

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, March 13th, at 11:00 a.m.

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

Minutes of the meeting of the Federal Reserve Board held on March 8th were read and on motion approved.

The Vice Governor reported the reserve positions of the several Federal Reserve banks as at close of business March 7th, 8th, 9th and 10th.

Letter dated March 9th, from the Secretary of the Federal Reserve Bank of Chicago, submitting for approval of the Board, the action of the Executive Committee of that Bank whereby a net appropriation of \$6,390.85 was devoted to educational purposes for the year 1923, it being noted that the gross appropriation was \$7,250.00, but that \$859.85 was carried over from last year's administration of the Federal Reserve Club.

Approved.

Memorandum dated March 12th, from the Secretary of the Board suggesting a reply to be made to the letter of February 26th, from the Chairman of the Federal Reserve Bank of St. Louis, wherein Mr. Martin replies to the Board's letter of February 21st, which called attention to certain items appearing in the Report of Examination of the Federal Reserve Bank of St. Louis as of close of business December 2, 1922.

Approved.

Letter dated March 2nd, from the Assistant Federal Reserve Agent at Philadelphia, with reference to the advisability of making a special exhibit

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delineating some of the operating features of the Federal Reserve System for presentation at the next annual convention of the American Bankers' Association to be held at Atlantic City, New Jersey, September 24th to 27th, inclusive, and stating that after the Federal Reserve Bank of Philadelphia has had time to plan such an exhibit that it will be glad to submit the plan to the Federal Reserve Board for its approval or suggestion for changes.

Upon motion, the Federal Reserve Bank of Philadelphia was granted permission to prepare plans for presentation to the Federal Reserve Board, and the Secretary was instructed to advise the Federal Reserve Bank of Philadelphia that while the Board appreciates the value accruing to the Federal Reserve System from such exhibits, it would not look with favor upon the incurring of more than a very moderate expense for the purpose.

Copy of telegram dated March 10th, prepared by Mr. Miller and making reply to the letter of March 2nd, from the Chairman of the Federal Reserve Bank of San Francisco, on the subject of simultaneous examinations.

Approved, having previously been approved by the initials of four members of the Board.

Letter dated March 1st from the Chairman of the Federal Reserve Bank of San Francisco, subject, "Simultaneous Examinations of head office and branches".

Referred to the Vice Governor for reply.

Letter dated March 3rd, from the Federal Reserve Agent at San Francisco, stating that letters have been received from the Bank of Italy and the Pacific Southwest Trust and Savings Bank, making application for permission of the Federal Reserve Board to establish branches de novo at Sacramento and Long Beach, respectively, and stating that the banks are being advised that the Board will not approve further branches for the California banks now having numerous branches until the examination problem is settled.

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Noted.

Telegram dated March 9th, from the Chairman of the Federal Reserve Bank of San Francisco as follows:

"Mr. McAdoo as General Counsel for Bank of Italy, has just telephoned from Los Angeles requesting that I place before Board by telegram two points regarding the proposed purchase of the First National Bank of El Centro, application for approval of which has been denied by Board. (1) No section of the state would proportionately be so much benefited as the Imperial Valley by establishment there of branches of large California banks. (2) If present opportunity for purchase of bank mentioned is not now availed of, it may not again be presented. In consideration of these two points, Mr. McAdoo urges that the Board reconsider its disapproval and permit the Bank of Italy to make the purchase, even though not authorizing branch at this time. Please wire reply."

After discussion, a reply to the above telegram was ordered postponed, it being the sense of the Board that the matter should be taken up again only at a meeting when all members of the Board are present.

Draft of a proposed letter dated March 8th, prepared by General Counsel. This letter was submitted as a reply to a letter of February 20th, from the Federal Reserve Agent at San Francisco, setting forth certain arrangements made by Mr. Perrin with the Superintendent of Banks at California for an examination of the Mercantile Trust Company of San Francisco and an examination of the Security Trust and Savings Bank of Los Angeles.

Mr. Miller stated that the letter prepared by General Counsel, in his opinion, virtually committed the Board to the policy of not allowing Federal Reserve banks to make inquiries relative to credit matters, and matters of intern-

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al organization at member banks without imposing a charge against the member bank entered by the Federal Reserve Bank for the purpose of making such inquiries, and that, therefore, he would be opposed to the transmittal of the letter submitted by General Counsel.

After full discussion, during which Mr. Wyatt was present, Mr. Miller moved that the Federal Reserve Board adopt the principle that when a Federal Reserve Bank, upon its own initiative and for its own purpose and information, enters a member bank to secure information as to credit conditions and policies, that no charge shall be assessed against the member bank thus entered; also, that when a Federal Reserve Bank shall enter a bank with branches for the purpose of finding out the nature of the organization and the extent of coordination between head offices and their branches, that no charge shall be assessed against the member bank thus entered.

