

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, August 14, 1923, at 11:15 a. m.

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

The minutes of the meeting of the Federal Reserve Board held on August 7, 1923 were read and approved.

Memorandum, dated August 13, 1923, from the Secretary, requesting instructions in connection with the publication in pamphlet form of the article appearing in the August Bulletin, entitled "Agricultural Credits under the Federal Reserve Act", which was submitted as a report by the Committee on Agricultural Credits Conditions at the meeting of July 24, 1923.

The Secretary was instructed to advise all Federal Reserve Banks of the contemplated publication in pamphlet form of the article referred to and to secure information from all Federal Reserve Banks as to whether they can utilize the pamphlet in their respective districts and, if so, how many copies they will require.

Mr. James submitted for adoption certain amendments to the By-Laws, drawn in conformity with the Board's action of August 2, 1923, defining and charting the functions of the various units of the Board and its staff.

Approved.

Telegram, dated August 9, 1923, from the Chairman of the Federal Reserve Bank of Chicago, advising that the Executive Committee of that bank had, subject to the review and determination of the Federal Reserve Board, fixed a rate of $4\frac{1}{2}$ per cent on agricultural paper with maturities from six to nine months.

Approved.

Letter, dated August 6, 1923, from the Under Secretary of the Treasury, on the subject of a gold policy for the Federal Reserve Banks.

Ordered docketed for a meeting to be held on Wednesday, September 12th, at which time the Board will also consider Mr. Miller's proposed plan for stating the reserve positions of the Federal Reserve Banks, said plan involving a Federal Reserve System gold policy.

Letter, dated August 4, 1923, from the Under Secretary of the Treasury, enclosing copy of communication addressed by him to Deputy Governor Case, of the Federal Reserve Bank of New York, with respect to the investment holdings of the Federal Reserve Banks.

Referred to the Committee on Discount and Open Market Policies.

Letter, dated August 8, 1923, from Deputy Governor Geery, of the Federal Reserve Bank of Minneapolis, recommending that the Board approve, under certain conditions, the application of the American National Bank of Redfield, South Dakota, for the privilege, if necessary, of offering for rediscount paper which originates in non-member banks.

Approved.

At this point Mr. Dawes entered the room.

Telegram, dated August 8, 1923, from the Governor and Federal Reserve Agent of the Federal Reserve Bank of San Francisco, as follows:

"Referring to the Board's letter of August 3rd, disapproving applications of Pacific Southwest Trust and Savings Bank and Bank of Italy for establishing certain additional branches and enclosing copy of Board's resolution adopted August 2, stating the Board's policy regarding Branch extension, we unite in earnestly and respectfully urging that the Board authorize holding in abeyance notification directed to be given the banks named, and that the Board modify its action at least to the extent of fixing forward date at which restriction or limitation would be made effective.

"We believe that we do not exaggerate the potential gravity of the consequences which may follow peremptory action. Some of the leading banks having branches are already strongly inclined to withdraw from membership. Combined resources of four leading banks having branches exceed one fourth the total member bank resources of this district. If they, or part of them, withdraw other banks would doubtless follow. In case of such withdrawals it seems reasonable to expect that strong banking affiliations in New York would be established some extent for Federal Reserve connection. Such action would doubtless be

"welcomed and facilitated by New York banks, thus establishing a reversion toward concentration there.

"It appears that the few branches under consideration would not importantly affect the problem of examinations.

"The Board's attention is respectfully called to the fact that our directors have already voted to accept examinations of California Banking Department, and that that department has stated that it is prepared to make simultaneous examinations of all offices of each California State Bank. Notification of banks will be deferred pending receipt of Board's reply."

The Vice Governor submitted the following telegram, sent on August 9th, in reply to the above telegram and initialed by Messrs. Platt, James, Cunningham and Miller:

"Board in adjournment this week. You are authorized to defer notification to the banks referred to until further advised."

Upon motion the above reply, which had been initialed by four members of the Board, was formally ratified.

Mr. Miller moved, in view of the telegram from Messrs. Perrin and Calkins, that the Board reconsider the action taken on August 2nd, whereby the applications of the Bank of Italy and the Pacific-Southwest Trust and Savings Bank to establish additional branches were declined, and whereby the Board directed that Mr. Perrin communicate to the banks interested the decision and the statement of the Board's reasons and policy in declining the applications.

