

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 31, 1923, at 11:00 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on July 26th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on July 30th were read and approved as amended.

Report of the Committee on Examination:

(1) Draft of letter, dated July 31st, to the Chairman of the Federal Reserve Bank of San Francisco, in reply to his letter of June 8th, subject "Examinations of State Member Banks".

Approved.

(2) Draft of letter, dated July 31st, to the Chairman of the Federal Reserve Bank of San Francisco, replying to his letter of July 13th, requesting that the Board advise whether credit investigations, of the kind described, are to be regarded as examinations within the meaning of the Federal Reserve Act and the Board's rules governing examinations.

Approved.

(3) Draft of letter, dated July 31st, to the Chairman of the Federal Reserve Bank of San Francisco, in reply to his letter of July 5th, subject "Protest of the Pacific-Southwest Trust and Savings Bank against payment of cost of their examination of September 8, 1922".

Approved, Governor Crissinger voting "no".

(4) Draft of circular letter to be sent to all Federal Reserve Agents with a view to securing uniformity throughout the Federal Reserve System with respect to charges to be assessed by the Federal Reserve Banks to cover the costs of examining member banks, when examinations rather than credit investigations are necessary, said circular being designed as a general reply to inquiries on this subject received from Federal Reserve Agents.

Approved, ordered mimeographed and transmitted.

Report of Committee on Salaries and Expenditures - Draft of a letter, dated July 31st, to the Federal Reserve Agent at Atlanta, disapproving an increase in the salary of Mr. J. E. McGuire, a bank examiner, with the Federal Reserve Bank of Atlanta, proposed in his letter of July 26th.

The letter to Mr. McCord aforesaid was approved.

Matter ordered docketed for today by action of the Board on July 25th, namely, a proposed circular letter, addressed to all Federal Reserve Agents, on the subject "Uniformity of Policy in Statistical, Publication Work, etc."

Mr. Hamlin moved that the circular be approved, omitting the last paragraph. Mr. Hamlin's motion being put by the Chairman was carried, Mr. Miller voting "no". The Secretary was instructed to transmit the amended circular to all Federal Reserve Agents.

Letter of July 26th from Mr. Kenzel, Deputy Governor of the Federal Reserve Bank of New York, making inquiry with respect to the action of the Board upon the report of the Insurance Committee of the Governors' Conference, which was referred to the Federal Reserve Board for consideration on March 28th last.

The Secretary was instructed to advise Mr. Kenzel that the general matter of insurance at Federal Reserve Banks has been referred to the Committee on Economy and Efficiency, for investigation, and that this investigation is now being conducted by that Committee.

7/31/23

Memorandum dated July 28th, from the Comptroller of the Currency, recommending under certain conditions approval of the application of the First National Bank of Wilmot, South Dakota, for authority to reduce its capital stock from \$40,000 to \$25,000.

Approved.

Letter dated July 28th, from the Comptroller of the Currency, requesting the approval of the Board of a salary of \$5,000 per annum for Mr. F. H. Luce, a national bank examiner assigned to the Ninth Federal Reserve District.

Approved.

Letter dated July 27th, from C. Pierce, Jr., Assistant Federal Reserve Examiner, tendering his resignation as of August 31, 1923.

Accepted.

Letter dated July 23rd, from the Chairman of the Federal Reserve Bank of Atlanta, advising the Board of the resignation of Mr. P. J. Prosser, Assistant Cashier of the New Orleans Branch, effective June 16th.

Noted.

Suggested form of statement, submitted by the Assistant Secretary, to be sent to all Federal Reserve Banks for mailing at the close of business each Friday, showing member banks borrowing in excess of their unimpaired capital and surplus, the amount of such borrowings, date on which the advances exceed their capital account and how secured.

Approved.

Letter dated July 19th, from Mr. Milton C. Elliott, representing the Bank of Italy, requesting the Board to reconsider its action taken July 11th, whereby the Board declined to acquiesce, for reasons stated, to Mr. Elliott's request that he be furnished with a copy of the revised report of the

Federal Reserve Agent at San Francisco on the subject of the application of the Bank of Italy to establish a branch at Yuba City, and renewing his request for a copy of the report referred to.

No motion to reconsider was made.

Report of Committee on Examination on question of examination by Federal Reserve Board of foreign banking corporations operating under agreement with the Board.

Mr. Hamlin moved approval of the recommendation of the Committee that action in this direction be postponed until after completion of the examination of the Bank of Central and South America which is planned to take place next autumn. Carried.

The Governor stated that the next thing in order would be the special order business docketed for today, namely, the applications from the Bank of Italy, San Francisco, and the Pacific-Southwest Trust and Savings Bank, Los Angeles, for authority to establish certain additional branches.

