

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, May 29th, at 11:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on May 24th were read and on motion approved.

Letter dated May 26th, from the Secretary of the Federal Reserve Bank of Chicago, submitting for the approval of the Federal Reserve Board an amendment to Section 1, Article 3, of the By-laws of the Detroit Branch.

Approved.

Letter dated May 25th, from the Chairman of the Federal Reserve Bank of St. Louis, advising that that Bank had employed Mr. Wm. C. Lewis clerk of the new bank building, and requesting the approval of the Federal Reserve Board of a salary for Mr. Lewis at the rate of \$10,000 per annum.

Approved.

Letter dated May 26th, from the Secretary of the Federal Reserve Bank of Chicago, submitting action taken by the Board of Directors of that Bank with reference to a reorganization of personnel among the officers and requesting the approval of the Federal Reserve Board for certain salary changes made necessary by this reorganization.

Approved. The Secretary was instructed to advise the Federal Reserve Bank of Chicago that this action of the Board constitutes an exception, under the particular circumstances involved, to the policy adopted by the Federal Reserve Board of authorizing adjustments in salaries at the Federal Reserve banks once a year.

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Letter May 24th from the Chairman of the Federal Reserve Bank of Kansas City, transmitting the action of the Board of Directors of that Bank with reference to a certain reorganization among the officers of the Bank and its branches, and requesting approval of the Federal Reserve Board of salary adjustments made necessary by such reorganization, and further suggesting that the Federal Reserve Board appoint Mr. C. A. Burkhardt, formerly Managing Director of the Denver Branch, as a Director of the Denver Branch in the place of Alva B. Adams, resigned.

That portion of Mr. McClure's letter referring to the reorganization and necessary adjustment of salaries, was approved, the Secretary being instructed to advise Mr. McClure that such approval in the present case, constitutes an exception to the Board's policy of approving salary adjustments at Federal Reserve banks once a year.

That portion of Mr. McClure's letter referring to a new director for the Denver Branch, was referred to the Committee on Nomination of Class "C" Directors, said Committee consisting of Governor Crissinger, Mr. Platt, and temporarily Mr. Dawes.

Memorandum May 23rd from the Comptroller of the Currency, transmitting with favorable recommendation the application of the First National Bank of Eaton, Colorado, to reduce its capital stock from \$100,000 to \$50,000.

Approved.

Telegram May 26th from the Federal Reserve Agent at San Francisco, transmitting with favorable recommendation the application of Thatcher Brothers Banking Company of Logan, Utah, to reduce its capital stock from \$150,000 to \$100,000 increasing its surplus from \$55,000 to \$100,000.

Approved.

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Memorandum dated May 25th, from the Chief Examiner reporting upon the matter referred to him by action of the meeting of May 8th on the subject of "Rules governing examination of State member banks", and recommending a form of letter to be sent to all Federal Reserve Agents.

Approved and letter ordered transmitted.

Letter dated May 15th, from the Governor of the Federal Reserve Bank of Philadelphia, regarding the practice of that Bank in the matter of assessing penalties for reserve deficiencies in the case of currency shipped by member banks outside of Philadelphia.

Referred to Law Committee.

Memorandum dated May 26th, from Mr. Herson, Chief Examiner, reporting to the Federal Reserve Board the action taken by the recent meeting of the Committee of Governors appointed to consider the elimination of the handling of non-cash collection items by Federal Reserve banks.

Noted.

Letter dated May 25th, from the Deputy Governor of the Federal Reserve Bank of New York, Mr. Case, enclosing a copy of the last report of the Open Market Investment Committee for the Federal Reserve System, and a copy of a resolution adopted by the Committee covering the sale of Government securities.

Ordered circulated. The Governor was requested to secure from Mr. Case information as to the date upon which it is contemplated that the sale of \$50,000,000 in Government securities by the Federal Reserve banks will be completed, and also a report of the sales as they are made from time to time, together with information as to which Federal Reserve banks respond to the quota assigned to them for sale by the Committee.

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The Governor submitted to the Board the following telegram from Mr. Perrin, dated May 25th, and the Board's reply thereto dated May 26th:

"San Francisco May 25
Board, Washington

Your telegram twenty fourth regarding bank of Italy's application to establish Ontario branch we have letters from bank and Superintendent of banks assenting to terms set forth in Board's telegram May twenty second

Perrin"

"Perrin - San Francisco

May 26, 1923

In view your telegram of yesterday stating that you have letters from Bank of Italy and Superintendent of Banks assenting to terms set forth in Board's telegram May 22nd, Board approved application of Bank of Italy to take over Security State Bank Ontario and convert into branch as transmitted in your wire May 23rd.

Hoxton"

Upon motion, it was voted that in view of formal information of assent having been given by the Bank of Italy and the Superintendent of Banks to conditions set forth by the Board in telegram of May 22nd, that the above reply of May 26th to Mr. Perrin's telegram of May 25th quoted above, is hereby approved.

Draft of letter prepared by General Counsel dated May 25th, addressed to Mr. Wm. G. McAdoo, Counsel for the Bank of Italy, stating the Board's reason for denying the application of the Bank of Italy for permission to establish branches at Yuba City and Sacramento, California.

Referred to the Law Committee.

Mr. James advised the Board that he had appointed Miss Lorette Boyett as his Secretary at a salary of \$2,500 a year, effective May 21, 1923.

