

A meeting of the Federal Reserve Board was held in the office of the Board on Thursday, March 15th, at 11:30 a.m.

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

The Secretary was instructed to record upon the minutes the fact that Mr. Milo D. Campbell on yesterday, March 14th at 3:30 p.m., received his commission as a member of the Federal Reserve Board, from the Honorable Secretary of the Treasury and subscribed to the oath of office.

Minutes of the meeting of the Federal Reserve Board held on March 14th 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 13th.

Letter dated March 10th, from the Federal Reserve Agent at Dallas, requesting the approval of the Federal Reserve Board of the plan proposed by that Bank to install a cooling tower on the bank building at a total cost not in excess of \$14,000.

Approved.

Telegram dated March 15th, from the Governor of the Federal Reserve Bank of Dallas, advising that Mr. Lynn P. Talley has today taken oath of office and qualified as Chairman and Federal Reserve Agent of the Federal Reserve Bank of Dallas and has entered upon the discharge of his duties.

Noted.

Draft of letter dated March 12th, addressed to Mr. Charles C. Hall,

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Assistant Federal Reserve Agent at Dallas, prepared by General Counsel, for the signature of the Secretary of the Board regarding non-member bank balances under Section 19.

Approved, having been referred to Mr. Mitchell at the meeting yesterday and resubmitted by Mr. Mitchell with his approval.

Matter laid over for a full meeting, by action of the meetings of March 13th and 14th, namely, the telegram dated March 9th from the Chairman of the Federal Reserve Bank of San Francisco, presenting reasons given by Mr. W. G. McAdoo, General Counsel for the Bank of Italy, why, in his opinion, the Board should reconsider its action in disapproving the purchase by the Bank of Italy through its Stockholder's Auxiliary Corporation of the First National Bank of El Centro, California.

After discussion, Mr. Crissinger moved that the Board decline to reconsider its action taken on March 6th, under which Mr. Perrin was advised that inasmuch as the Board, as at present advised, would not authorize a branch of the Bank of Italy at El Centro, the Board does not approve the application of the Bank of Italy for permission of the Stockholder's Auxiliary Corporation to purchase the First National Bank of El Centro, California.

Carried.

Mr. Mitchell reported for the Special Committee designated at the meeting of yesterday to make recommendation to the Board as to whether or not the Little Rock Branch should be continued.

Mr. Mitchell stated that the Committee aforesaid desired to report the opinion that it would be inadvisable to initiate at this time any movement having in view the elimination of any of the branches of the Federal Reserve banks, and that the Little Rock Branch should be continued at least until a survey has been made of the branch situation, upon which the Board can form an opinion as to which of the branch banks should be discontinued, if any, and that, therefore, the Little Rock Branch should be continued at least until such a survey is made and a policy adopted.

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The report presented for the Committee by Mr. Mitchell, upon motion of Mr. Hamlin, was accepted.

Mr. Crissinger stated his opinion that the whole matter of branch banks should be given reconsideration, but that in anticipation of such reconsideration he could see no reason why the Board should abolish the Little Rock Branch without hearing.

Mr. Miller stated his opinion that the Board should review the Branch banks which have hitherto been established with a view to determining, in the light of past experience, whether all of these branches are necessary.

After full discussion of this matter and of the letter of February 21st, from the Chairman of the Board of the Federal Reserve Bank of St. Louis, requesting the approval of the Board of certain bids covering the construction of the Little Rock Branch, Mr. Hamlin moved that the whole matter go over until tomorrow to be considered at a special meeting to be held at 11:00 a.m. with the understanding that in the meantime Counsel's opinion will be informally asked as to the legal power of the Federal Reserve Board to disestablish branches of Federal Reserve banks.

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

The Vice Governor submitted a draft of letter addressed to the Chairman of the Federal Reserve Bank of San Francisco, in reply to Mr. Perrin's letter of March 1st, subject, "Simultaneous Examinations of head offices and branches", said letter stating that inasmuch as the Board is chiefly concerned about the extension of branches insofar as such extension tends to nullify the principle of simultaneous examinations, the Board in speaking of those California banks now having numerous branches has reference specifically to the Bank of Italy, San Francisco and the Pacific Southwest Trust and Savings Bank of Los Angeles.

Approved, Mr. Crissinger voting "no".

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Draft of letter dated March 12th, prepared by General Counsel, and addressed to the Assistant Federal Reserve Agent at Dallas, with reference to non-member bank balances under Section 19, said letter having been referred to Mr. Mitchell at the meeting yesterday.

Upon motion of Mr. Mitchell, the letter was approved and ordered transmitted.

Mr. Campbell stated that he had yesterday, March 14th, appointed Mr. Clarence Loomis as his Secretary at a salary of \$2500 a year and Miss May Simpson as his stenographer at \$1700 a year.

The Vice Governor stated that the next thing in order would be the special order business docketed for today by action of the Board at its meeting of March 8th, namely, a memorandum covering open market purchases by Federal Reserve banks, to be prepared by Mr. Miller.

Mr. Miller stated his views and conclusions with respect to open market purchases and the matter was discussed at length by the Board.

The Vice Governor stated that the next thing in order would be the matter ordered docketed as special order business today by action of the meeting yesterday, namely a motion presented by Mr. Mitchell that the Board reconsider its action in declining to authorize an increase in the salary of the Governor of the Federal Reserve Bank of Minneapolis.

This matter was discussed but no action taken.

REPORTS OF COMMITTEE NO. 1

Dated March 14th, Recommending action on applications for changes in stock as set forth in the Auxiliary Minute Book of this date.
15th, Approved.

Dated March 10th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved, on condition. (See Auxiliary Minutes.)

The meeting adjourned at 1:25 p.m.

Approved. *Edmund Platt*
Vice Governor.

W. D. Hoatson
Secretary.