

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, April 26th, at 11:35 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 April 25th were on motion approved as amended.

Letter dated April 25th, from Messrs. Shearman and Sterling, Attorneys, 55 Wall Street, New York City, transmitting for the approval of the Federal Reserve Board an application of the National City Bank of New York for an order permitting the bank to open a sub-branch, agency or office of its Cuban branch in the town of Florida, Province of Camaguey, Cuba.

Upon motion, the following approval of the application was ordered entered upon the minutes of the Board:

"The National City Bank of New York having on or about April 26, 1923, filed an application with this Board for the purpose of obtaining authority to establish a sub-branch, agency or office of its Cuban branch in the town of Florida, Province of Camaguey in the Republic of Cuba, and the said application having been considered; and it appearing that the said application is properly made under the laws of the United States of America and should be granted NOW THEREFORE IT IS ORDERED, that the said application be and it hereby is approved and that the said bank be and it hereby is authorized to establish a sub-branch, agency or office of its Cuban branch in the town of Florida, Province of Camaguey in the Republic of Cuba".

Report of Examination of the Federal Reserve Bank of Dallas and its branches as of February 10, 1923.

Noted.

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Report of Examination of the Federal Reserve Bank of San Francisco and its branches as of March 3, 1923.

Noted.

Report of Examination of the First Federal Foreign Banking Association of New York as of January 22, 1923.

Noted.

Letter dated April 9th, from the Chairman of the Federal Reserve Bank of Atlanta, requesting the views of the Federal Reserve Board with reference to a possible application from the Citizens and Southern Bank of Savannah, Georgia, to purchase a bank in the city of Charleston, South Carolina, and to operate it as a branch.

Mr. Hamlin moved that "assuming that the state authorities are of the opinion that new or improved banking facilities are needed and that the state in which the parent bank is situated permits it, the Federal Reserve Board, if the condition of the parent bank warrants it, will offer no objection to the establishment of a branch bank in a state and district different from that of the parent bank".

Mr. Hamlin's motion being put by the chair was lost; Mr. Hamlin and Mr. Platt voting "aye" and Mr. Miller, Mr. Mitchell and Mr. Crissinger voting "no".

Letter dated April 16th, from Mr. D. H. Barrows, Acting Secretary of the Governors' Conference, enclosing a copy of the Secretary's minutes of the Governors' Conference, March 26 to 29, 1923, requesting that the Federal Reserve banks may be given permission to at once give effect to those actions of the Conference concerning matters on which neither the law nor the regulations of the Board require a formal ruling of the Federal Reserve Board, and calling attention to certain paragraphs upon which Federal Reserve Board action is necessary.

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Upon motion, the Board voted that the Federal Reserve banks may at once give effect to those actions of the Conference concerning matters on which neither the law nor the regulations of the Board require a formal ruling of the Federal Reserve Board.

Paragraph 15, where it was voted that the Federal Reserve Board be requested to make a ruling of the interpretation of the word "borrower" in Section 13 of the Federal Reserve Act.

Referred to the Law Committee.

Paragraph 20 (b), where it was voted, in adopting the uniform indorsement on checks received for collection (including guarantee of prior indorsements) recommended by the Standing Committee on Collections, that the action be communicated to the Federal Reserve Board in order that the Board may make any changes that it might consider necessary in Regulation J.

Referred to General Counsel.

Paragraph 39, where it was voted to submit the report of the Insurance Committee and the proposed plan to the Federal Reserve Board for consideration with the request that the Board advise the several Federal Reserve banks of its conclusions.

Referred to the Executive Committee.

Paragraph 53, where it was voted that the Group Insurance Plan covering employees be continued and that the Federal Reserve Board be asked to approve raising the maximum to \$5,000.

Approved.

Paragraph 61, where it was voted that no change be made in the Board's limit of 99% of assets for agricultural paper, and that the limit on nine months' paper be fixed at 10% of assets.

Approved.

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Letter dated April 25th, from Senator James E. Watson of Indiana advocating the use of Indiana Bedford Limestone in the Federal Reserve Bank building to be constructed at the Federal Reserve Bank of St. Louis.