Mr. Hamlin submitted a memorandum from General Counsel, subject "Past Policy of Board in acting upon applications of State member banks for additional branches", together with a memorandum prepared by himself on the opinion of General Counsel aforesaid.

Copies ordered distributed to members of the Board.

Mr. Hamlin stated that he desired to call up for consideration at this time a resolution presented by him to the Board at the meeting on May 22, 1923, as follows:

"Resolved:

That, in passing upon the establishment of Branches by Member State Banks and Trust Companies, whether de novo or through voluntary purchase of existing Banks, the Board will take into consideration the need of the community for additional or improved facilities and the effect of the establishment of the proposed Branch on the condition of the Parent Bank.

"Resolved:

That, the Board will accept the decision of the State Banking Department as to the need of the community for additional or improved banking facilities.

"Resolved:

That, the Board will not undertake to lay down any general policy as to territorial limitations or spheres of influence, but will accept the policy of the State with regard thereto, as determined by the State authorities."

Mr. Miller moved that Mr. Hamlin's resolution be referred to the Committee on Examination for study, report and recommendation.

Carried: Mr. Crissinger, Mr. Platt, Mr. Miller and Mr. Cunningham voting "aye".  
Mr. James and Mr. Dawes voting "no".  
Mr. Hamlin not voting.

The Governor then submitted to the Board all letters and telegrams with respect to the application of the Bank of Italy, dated June 12, 1923, for the purchase of certain banks in Long Beach, California, and the application, dated June 16, 1923, of the Pacific-Southwest Trust and Savings Bank, Los Angeles, to absorb the Pioneer Bank of Porterville and its branches at Exeter and Strathmore, and the application, dated June 20, 1923, of the Pacific-Southwest Trust and Savings Bank to establish a branch on Vermont Avenue, Los Angeles.

After full discussion, Mr. Miller moved "That in view of the serious opposition to granting the applications of the Pacific-Southwest Trust and Savings Bank and the Bank of Italy, before the Board this morning, said opposition being especially strongly expressed by two members of the Examinations Committee, the Committee be instructed to prepare a tentative draft of reasons upon which action should be based in the event that the Board finally decides to decline these applications".

Carried: Mr. Hamlin voting "no".

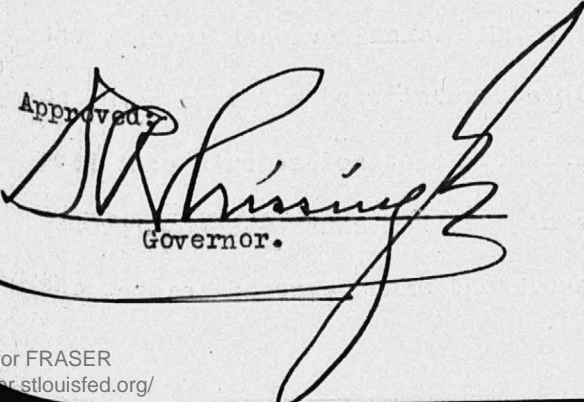
The Governor made a statement of his views upon the California method of branch banking, which was transcribed and submitted to the Committee on Examination in connection with their investigation of this subject.

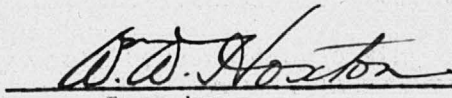
REPORTS OF STANDING COMMITTEE:

- Dated July 30th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated July 27th 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.
- Dated July 30th Recommending approval of the application of Mr. Walter E. Schuster to serve at the same time as director of the Massachusetts Trust Company, Boston, Mass. and as director of the Blackstone National Bank, Uxbridge, Mass.  
Approved.
- Dated July 30th Recommending approval of the application of Mr. Bernard Q. Bond to serve at the same time as director of the Wolfeboro National Bank, Wolfeboro, N. H. and as Vice President, Treasurer and director of the Rochester Trust Company, Rochester, N. H.  
Approved.
- Dated July 30th Recommending approval of the application of Mr. R.C. Lilly to serve at the same time as director and Vice President of the Merchants National Bank, St. Paul, Minn. and as director of the Grand Ave. State Bank, St. Paul, Minn.  
Approved.
- Dated July 30th Recommending approval of the application of Mr. F. W. A. Vesper to serve at the same time as director of the National Bank of Commerce, St. Louis, Mo. and as director of the Mound City Trust Company, St. Louis, Mo.  
Approved.

The meeting adjourned at 1:30 p.m.

Approved:

  
Governor.

  
Secretary.