Mr. Miller stated that he was willing to have this motion to reconsider taken up at a time when the same members shall be present as were present on August 2nd, when the original action was taken.

Mr. Cunningham moved that Mr. Miller's motion to reconsider the action taken on August 2nd be ordered docketed for a meeting to be held on Wednesday, September 12th.

Mr. Cunningham's motion being put by the Chair, was carried.

Letter, dated August 9, 1923, from the Federal Reserve Agent at Minneapolis, requesting to be advised as to the date of the next joint conference of Governors and Federal Reserve Agents.

Upon motion, it was determined to designate Monday, November 12, 1923, as the date for the opening of the next joint conference.

Matter referred to the Law Committee on July 25th, namely, letter, dated July 24, 1923, from the President of the International Acceptance Bank, Inc., of New York, applying for modification or amendment of the agreement entered into with the Federal Reserve Board, permitting the applicant to issue acceptances, with maturity not to exceed one year, to finance the importation or exportation of goods.

Mr. Hamlin, Chairman of the Law Committee, submitted draft of a letter prepared by Counsel, for the signature of the Vice Governor and addressed to the President of the International Acceptance Bank, Inc., which was, upon motion, approved.

Memorandum, dated August 14, 1923, from Mr. Eddy, recommending that he be authorized to procure a registered cable name or designation for the Federal Reserve Board, in view of the expected cable communications from the Cuban agencies at Havana.

Referred to the Vice Governor, with power.

Report of the Committee on Salaries and Expenditures, dated August 8th, recommending approval of a draft of letter addressed to the Chairman of the Federal Reserve Bank of St. Louis, disapproving an increase in salary for Mr. Earl R. Muir, Assistant Cashier of the Louisville Branch, submitted in his letter to the Board of July 3, 1923.

Upon motion, the report of the Committee was approved.

Report of the Committee on Salaries and Expenditures, dated August 9th, recommending approval of the action of the Federal Reserve Bank of Chicago, reported in letter of the Comptroller of Administration, dated August 3, 1923, in employing Mr. H. G. Pett as a Statistician in the Statistical and Analytical Department, at a salary of \$3,600 per annum, effective August 1, 1923.

Upon motion, the report of the Committee was approved.

The Committee on Salaries and Expenditures submitted a report, dated August 11th, as follows, which was, upon motion, approved:

"The Committee recently called the attention of the Federal Reserve Bank of Chicago to the fact that the last report of examination of that bank shows the bank to have increased the salary of an employee from \$2,700 to \$2,800 per annum during the present year without having submitted the matter to the Federal Reserve Board for its approval, and also that the bank employed during the year a clerk with salary at the rate of \$3,420 per annum without the Board's approval.

"Attached is a letter from the Chicago Bank explaining the oversight and requesting the Board's approval of its actions. As the salary increase was made effective February 1, 1923 and the employment of the clerk at \$3,420 per annum effected several months ago, it would seem that the only thing to be done is for the Board to approve both cases, and the Committee so recommends."

Letter, dated August 2, 1923, from the Chairman of the Federal Reserve Bank of San Francisco, with regard to the temporary suspension of future credits to the Welfare Fund of that bank.

Upon motion, the Secretary was instructed to advise the Federal Reserve Bank of San Francisco that the Board interposes no objection to the suspension of further credits to the fund; but that when the fund is reduced to \$5,000 resumption of credits should not be begun until the matter is submitted to the Board for its consideration.

Matter referred, at the meeting on August 2nd, to a joint committee composed of the members of the Committees on Districts Nos. Eight and Ten, namely, various letters from Hon. J. L. Milligan, Member of Congress, with reference to the transfer of certain counties in western Missouri from the Eighth to the Tenth District.

It was the recommendation of the Committee and the sense of the Board that it should conform to its usual custom in this matter and give consideration to such a transfer only upon direct petition from the member banks in the territory involved and upon recommendation of the Federal Reserve Agents in those districts concerned with the transfer.

