

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, April 5th, at 11:30 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on April 4th were read and approved as amended.

The Vice Governor reported the reserve positions of the several Federal Reserve banks as at close of business April 3rd.

Mr. Miller moved that the reading of the reserve ratios of the several Federal Reserve banks as now computed be discontinued and in lieu thereof, a statement be read each day of the loans, discounts and investments of the Federal Reserve banks.

No action.

The Vice Governor stated that he had received a letter from Mr. Case, Deputy Governor of the Federal Reserve Bank of New York, suggesting that the Board call a meeting at Philadelphia on the 13th of April of the Open Market Investment Committee for the Federal Reserve System, provided for in the resolutions of the Federal Reserve Board adopted March 22nd, and which it is understood will be composed of the same members as was the former Committee of Governors on Centralized Execution of Purchases and Sales of Government Securities.

Upon motion, the Secretary was instructed to wire Governor McDougal, the Chairman of the late Governors' Conference, with a view to ascertaining who is the present Chairman of the Committee aforesaid.

The Vice Governor was authorized, after receipt of this information, to call a meeting of the Committee at Philadelphia on the 13th of April.

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Upon motion duly seconded, Mr. W. B. Newsome was redesignated as Deputy Chairman of the Federal Reserve Bank of Dallas for a term ending December 31, 1923.

Telegram April 4th from Chairman of the Federal Reserve Bank of St. Louis, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, established a $4\frac{1}{2}\%$ rate on agricultural and livestock paper with maturities not exceeding nine months, made eligible by the Agricultural Credits Act.

Approved.

Proposed draft of circular letter addressed to all Federal Reserve Agents, with reference to a suggestion of the Post Office authorities and the Secret Service as to an additional safeguard against loss in the shipment of Federal Reserve notes.

Approved.

Telegram April 3rd from Mr. William G. McAdoo requesting telegraphic advice as to the reasons which prompted the Federal Reserve Board to disapprove the application of the Bank of Italy for acquisition of the First National Bank of El Centro, California, and to disapprove the establishment of an additional branch by the Bank of Italy in Sacramento, California.

Action upon aforesaid telegram having been deferred at the meeting yesterday, pending a satisfactory solution of the examination question in California.

Upon motion, the following telegram was ordered transmitted to Mr. McAdoo:

"The petition for approval of the negotiations for purchase of El Centro bank was not granted by the Board for the reason that (1) the Board felt that its approval might commit it to the subsequent establishment of the bank into a branch (2) on December 26th last the Board voted to consent to the establishment of no more branches by the California banks having numerous branches until the question of bank examinations was settled.

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As regards Sacramento the Federal Reserve Agent recommended disapproval."

The Vice Governor stated that the next thing in order would be the special order business docketed for today; namely, the consideration of the redraft of the report of Messrs. Herson, Wyatt and Sargent, made with a view to the solution of the problem of examinations of state member banks by Federal Reserve banks.

After discussion, the report was adopted after amendment to read as follows:

"1. Whenever the directors of a Federal Reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted by the Federal Reserve bank in lieu of their own examinations; and in such cases no costs may be assessed against the member bank by the Federal Reserve bank.

"2. Federal Reserve banks may make their own examinations of State member banks whenever they consider it necessary to do so, and the expenses of all such examinations must be assessed against the banks examined. if convenient

"3. Whenever it is necessary, a Federal Reserve bank may, on request of the State banking authorities, furnish examiners and assistants to assist them in the conduct of their examination of a member State bank and shall require reimbursement by the State authorities for the services and expenses of all examiners and assistants so furnished.

"4. There are certain kinds of independent investigations or inquiries which a Federal Reserve bank may usefully and properly make of member banks which would not constitute examinations within the meaning of the Federal Reserve Act and the costs of which, therefore, need not be assessed against the bank examined; to wit: investigations of member banks with branches for the purpose of finding out the nature of the organization and the extent of co-ordination between the head office and branches, and inquiries with respect to 'discounts, advancements and accommodations' which have been extended to or applied for by any member bank.

"5. On the other hand, any general investigation of a member bank by a Federal Reserve bank for the purpose of determining: (1) the solvency of the member bank, or (2) the general lines of credit which are being extended by it, should be deemed to constitute an examination within the meaning of the Federal Reserve Act and the costs thereof must be assessed against the member bank."

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At this point, Messrs. Herson, Wyatt and Sargent entered the room upon invitation, and a discussion ensued with reference to the administration of the report covering the examination of state member banks as adopted by the Board, and as set forth above.

Upon information from Mr. Sargent that the Federal Reserve Agent at San Francisco has not presented to the Bank of Italy, San Francisco, and the Pacific Southwest Trust and Savings bank, bills covering the cost to the Federal Reserve Bank of San Francisco of the examinations of the two institutions referred to which were made last Fall, the Secretary was instructed to transmit to Mr. Perrin the following telegram:

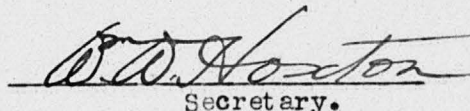
"Noting that you have not yet presented bills for expenses of last examinations of Pacific Southwest Trust and Savings Bank and Bank of Italy as instructed at the time such examinations were authorized, the Federal Reserve Board now directs you to present bills and collect the costs of such examinations."

REPORTS OF COMMITTEE NO. 1

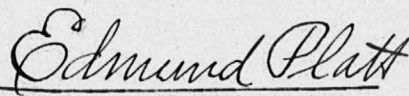
Dated April 4th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.

Dated April 4th, Recommending approval of the application of Mr. Jay Cooke, to serve at same time as director of the Girard Trust Co., Philadelphia, Pennsylvania, and as director of the Franklin National Bank, Philadelphia, Pa.
Approved.

The meeting adjourned at 1:20 p.m.


Secretary.

Approved:


Vice Governor.