

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, May 2, 1923, at 11:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on May 1st were read and on motion approved as amended.

The Governor stated that the first thing in order would be consideration of the special order business ordered docketed for today by action of the Board taken at the meeting yesterday, namely, regulations and conditions under which the agency of the Federal Reserve Bank of Boston, at Havana, Cuba, should operate, in the event that the Board should approve the application to establish such an agency.

Mr. Miller advised the Board of the purport of a conversation had by him over the telephone with Mr. Jay and Mr. Case of the Federal Reserve Bank of New York, with reference to the application of the Federal Reserve Bank of Boston to establish a branch at Havana.

Mr. Hamlin submitted the following proposed resolution:

"WHEREAS, the Federal Reserve Bank of Boston has petitioned the Federal Reserve Board for authority to establish an agency in Havana, Cuba, under the provisions of Section 14 (e) of the Federal Reserve Act:

BE IT RESOLVED BY THE FEDERAL RESERVE BOARD, That said petition is hereby granted on the following terms and conditions:

(1) The Federal Reserve Bank of Boston is authorized through such agency to buy, sell and collect prime bankers' acceptances payable in dollars, arising out of actual import and export transactions which have not more than 90 days to run, exclusive of days of grace, which bear the signature of two or more responsible parties and which are secured at the time of acceptances by shipping documents conveying or securing title; and to exercise such incidental

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powers as shall be necessary to the operation of such agency, including the power to buy and sell cable transfers.

(2) Upon the request of any other Federal Reserve bank, the Federal Reserve Bank of Boston shall make arrangements whereby notes originally issued by such other Federal Reserve bank shall be paid out in Cuba through such agency as hereinafter provided, such notes to be delivered at such agency in Havana by the issuing bank at its own expenses; provided, however, that if, after reasonable notice, other Federal Reserve banks shall fail to keep an adequate supply of their Federal Reserve notes at the Havana agency, the Federal Reserve Bank of Boston may, in its discretion, pay out its own notes through such agency.

(3) Upon application of any Federal Reserve bank desiring to pay out its own Federal Reserve notes in Cuba, the Federal Reserve Board will authorize such bank to appoint said Cuban agency as its own agent, and the Federal Reserve Bank of Boston shall acquiesce in the appointment of such agent as the agent of such other Federal Reserve bank.

(4) Such agency shall not pay out on behalf of the Federal Reserve Bank of Boston any Federal Reserve notes issued by other Federal Reserve banks and all such notes paid out by such agency shall be paid out only on behalf of the Federal Reserve bank through which they were originally issued.

(5) The establishment and operation of such agency and the exercise of all the above powers through such agency, shall be subject to such further rules and regulations as the Federal Reserve Board may prescribe from time to time.

(6) The Federal Reserve Board expressly reserves the right to revoke its consent to establish such agency and to require the discontinuance of such agency whenever in its discretion it considers it desirable to do so. "

After discussion, the Secretary was instructed to transmit the following telegram to Governor Harding at Boston, Deputy Governor Case at New York, Governor Norris at Philadelphia and Governor Wellborn at Atlanta:

"Board has decided to hold further hearing on subject of Cuban Agency stop Hearing will be held next Monday Morning May 7th, in Board room, Washington, at ten o'clock stop Any



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"of your member banks that you think should be given hearing in connection with matter are invited to attend."

The Governor stated that the next thing in order would be the matter ordered docketed as special order business at the meeting of the Board held on April 25th, namely, the report of the Committee of Federal Reserve Agents on Member Banks' Reserves.

Ordered referred to the Comptroller of the Currency with especial reference to the classification as demand deposits of letters of credit and travellers' checks issued for cash and out standing.

Telegram dated May 1st, from the Chairman of the Federal Reserve Bank of Kansas City, requesting that the Board approve a proposed plan for conducting an election for the new Class "B" Director to fill the vacancy created by the appointment of Mr. M. L. McClure as a Class "C" Director.

Approved, subject to checking by General Counsel.

Proposed circular letter, X-3708, dated May 2nd, prepared in accordance with the action of the Board taken at its meeting yesterday, and transmitting to the Governors of all Federal Reserve banks a copy of a letter dated April 9th, received by the Secretary of Commerce from certain cement manufacturers and forwarded to Mr. Crissinger by Mr. Hoover, under date of April 25th.

Approved.

Mr. Hamlin submitted to the Board two letters dated May 1st, from the Federal Reserve Agent at Philadelphia on the subject of "Examination of State Member Banks" and requested that the said letters be circulated.

Ordered circulated.

Letter dated May 1st, from the Deputy Comptroller of the Currency, advising of the various changes which were made in the National Bank Examining Force during the month of April 1923.

Noted.

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REPORTS OF COMMITTEE NO. 1

Dated May 1st, Recommending changes in stock at Federal Reserve banks,  
as set forth in the Auxiliary Minute Book of this date.  
Approved.

The meeting adjourned at one o'clock.

W. W. Horton  
Secretary.

Approved:

W. R. Hisinger  
Governor.