FEDERAL RESERVE BOARD
WASHINGTON

December 2, 1922.

MEMORANDUM FOR VICE GOVERNOR PLATT:

The undersigned request that you call a special meeting of the Federal Reserve Board for today, Saturday, December 2, 1922, at 10:15 a.m.

[Signature]

C. E. Mill
A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on December 2, 1922, at 10:15 A. M.

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

The Vice Governor stated that he had called the meeting in accordance with the written request of three members of the Board as provided for in the By-laws.

Minutes of the meeting of the Federal Reserve Board held on November 29th, were read and on motion approved.

The Vice Governor reported the reserve positions of the several Federal Reserve banks as at close of business November 29, 1922.

Letter dated November 24th, from the Chairman of the Federal Reserve Bank of San Francisco, requesting the Board's approval of the proposed purchase by the Federal Reserve Bank of San Francisco, of a building in Portland for the use of the Portland Branch, it being set forth that the lease upon the quarters occupied by the Portland branch will expire on January 31st, and that although an extension of the lease might be arranged, a higher rental will be charged. Mr. Perrin further observed that between now and January 31st there is obviously too little time to go into the matter recasting the organization of the service rendered by the Federal Reserve Bank of San Francisco through the northwest branches.

After full discussion, the Secretary was directed to transmit the following telegram over the signature of the Vice Governor: "Your letter November 24th. Board without dissenting vote is of the opinion, with such information as it has, and in the interest of more economical operation of your Pacific Northwest branch service, that question of consolidation of the three present Northwest branches should
be settled before any provision is made for permanent quarters at any of these places. The Board is gratified to learn that temporary lease on your quarters at Portland can be secured and will expect a final recommendation and plan from your board with respect to the Northwest branch consolidation before the termination of your extended lease."

Mr. Hamlin stated that while he voted for the approval of the telegram he had reached no conclusion as to the merits of the question, but would await the report of the Federal Reserve Bank of San Francisco.

Telegram dated December 2nd, from the Chairman of the Federal Reserve Bank of Boston, advising of the re-election of Mr. Frederick S. Chamberlain as Class "A" Director, and Mr. Edmond R. Morse as Class "B" Director of the Federal Reserve Bank of Boston, and requesting advice as to when it is satisfactory to the Federal Reserve Board to have the result of the election published.

Noted. The Secretary was directed to advise Mr. Curtiss that the Board has no objection to the publication at the present time of the results of the election.

Draft of circular letter dated November 29th, addressed to all Federal Reserve Agents, except the Agents at New York and Chicago, on the subject of the "Preparation of the Annual Reports of Federal Reserve Agents."

Approved.

Telegram dated December 1st, from the Chairman of the Federal Reserve Bank of Dallas, announcing the election of Mr. W. H. Patrick, President of the First National Bank, Clarendon, Texas, as a Class "A" Director of the Federal Reserve Bank of Dallas, and the re-election of Mr. Marion Sansom as Class "B" Director.

Noted.
Bond of Mr. John G. Fry, Assistant Federal Reserve Agent at the Federal Reserve Bank of Richmond, dated November 21, 1922, in the sum of $50,000.

Approved.

Memorandum dated December 1st, to the Vice Governor of the Board from the Assistant Secretary, as follows:

"Dr. Willis has advised me that while he was connected with the Board, he had bound for his personal use all circular letters issued by the Board prior to 1921. He has asked me to request the Board to furnish him with copies of such circular letters as were issued during 1921 and during the period of 1922 in which he served as Director of the Division of Analysis and Research. He wants to have these circular letters bound to complete his set, desiring to have in his personal files copies of all circular letters issued by the Board during the time of his service with it. He states that if among the letters he desires there are any that are of a strictly confidential nature which the Board would not wish him to have, it would be satisfactory to him for the Board to withhold such letters.

Dr. Willis has also requested permission to consult the stenographic report of the Conference held by the Board with the officers and directors of the Federal Reserve Banks and Members of the Preliminary Organization Committee on October 21, 1914. He states that he has a personal copy of this report, but same is in storage and not readily accessible. He asks that the Board's file copy be sent to him, with permission to retain it for a few days.

I respectfully request that the Board advise me of its decision in this matter."

Approved. The Secretary was directed to go over the circular letters, copies of which, requested by Dr. Willis, with a view to withholding those which may be of a strictly confidential nature.

Letter dated November 25th, from the Federal Reserve Agent at San Francisco, transmitting copies of certain correspondence had between Mr. Perrin and Mr. J. S. Dodge, Superintendent of Banks of the State of California, regarding the application of the Bank of Italy for permission to establish a branch in the city of Santa Maria.

