

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, November 20th, at 12:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on November 14th were read and approved.

Letter dated November 15th, from the Comptroller of the Currency, recommending an increase in the salary of National Bank Examiner Orville A. Griffey from \$4500 to \$5500 per annum.

Approved.

Letter dated November 17th, from the Comptroller of the Currency, recommending a salary of \$3600 per annum for National Bank Examiner H. A. Schlotzhauer, assigned to the Ninth Federal Reserve District.

Approved.

Letter dated November 19th, from the Federal Reserve Agent at Philadelphia, requesting the Board's permission to purchase from the Mechanics National Bank of Trenton, New Jersey, \$102,000 of warrants issued by Mercer County, New Jersey, the amount being in excess of 25% of the total outstanding warrants of Mercer County.

Upon motion of Mr. James, the purchase was approved.

Memoandum dated November 19th, from Counsel, submitting draft of letter to the Vice President of the International Banking Corporation,

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New York City, replying to his letter of November 17th, and approving the election of Mr. G. Edwin Gregory as a director of the Corporation.

Upon motion of Mr. Hamlin, the proposed letter to the International Banking Corporation was approved.

Letter dated November 16th, from Mr. Kenzel, Chairman of the Pension Committee, advising that at the recent Governors' Conference, Governors Fancher and McDougal and himself were appointed as a committee of the Conference to wait upon the Federal Reserve Board and give the Board any assistance desired with respect to the matter of the proposed pension plan and stating that the committee is at the service of the Board.

Upon motion, the Secretary was instructed to communicate with the members of the committee and inquire whether Tuesday, December 4th, will be a convenient date for the Committee to meet with the Board, for a discussion of the pension plan.

Letter dated November 17th, from Mr. E. R. Kenzel, Deputy Governor of the Federal Reserve Bank of New York, with reference to the circumstances which led to the withdrawal from membership of the Bridgeport Trust Company, Bridgeport, Connecticut.

Noted.

Letter dated November 13th, from the Secretary of the Federal Reserve Bank of Cleveland, requesting approval of the action taken by the Board of Directors of that bank on November 9th, in voting the payment

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of the regular semi-annual dividend; there being attached thereto a memorandum from the Board's Division of Bank Operations, advising that the condition of the Federal Reserve Bank warrants said dividend payment.

Upon motion of Mr. Hamlin, payment of the dividend above referred to was approved.

The Committee on Cuba reported on the matters referred to it at the meeting on November 14th;

(1) Letter, dated November 12th, from the Deputy Governor of the Federal Reserve Bank of Atlanta, replying to the Board's letter of November 8th, with reference to unofficial advice received that the Cuban Treasury Department had inquired of that Bank's Cuban Agency whether or not it would redeem United States currency.

(2) Letter, dated November 12th, from the Deputy Governor of the Federal Reserve Bank of Atlanta, replying to the Board's letter of November 9th, regarding the alleged action of the Manager of the Havana Agency of the Atlanta bank in quoting a rate of \$4.00 per thousand to the Havana office of the National City Bank for the sale of a cable transfer to be paid for in gold.

The Committee reported that the matters in question had been adjusted after conference between the Governors of the Federal Reserve Banks of Atlanta and Boston.

Upon motion, the report of the Committee on Cuba was accepted.

Report of Committee on Examinations on matter referred to it at the meeting on November 14th, namely, letter dated November 9th, from the Assistant Federal Reserve Agent at San Francisco, transmitting and recom-

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mending approval of the application of the Italian-American Bank of San Francisco to take over the Columbus Savings and Loan Society of San Francisco, and to establish a branch in its premises; the Committee recommending approval following a discussion of the matter with the Governor and Chairman of the Federal Reserve Bank of San Francisco.

The application having been approved on November 16th, by the initials of six members of the Board, that action was, upon motion, ratified.

Letter dated November 16th, from the Chairman of the Federal Reserve Bank of New York, requesting approval of the action of the Board of Directors of that bank, taken on October 24th, in voting that a special payment of salary be made at Christmas time to all employees on the payroll of the bank on December 19, 1923; payment to be on the same basis as last year, namely, 5% on the actual salary received during the year; no payment to exceed \$125 and no employee receiving a salary exceeding \$5,000 to receive the payment; minimum payment to be \$5.00.

Referred to Committee on Salaries and Expenditures.

At this point, Mr. Dawes entered the meeting.

Telegram, dated November 19th, from the Assistant Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank has renewed and requests immediate consideration of its application to take over the Pioneer Bank of Porterville and to establish branches at Porterville, Exeter and Strathmore; calling attention to fav-

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orable recommendation contained in the Federal Reserve Agent's letter of July 16th.

Referred to Committee on Examinations.

Telegram dated November 19th, from the Assistant Federal Reserve Agent at San Francisco, with regard to the condition of the First National Bank of Parlier, California, and recommending the tentative approval of the application of the Bank of Italy to take over the First National Bank of Parlier and establish a branch.

Referred to Committee on Examinations.

Telegrams dated November 19th, exchanged by Governor Crissinger with the Assistant Federal Reserve Agent at San Francisco, with regard to the applications of the Bank of Italy for permission to establish branches at Long Beach, Watsonville and Santa Maria, said applications having been withdrawn from consideration on October 3rd.