Report of the Committee on Salaries and Expenditures, dated August 14th, recommending that the Board approve the action of the Managing Committee of the Federal Reserve Bank of Atlanta, reported in the letter of the Chairman, dated August 11, 1923, in employing Mr. J. B. Tutwiler as Assistant to the Auditor of the bank at an annual salary of \$3,000, effective August 8, 1923; it being noted

that Mr. Tutwiler is to succeed Mr. J. C. Campbell who recently resigned as Assistant to the Auditor and whose annual salary was at the same rate as that to be paid Mr. Tutwiler.

Upon motion, the report of the Committee was approved.

Letter, dated August 11, 1923, from the Federal Reserve Agent at New York, recommending that Mr. Shepard Morgan, Assistant Federal Reserve Agent, be granted, on account of ill health, a leave of absence without pay for one year, and recommending certain adjustments in the Federal Reserve Agent's Department made necessary by Mr. Morgan's absence.

Upon motion, the Board voted to approve a leave of absence without pay for Mr. Morgan for one year and the other matters referred to in Mr. Jay's letter were ordered docketed for the meeting to be held tomorrow.

Memorandum, dated August 7, 1923, submitted by Mr. Eddy, recommending that the Board approve the request of the Director of the Division of Research and Statistics that the temporary appointment of Mr. E. Irving Fulton, to the Division of Research and Statistics, be extended from July 30th to August 15th.

Approved.

Letter, dated August 3, 1923, from Mrs. G. C. Meacham, Clerk in the Division of Research and Statistics, tendering her resignation, effective August 15, 1923.

Accepted.

REPORTS OF STANDING COMMITTEES:

Dated August 8th Recommending changes in stock at Federal Reserve Banks, as
 9th set forth in the Auxiliary Minute Book of this date.
 11th
 13th Approved.
 14th

Dated August 11th Recommending action on applications for fiduciary powers,
 as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated August 11th Recommending action on applications for admission of state banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated August 13th Recommending approval of the application of Mr. R. F. Rabe to serve at the same time as director of the First National Bank, Guttenberg, N. J., and as director of the Mercantile Trust Company, Jersey City, N. J.

Approved.

Dated August 13th Recommending approval of the application of Mr. Jas. V. Padula to serve at the same time as director of the American National Bank, Newark, N. J., and as Private Banker doing business under the name of James V. Padula, of Newark, New Jersey.

Approved.

Dated August 13th Recommending approval of the application of Mr. Frank Hall to serve at the same time as director of the First National Bank, Guttenberg, N. J., and as director of the Mercantile Trust Company, Jersey City, N. J.

Approved.

Dated August 13th Recommending approval of the application of Mr. Nelson Curtis, to serve at the same time as director of the National Rockland Bank, Boston, Mass., and as director of the United States Trust Company, Boston, Mass.

Approved.

Dated August 13th Recommending approval of the application of Mr. Walter E. Plummer to serve at the same time as director of Manufacturers National Bank, Lewiston, Me., and as director of the First National Bank, Bath, Me.

Approved.

Dated August 13th Recommending approval of the application of Mr. J. A. Bandi to serve at the same time as director of the First National Bank, Gulfport, Miss., and as Vice President and Director of the Marine Bank and Trust Co., New Orleans, La.

Approved.

Dated August 13th Recommending approval of the application of Mr. Harry D. Evans to serve at the same time as Vice President and director of the Citizens National Bank, Boston, Mass., and as director of the Jamaica Plain Trust Company, Boston, Mass.

Approved.

Dated August 13th Recommending approval of the application of Mr. Jos. G. Shannon to serve at the same time as President and director of the First National Bank, Guttenberg, N. J., as President and director of the Mercantile Trust Company, Jersey City, N. J., and as director of the Weehawken Trust Company, Union, N. J.

Approved.

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Dated August 13th Recommending approval of the application of Mr. Harold E. Foreman to serve at the same time as director of the Foreman National Bank, Chicago, Ill., as director of the Drovers National Bank, Chicago, Ill., and as director of the Drovers Trust and Savings Bank, Chicago, Ill.
Approved.

The meeting adjourned at 1:55 p.m.

D. W. Horton
Secretary.

Approved:

Edmund Platt
Vice Governor.