Mr. Hamlin moved, as an amendment, that Mr. Miller's motion be referred to the Law Committee for immediate report.

Mr. Hamlin's amendment being put by the chair was carried.

Mr. Miller's motion, as amended, was then put by the chair and carried.

Upon motion, the draft of letter of March 8th, prepared by General Counsel, above referred to, was ordered referred to the Law Committee for revision,

Letter dated March 8th, from the Deputy Governor of the Federal Reserve Bank of New York, stating that in accordance with the express wish of Governor Strong, the Board of Directors of that bank had modified their action in voting to grant Governor Strong, on account of illness, a leave of absence with full pay for six months, and had voted, subject to the approval of the Federal Reserve Board, that the leave of absence granted Governor Strong shall carry half pay.

Approved, referred to the Vice Governor for reply.

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Letter dated March 9th, from the Chairman of the Federal Reserve Bank of Cleveland, referring to Board's circular letter, X-3649, dated February 28th, subject, "Advertisement of Member Banks" and inquiring if the Federal Reserve Bank of Cleveland should suggest to its member banks that it will be proper for them to advertise that they are under "Federal Reserve Bank Supervision".

Approved.

Letter dated March 6th, addressed to Mr. Miller by the Honorable Herbert Hoover, Secretary of Commerce, inquiring if Mr. Miller will accept membership upon the Commission to be appointed by the Department of Commerce under the authority of Congress, to investigate foreign trade of the United States in agricultural products.

It was the sense of the meeting that Mr. Miller should accept the appointment proposed by the Secretary of Commerce.

Copy of letter dated March 10th, addressed by the Acting Governor to the Secretary of the Treasury, in reply to Mr. Mellon's letter of March 10th, regarding the open market purchases of Government securities by Federal Reserve banks.

Upon motion ordered referred to Mr. Miller, as having a direct bearing upon the memorandum which Mr. Miller is preparing upon the matter of open market purchases, and which at the meeting Thursday, ^{MARCH} February 8th, was ordered docketed as special order business for March 15th.

Copy of telegram dated March 10th, transmitted by the Vice Governor to Mr. Perrin at San Francisco, approving of the employment by the Federal Reserve Bank of San Francisco, of Mr. E. B. Glenwood, as Chief Engineer of the new

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bank building, at a salary of \$3,000 per annum.

Approved.

Letter dated March 12th, from the Chairman of the Federal Reserve Bank of New York, requesting the approval of the employment of Mr. Vincent Napoliello at a salary of \$2700 to position of Auditing Department's Inspector on the bank building construction work.

Approved.

Mr. Miller moved that the forth coming Conference of the Governors of Federal Reserve banks be asked to discuss the gold policy and the investment policy in the Federal Reserve System and that the subjects be placed upon the program.

Carried.

Letter dated March 8th, from the Comptroller of the Currency, recommending an increase in the salary of National Bank Examiner Gilbar C. Hedrick from \$3,000 to \$3,600 per annum.

Approved.

Memorandum dated March 13th, from the Assistant Secretary submitting the resignation of Mrs. Esther Schmehl Miller, an employee in the Division of Bank Operations, salary \$1320, effective as of close of business March 20, 1923.

Approved.

Memorandum dated March 13th, from the Assistant Secretary submitting the resignation of Miss Edith M. Zobel, Comptometer Operator in the Division of Bank Operations, salary \$1600 per annum; also, requesting authority to employ a Comptometer Operator at a salary not to exceed \$1500 per annum.

Approved.

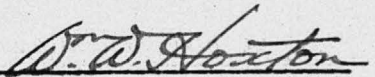
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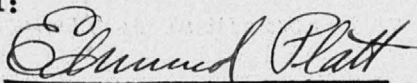
REPORTS OF COMMITTEE NO. 1

- Dated March 10th, Recommending action on applications for changes in stock as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated March 12th, Recommending approval of the application of Mr. David Ingle to serve at the same time as director of the National City Bank, Evansville, Indiana, and of the First National Bank of Oakland City, Indiana.
Approved.
- Dated March 10th Recommending approval of the application of Mr. Paul N. Myers to serve at the same time as director of the Merchants National Bank, St. Paul, and as Vice President and director of the Merchants Midway National Bank, St. Paul, Minnesota.
Approved.

At one-twenty p.m. the meeting adjourned.


Secretary.

Approved:


Vice Governor.