Noted.

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Mr. Dawes advised the Board that he had designated Mr. James Vivian O'Dwyer as stenographer to the Comptroller of the Currency at a salary of \$1,800 per annum, effective May 29, 1923.

Noted.

Mr. Dawes advised the Board that Mr. Francis J. Kilkenny has resigned as Secretary to the Comptroller of the Currency, to take effect at the close of business May 31, 1923.

Noted.

After a discussion of the matter of branches of member state banks, it was voted that the Law Committee be requested to prepare a letter to the Attorney General of the United States, requesting an opinion as to the power of the Federal Reserve Board under Section 9 of the Federal Reserve Act, the title of said section being State Banks as Members.

After a discussion of the matter of branches of member state banks, Mr. Miller moved that it is the sense of the Board that great improvement in the examining work of the Federal Reserve System and greater economy could be effected and uniformity secured, if such work should be done by the Federal Reserve Board instead of by the Federal Reserve banks.

Lost on tie vote. The roll being called, the members voted as follows:

- Governor Crissinger "aye"
- Mr..Platt "no"
- Mr. Hamlin "no"
- Mr. Miller "aye"
- Mr. James "aye"
- Mr. Dawes "no"

Mr. Hamlin moved that Mr. Herson be directed to report to the Board whether or not it would be practicable for examinations of state member banks to be carried on by the Federal Reserve Board instead of as at present by the individual banks, and whether or not such change would result in economy,

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uniformity and increased efficiency.

Carried.

At one o'clock a recess was taken until 2:30.

Pursuant to the terms of adjournment, the Board met at 2:45 this afternoon in the office of Governor Crissinger, the same members being present who were present at the morning session.

Mr. Hamlin submitted a draft of letter prepared for the signature of the General Counsel, dated May 28th, addressed to Mr. T. A. Seymour, Assistant to the Attorney General of the United States, with reference to the publication of the Attorney General's opinion as to the proper interpretation of the Kern Amendment to the Clayton Act.

Approved.

Matter referred to the Law Committee at the meeting of May 10th, namely, letter addressed to the Chief of the Division of Bank Operations under date of May 4th, from Deputy Governor Emerson of the Federal Reserve Bank of Dallas, with reference to a certain settlement with the First National Bank of Annona, Texas.

Ordered filed upon recommendation of Counsel.

Mr. Hamlin stated that the Index Digest of the Federal Reserve Bulletin for last year is now completed, and it was upon motion, voted that the Board authorize the ordering of 5,000 copies of the Index Digest with the understanding that a copy will be mailed to each regular subscriber of the Federal Reserve Bulletin and to all of those upon the regular list for free distribution of the Bulletin.

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The Governor submitted to the Board certain correspondence from the Governor of the Federal Reserve Bank of Boston enclosing letters from persons in Havana with reference to the banking situation in the Island of Cuba, and with reference to the proposal to establish a Federal Reserve Bank Agency at Havana.

Upon motion, it was voted that Governor Crissinger, Mr. James, and Mr. Hamlin be appointed a committee to recommend to the Board a plan for the establishment of a Federal Reserve Bank Agency at Havana, Cuba, with the understanding that the plan will contemplate the designation of both the Federal Reserve Banks of Boston and Atlanta and that the Agency of the two banks will be operated for the account of both, and as far as possible, in accordance with the principles and powers defined in the proposed resolutions covering the operation of a Federal Reserve Bank Agency at Havana, which was submitted to the Federal Reserve Board at its meeting of May 17th, and laid aside for future action.

REPORTS OF COMMITTEE NO. 1:

- Dated May 24th, 28th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated May 23rd, 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated May 28th, Recommending approval of the application of Mr. William H. S. Bateman to serve at the same time as director of the Drovers and Merchants National Bank and of the Logan Bank and Trust Company, both of Philadelphia, Pa.
Approved.
- Dated May 20th, Recommending approval of the application of Mr. Leo M. Rappaport to serve at the same time as director of the Fletcher American National Bank and as director and Vice President of the Aetna Trust & Savings Company, both of Indianapolis, Ind.
Approved.
- Dated May 24th, Recommending approval of the application of Mr. J. Ellwood Cox to serve at the same time as President of the Commercial National Bank, High Point, N. C., and as Director of the Vir-

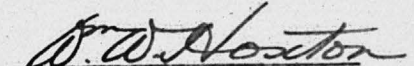
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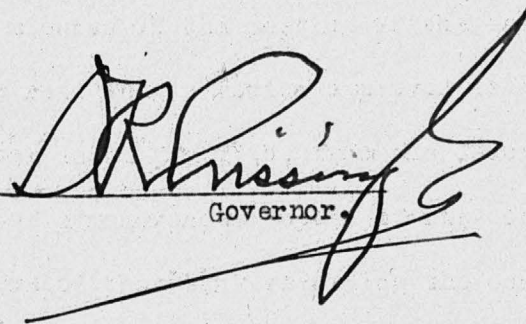
ginia Trust Company, of Richmond, Va.
Approved.

Dated May 25th Recommending action on application for admission of state bank,
subject to the conditions stated in the individual reports
attached to the application, as set forth in the Auxiliary
minute book of this date.
Approved.

At 3:50 p. m. the meeting adjourned.


Secretary.

Approved:


Governor.