Noted.
Letter dated November 25th, from the Assistant Federal Reserve Agent at San Francisco, enclosing copy of a letter received from the Security Bank & Trust Company of San Francisco, withdrawing their application to establish a branch office on Mission Street near Second Street in San Francisco, permission to establish such branch having been previously given by the Federal Reserve Board.

Noted.

Letter dated November 25th, from the Federal Reserve Agent at San Francisco, transmitting with favorable recommendation, the application of the Security Trust & Savings Bank of Los Angeles, to take over the First National Bank of Burbank and the Burbank Savings Bank, the First National Bank of Montebello, and the Montebello Savings Bank, and to establish one branch each in the towns of Burbank and Montebello.

Approved, Mr. Crissinger voting "no". Mr. Crissinger further protested against the extension of branch banking in California because of the abuse of the discretion of the State Banking Department of California in the granting of these great number of permits for branch banks: that the abuse had become so acute that it amounted to setting aside of the banking laws of California, which provided for the examinations of State banks; that the abuse of such discretion in the granting of these permits by the State Banking Department put upon the Federal Reserve Board the duty of withholding their approval because the failure of the State to properly superintend banks imposed a duty upon the Federal Reserve Bank which the Federal Reserve Bank was not able, through its examining department, to properly perform; that it amounted to a fraud upon the people of California to hold out that these banks with their great number of branches were being properly examined, when as a matter of fact, they could not be properly examined by either the State of California or by the
Federal Reserve Bank, for want of a sufficient trained examining force; yet, the banks at the same time were holding themselves out as being under supervision of the Federal Reserve System, and being improperly supervised, amounted to a fraud upon the people.

Letter dated November 24th, from the Federal Reserve Agent at San Francisco, transmitting with favorable recommendation, the application of the Mercantile Trust Company of San Francisco, to take over the Petaluma National Bank and the California Savings Bank of Petaluma, and to convert them into one branch of the Mercantile Trust Company.

Approved, Mr. Crissinger voting "no".

Upon motion duly seconded, the Board approved Resolutions of the Federal Reserve Bank of Chicago, the Federal Reserve Bank of Minneapolis, the Federal Reserve Bank of Dallas and the Federal Reserve Bank of Boston, providing that a dividend for the six months' period ending December 31, 1922, be declared to all stockholders of the said banks, as shown by the books of the banks on that date.

Letter dated November 29th, from Mr. Gilbert R. Lansdale, tendering his resignation as a temporary employee in the Division
of Bank Operations, effective as at close of business, December 6, 1922.

Accepted.

There ensued a discussion of the attitude to be taken by the Board with respect to the loan of the examining forces of the Federal Reserve banks to assist State authorities in the examination of State Bank members.

Upon motion, Mr. Hamlin was requested to secure from General Counsel an opinion as to the legal powers of the Board and the Federal Reserve banks with respect to making examinations and investigations of member banks other than the special examinations provided for in the Act, Sections 9, 11 and 21, and for the cost of which the examined member banks must pay.

The Secretary was instructed to record the following tentative proposals and program to be discussed by the Board at a continuation of this meeting to be held next Monday at 10:30 A. M.

1st: It is proposed, that in all districts, member banks shall be required to pay for all special examinations made of them by the Federal Reserve banks -- provided that inquiries with reference to the loan or credit policy of a member bank made with its consent is not to be regarded as a special examination.

2nd: It is proposed, that Federal Reserve Banks shall not be authorized to engage in joint examinations with State authorities.
3rd: It is proposed that Federal Reserve banks shall not be authorized to lend, with or without compensation, any of their examining forces to any State Examining Department.

If any of the above proposals are adopted as the policy of the Board this proposition follows:

4th: That Federal Reserve banks shall be authorized and directed to make thorough special examinations whenever, in their judgment, State Banking Department examinations are inadequate or otherwise unsatisfactory.

With reference to the branch bank situation in California, Mr. Mitchell suggested that the Board adopt the view that the Bank of Italy of San Francisco has reached the limit of branch expansion and that therefore other California banks will be allowed to go to the limit reached by the Bank of Italy and no farther.

REPORTS OF COMMITTEE NO. 1:

Dated November 29th

Recommending action on applications for changes in stock as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated November 28th

Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated November 29th

Recommending approval of the application of Mr. Andrew W. Harper to serve at the same time as director of the Mutual National Bank and Washington Park National Bank, both of Chicago, Illinois.

Approved.

Dated November 29th

Recommending approval of the application of Mr. Wm. L. O'Connell to serve at the same time as director of the Washington Park National Bank and the Southside Trust & Savings Bank, both of Chicago, Illinois.

At 1:25 P.M. a recess was taken until 10:30 A.M. Monday, December 4th.

Approved:

[Signature]

Secretary.