Referred to Committee on Examinations.

Mr. Platt submitted letters dated November 9th, 13th and 14th, addressed to the Federal Reserve Agent at Boston by the President of the Industrial Trust Company, Providence, Rhode Island, and by Congressmen O'Connell and Burdick of Rhode Island, with reference to the policy recently adopted by the Federal Reserve Board with respect to the extension of branch banking by members of the Federal Reserve System.

Ordered circulated and referred to the Committee on Examinations.

In accordance with the instructions of the Board at its meeting on November 6th, Mr. Hamlin, in behalf of the Law Committee, submitted

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a memorandum dated November 16th, from General Counsel containing a history of the employment of Mr. James W. Carmalt as special counsel in connection with the presentation to the Interstate Commerce Commission of the matter of the revision of express rates on money and securities.

After discussion, Mr. Hamlin moved that the expenses of witness fees, etc., be not taken out of the compensation for legal services approved for Mr. Carmalt; stating that a lawyer can not properly agree to pay court costs, including witness fees, etc., from money received by him in payment of legal services.

Carried, Mr. Miller not voting.

With respect to the action of certain officers of the Federal Reserve Bank of New York in arranging for the employment of Mr. Carmalt, it was voted that the Secretary be instructed to inquire of Mr. Rounds, Secretary of the Board's Committee on Economy and Efficiency, concerning the accuracy of the following statement contained in the letter of November 7th from Mr. Mason, Counsel of the Federal Reserve Bank of New York, to Board's General Counsel: "before any negotiations were had with Mr. Carmalt, Mr. Rounds advised us that the Board's Committee on Economy and Efficiency had given authority at a meeting held in July for the employment of special counsel to conduct this case before the commission****"; and further, in the event that the statement contained in Mr. Mason's letter is found to be correct, the Secretary be instructed to inquire of Mr. Rounds under what or whose authorization the aforesaid statement was made.

Mr. James submitted a report of the Committee on Examinations, dated November 17th, as follows:

"WHEREAS, it has come to the attention of the Committee on Examinations that while in the Twelfth District applications for admission to the Federal Reserve System made by state banks are reviewed by a committee consisting of a Federal Reserve Agent, the Governor, and one Class "A" Director, applications for extensions by the establishment of branches, or for other modifications in the conditions of membership, are not reviewed by that committee or formally presented to the Directors for their consideration;

"THEREFORE, be it resolved, that the Committee on Examinations recommends that the Board make a recommendation that all applications for branches, modification of conditions of member-

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"ship, etc., be submitted to the Board of Directors of the Federal Reserve Bank of San Francisco or to the committee which passes on original applications for membership for their consideration and recommendation, and that the views and recommendations of the Board or such committee, as well as those of the Federal Reserve Agent be communicated to Federal Reserve Board in each case".

Upon motion of Mr. James, the report of the Committee on Examinations was adopted.

Mr. Hamlin, on behalf of the Committee on Branches, reported verbally on a letter dated November 8th, from the Deputy Governor of the Federal Reserve Bank of Chicago, requesting to be advised whether the Board is now willing to allow Federal Reserve banks to proceed with plans for buildings which have been deferred and whether they may have the Board's permission to take the necessary steps toward the erection of a suitable building for their Detroit Branch.

Mr. Hamlin moved that the matter be handled in the same manner as several other recent applications, and that the Federal Reserve Bank of Chicago be advised that the Board has ordered a complete and exhaustive study of Federal Reserve branch banks, in order that it may determine whether the establishment and continuance of said branches are justified, and that pending this investigation the Board will decline to pass on further applications, either for buildings or new branches.

Carried.

REPORTS OF STANDING COMMITTEES:

Dated, November 14th, Recommending changes in stock at Federal Reserve 15th, Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, November 15th, Recommending approval of the application of Mr. George A. Kennedy to serve at the same time as Vice President of the First National Bank of San Francisco, Cal., and as director of the First National Bank of Sausalito, Cal.

Approved.

Dated, November 16th, Recommending approval of the application of Mr. W. F. Woodruff to serve at the same time as director of the Rockford National Bank of Rockford, Ills., of the Broadway National Bank, Chicago, Ills. and of the

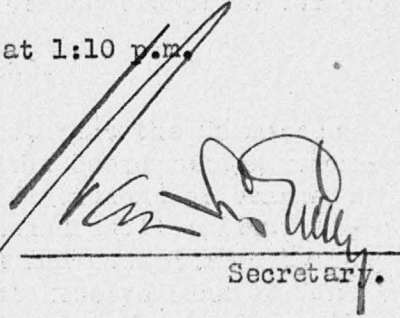
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REPORTS OF STANDING COMMITTEES: (Cont'd)

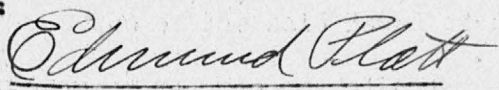
Franklin Trust and Savings Bank, Chicago, Ills.
Approved.

Dated, November 14th, Recommending approval of the application of Mr. E. P. Vandiver to serve at the same time as President and director of the Carolina National Bank of Anderson, South Carolina and as director of the Norwood National Bank of Greenville, South Carolina.
Approved.

The meeting adjourned at 1:10 p.m.


Secretary.

Approved:


Vice Governor.