be disapproved. Mr. Hamlin moved as an amendment to Mr. Mitchell's motion that the matter be referred to the Executive Committee for report. Mr. Hamlin's amendment, being put by the chair, was lost. Mr. Mitchell's motion, being put by the chair, was carried.

The Governor submitted draft of proposed letter to the Federal Reserve Agent at Dallas, with reference to the loan limitation of the First National Bank of Durant, Okla., in view of an alleged impairment of capital.

The Governor was requested to amend the proposed letter and to submit it to the Comptroller of the Currency, with a view to transmitting it, if the Comptroller approves, and with a view to holding it until the next meeting of the Board, if the Comptroller does not approve.

Telegram dated June 29th, from the Chairman of the Federal Reserve Bank of San Francisco, with reference to the salary schedule recently submitted by that Bank.

Referred to the Committee on Salaries and Charge Offs.

Mr. Miller stated that in accordance with the terms of Article 15 of the By-Laws of the Board, he would submit at a date at least seven days hence the following proposed amendment to Article 12 of the By-Laws:

"Section IV: All votes of the Board shall be 'aye' and 'nay' and shall be recorded. Any member not saying either 'aye' or 'nay' shall be recorded as voting 'aye', unless he asks to be recorded as 'not voting'".

The Governor stated that the special order business docketed for today by action of the special meeting yesterday afternoon, was a letter dated June 22d from the Chairman of the Federal Reserve Bank of San Francisco, transmitting application from the Bank of Italy to acquire the following banks and to establish branches at the addresses as given:

The First National Bank of Woodland, 629 Main Street, Woodland.
Home Savings Bank, Woodland, N.E. corner 3d and Mill Streets.
Branch office at Knight's Landing.
The Broadway Bank, Oakland, 2250 Broadway, Oakland.
The Old Bank, Hanford, 112 N. Irwin Street, Hanford.
The Union National Bank, San Luis Obispo, N.E. corner Higuera and Garden Streets, San Luis Obispo.

Upon motion, it was voted that the Governor be requested to advise Mr. Perrin that he may notify the Bank of Italy of the Board's approval of the establishment of the branches in question, when he (Mr. Perrin) is satisfied that the Bank of Italy has corrected certain criticisms made by the State Bank Examiner, and is satisfied that the Bank of Italy has received authority to establish the branches from the State Banking Department. The Governor was also requested to advise Mr. Perrin of the distinct understanding of the Board that these institutions complete the list of banks which the Bank of Italy had arranged to acquire up to the time when the modifications in the conditions of membership were agreed to.

Mr. Crissinger desired to be recorded as "not voting", stating that he was opposed to the establishing of more branches by the Bank of Italy, San Francisco.

Mr. Platt stated that at the meeting of June 21st the Comptroller of the Currency had advised that certain national bank examiners were going to Europe in the near future to examine the branches of the National City Bank in New York located there, and had inquired if the Board desired these examiners to take advantage of the opportunity to examine the European branches of the International Banking Corporation.

Upon motion, the Board voted to accept the offer of the Comptroller of the Currency to examine the European branches of the International Banking Corporation.

Letter of recent date from the Director of the Division of Analysis and Research, recommending an increase in the salary of Mr. Steiner, who after July 1st will be the Acting Director of the Division.

Referred to Mr. Miller.

Letter dated June 26th, from the Chairman of the Federal Reserve Bank of Dallas, requesting the opinion of the Board as to the advisability of removing the gold located in the vaults of the El Paso Branch, said removal being under consideration by the Federal Reserve Bank of Dallas on account of unsettled conditions in the Republic of Mexico.

Upon motion, the Governor was requested to suggest that the Federal Reserve Bank of Dallas permit the gold to remain in the vaults of the El Paso Branch, and to ascertain from the Consulting Architect how the construction of the El Paso Branch vaults may be strengthened, if necessary.

Letter dated June 29th, from Mr. W. H. Hartford of Nashville, Tenn. transmitting an application from three banks in Chattanooga, Tenn. that the city of Chattanooga be no longer classified as a reserve city, said letter having been referred by action of the Board on June 27th to a special committee consisting of Messrs. Platt, Mitchell and Crissinger.

After discussion, it was, upon motion, voted that the applying banks be advised that the Federal Reserve Board will take no action until a hearing has been had on the subject. The Governor was requested to notify the applying banks of the date set by the Board for the hearing.

Letter dated June 26th, from the Governor of the Federal Reserve Bank of New York, enclosing a memorandum signed by that Bank's Committee on Procedure, with respect to the proper method of setting up the so-called "super-surplus" account, and with respect to those methods deemed proper by the Federal Reserve Bank of New York for the amortization of building and fixed machinery.

Referred to the Governor for reply, it being the sense of the Board that a charge off out of current earnings of a sum equivalent to 2% of the cost of buildings, as previously authorized by the Board, is a correct charge for depreciation of building structures, but that the Board has not undertaken and cannot very well undertake to prescribe in advance a uniform percentage to be applied to machinery and equipment depreciation. The Governor was also requested to prepare and transmit a circular letter to all Federal reserve banks, designed to remove any question as to the proper method of setting up the so-called "super-surplus" account.

REPORTS OF COMMITTEE NO. 1:

Dated June 29th, Recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book of this date.

Approved.

Dated June 28th, Recommending action on applications for fiduciary powers,

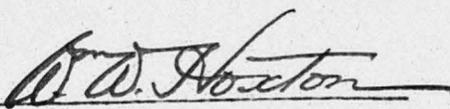
" " 29th, as set forth in the auxiliary minute book of this date.

Approved.

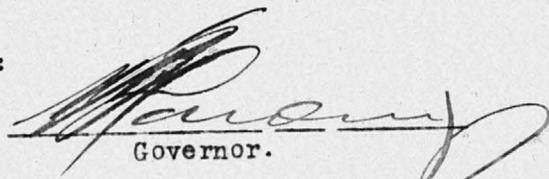
Dated June 28th, Recommending admission of state banks, subject to the
 " " 29th, conditions stated in the individual reports attached to the applications, as set forth in the auxiliary minute book of this date.

Approved.

At 12:15 p.m. the meeting adjourned.


 Secretary.

Approved:


 Governor.