

A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, February 23rd, at 11:25 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on February 21st, were read and on motion approved as amended.

The Vice Governor stated that the meeting had been called in conformity with the action of the Board taken at its meeting on Wednesday, February 21st.

The Vice Governor reported the reserve positions of the several Federal Reserve banks as at close of business February 20th.

Letter dated February 16th, from the Federal Reserve Agent at San Francisco, giving further information with reference to the application of the Bank of Italy for the tentative approval of the Federal Reserve Board for permission to negotiate for the purchase of the Commercial National Bank of Los Angeles and its three branches.

Noted.

Letter dated February 16th, from the Federal Reserve Agent at San Francisco, transmitting with favorable recommendation, the application of the Bank of Italy, San Francisco, to purchase the First National Bank of Salinas and the Salinas Valley Savings Bank, and to operate a branch in the premises now occupied by these two institutions.

Ordered laid on the table.

Mr. Miller moved that the Federal Reserve Board adopt the

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principle that adequate examinations of banks having branches can only be secured through the simultaneous examination of head office and all branches and that the Law Committee be requested to formulate the Federal Reserve Board's formal expression of this principle.

Carried, Mr. Hamlin and Mr. Platt voting "no", both members voting in the negative stating that they agree in principle with Mr. Miller's motion, but that in view of the statement of the Federal Reserve Bank of San Francisco that examinations of head office and branches can be not necessarily simultaneous, that they would prefer to wait until the Federal Reserve Bank of San Francisco is heard from in the matter.

The Secretary was then instructed, in view of Mr. Perrin's letter of February 16th above referred to, to transmit the following telegram:

"Your letter February 15th transmitting with favorable recommendation the application of the Bank of Italy for authority to purchase the First National Bank of Salinas and the Salinas Valley Savings Bank, and to operate a branch in the premises now occupied by those two institutions stop The Board directs me to call your attention to Board's telegram of December 26th and to reiterate the opinion of the Board that no action should be taken with reference to additional branches for the large California banks now having numerous branches until the pending question relating to examinations is settled and to advise you that the Board will not approve further branches for the California banks now having numerous branches until the examination problem is settled stop This also is one reason why the Board refused to make any commitment looking to the establishment of branches based on the purchase of the Commercial National of Los Angeles stop The Board awaits the submission from you of a practicable and satisfactory plan of examination based on the principle of simultaneous examinations of head offices and branches and on our Counsel's opinion mailed you on February 14th."

The Vice Governor stated that the next thing in order would be consideration of the special order business docketed for today under action taken by the Board last Wednesday, namely, the receipt by the Board of a report from the Committee on Nomination of Class "C" Directors with reference to the appointment of:

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Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of Dallas.

After some discussion, Mr. Crissinger stated that it would be necessary for him to withdraw from the meeting and the matter was ordered redocketed as special order business for a meeting to be held tomorrow, Saturday morning.

Mr. Hamlin stated that he had finished his current work upon the Index Digest of the Federal Reserve Bulletin and requested authority to print stating that the estimates which he submitted were based upon the figures of last year.

A motion granting authority to print was carried.

Mr. Hamlin submitted a letter dated February 19th, from Mr. I. H. Nakdimen, President of the City National Bank of Fort Smith, Arkansas, protesting against the erection of a branch bank building for the Little Rock Branch of the Federal Reserve Bank of St. Louis.

The Secretary was instructed to forward a copy of Mr. Nakdimen's letter to the Federal Reserve Bank of St. Louis.

Letter dated February 21st, from Mr. Paul M. Warburg, Chairman of the Board of Directors of the International Acceptance Bank of New York, with reference to acceptances covering domestic transactions.

Referred to the Law Committee.

Letter dated February 20th, from the Governor of the Federal Reserve Bank of Dallas, requesting the advice of the Board with regard to the disposition of certain funds accruing from the Bank's blanket insurance, upon the lives of two employees now deceased who appear to have left no near relatives.

Referred to the Law Committee.

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Copy of a telegram transmitted to the Comptroller of the Currency by Mr. E. E. Mountjoy and signed by the President of the National Bank of Commerce in St. Louis, advising that two national banks at St. Joseph have been denied the right to act as executors by the Probate Judge there and that the matter is to be contested at an early date by mandamus proceedings in the Supreme Court of Missouri.

Upon motion, ordered referred to General Counsel with instructions to bring about a suit, if possible, in the Federal Court.

Memorandum dated February 23rd, from the Assistant Secretary of the Board requesting authority in accordance with precedent to transmit to the Treasurer of the United States a check for \$245 in payment of certain incomplete Federal Reserve notes received in the redemptions with the understanding that the Board will be reimbursed by the assessment on all Federal Reserve banks in the usual manner.

Approved, it being understood that this is in conformity with the action taken by the Board in April 1921.

REPORTS OF COMMITTEE NO. 1

Dated February 21st, Recommending action on applications for changes in stock as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 1:10 p.m.

Approved:

Edmund Platt
Vice Governor.

D. W. Hoexter
Secretary.