The Secretary was instructed to transmit a copy of Senator Watson's letter to the Chairman of the Federal Reserve Bank of St. Louis.

Mr. Mitchell requested the Board to take up the matter of authorizing an increase in the salary of the Governor of the Federal Reserve Bank of Minneapolis and moved that Governor Young's salary be increased from \$18,000 to \$20,000, effective July 1, 1923.

Carried, Mr. Miller and Mr. Crissinger voting "no".

Letter dated April 20th, from the Federal Reserve Agent at Chicago, with further reference to obstacles which Mr. Heath states exist in the Seventh Federal Reserve District to the administration of the Board's letter, X-3688, dated April 7, 1923, subject, rules governing examinations of state member banks.

Mr. Miller stated that in accordance with notice given at the meeting of April 26th, he desired to move to amend the rules governing examinations of state member banks as adopted by the Board at its meeting of April 5, 1923, by striking out paragraph #5, and modifying paragraph #4.

At 1:15 p.m. a recess was taken until 2:30 p.m.

At 3:00 p.m. the Board reassembled, those members being present who were present at the morning session.

Letter dated April 24th, from the Federal Reserve Agent at St. Louis setting forth certain obstacles which Mr. Martin states exist in the Eighth Federal Reserve District to the administration of the Board's letter, X-3688, dated April 7th, 1923, subject "Rules Governing Examinations of State Member Banks.

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Thereupon there ensued a discussion of Mr. Miller's motion to amend circular letter, X-3688, after which without dissenting vote the Secretary was instructed to transmit to all Federal Reserve banks, the following telegram:

"Replies received by the Board to letter X-3688 on Rules Governing Examination of State Member Banks indicates that some of the Banks have misunderstood the purpose and application of certain of these rules, mainly because of apparent inconsistencies between paragraphs 4 and 5. The Board was led to lay down certain specific principles governing Federal Reserve banks in the matter of examinations because of practice in some Districts of Federal Reserve banks violating the terms of the law by virtually performing examining functions of the States gratuitously. It was not the intention of the Board to prevent Federal Reserve banks from making purely credit investigations. It is the view of the Board that Federal Reserve banks should, as a part of good credit administration, keep themselves informed of the credit practices and loan policies of their member banks. For this purpose Federal Reserve Banks are authorized from time to time to make investigations of their member banks for credit purposes. Such investigations need not be charged for. It is also the view of the Federal Reserve Board that Federal Reserve banks should be free to use their judgment as to the time of making such investigations, and Board sees no objection to such purely credit investigations being made at times when State authorities are making their regular examinations. The provisions of paragraph 5 are intended to apply only to special examinations made by Federal Reserve bank examiners and to such examinations as they may make to determine the solvency of a member bank. These two classes of examinations, under the terms of the Federal Reserve Act, must be charged for."

REPORTS OF COMMITTEE NO. 1.

- Dated April 26th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated April 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated April 25th, Recommending approval of the application of Mr. Rollin H. Wilbur to serve at the same time as director of the Tradesmens National Bank, Philadelphia, Pa. and of the E. P. Wilbur Trust Company, Bethlehem, Pa.  
Approved.

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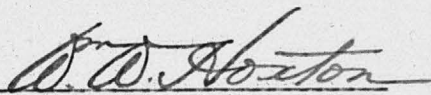
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REPORTS OF COMMITTEE NO. 1 (Cont'd)

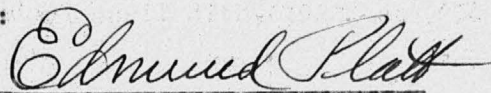
Dated April 25th, Recommending approval of the application of Mr. James J. Diamond to serve at the same time as Vice President and director of the Textile National Bank, as director and President of the Girard Avenue and Trust Company, and as director of the Logan Bank and Trust Company, all of Philadelphia, Pa.

Approved.

The meeting adjourned at 4:45 p.m.

  
Secretary.

Approved:

  
Vice Governor.