

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, December 20th at 10:10 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on December 19th were read and approved.

Report of Committee on Salaries and Expenditures on salary recommendations, for the year 1924, submitted by the board of directors of the Federal Reserve Bank of Atlanta for both head office and branches.

Upon motion, all recommendations made by the Committee on Salaries and Expenditures were approved both as to head office and branches.

Upon motion, the salaries of all officers and employees not covered in the report of the Committee on Salaries and Expenditures were approved at present figures.

Letter dated December 17th, from the Secretary of the Federal Reserve Bank of Atlanta, advising that in accordance with the previous understanding with the Board the directors of the Atlanta bank had not made a recommendation as to the salary for 1924, of the Chairman of the board of directors and Federal Reserve Agent at the bank.

Upon motion by Mr. James, the salary of Mr. McCord was fixed at \$12,000 for the year 1924.

Letter dated December 17th, from the Chairman of the Federal Reserve Bank of Atlanta, advising that at the last meeting of the Board of Directors

12/20/23

-2-

of that bank Mr. L. C. Adelson was not re-nominated as Deputy Governor of the bank, but was unanimously elected manager of its Cuban Agency at a salary of \$12,000 per annum with an allowance of \$4,000 per annum for foreign service.

Upon motion, this matter was referred to the Committee on District #6.

Report of Committee on Salaries and Expenditures on letter dated December 15th, from the Chairman of the Federal Reserve Bank of Atlanta, recommending approval of the action of the directors of that bank in electing Mr. J. B. Tutwiler as Assistant Cashier, at a salary of \$4200 per annum.

Approved.

Report of Committee on Salaries and Expenditures on salary recommendations, for the year 1924, submitted by the board of directors of the Federal Reserve Bank of Kansas City, for both head office and branches.

Upon motion, all recommendations of the Committee on Salaries and Expenditures were approved.

Upon motion, the salaries of all officers and employees not covered in the report of the Committee on Salaries and Expenditures were approved at present figures.

Memorandum dated December 18th, from the Comptroller of the Currency recommending approval of the application of The Citizens National Bank of Weatherford, Texas, for permission to reduce its capital stock from \$150,000 to \$100,000 on the condition that as much of the amount of the reduction as is necessary shall be applied to taking out of the bank worthless and doubtful assets which aggregated \$22,971.89 and \$13,167.76, respectively, on the date of the last examinations.

Approved.

12/20/23

-5-

Letter dated December 20th, from the Comptroller of the Currency recommending a salary of \$6,000 per annum for National Bank Examiner Frank E. Rasmussen, to be assigned to the Second Federal Reserve District.

Approved.

Letter dated December 19th, from the Comptroller of the Currency, requesting approval of the appointment of Miss Lulee Ernest as Clerk-counter in the Federal Reserve Issue and Redemption Division, with salary at the rate of \$1020 per annum, effective December 21, 1923.

Approved.

Letter dated December 18th, from the Federal Reserve Agent at Chicago, requesting approval of the appointments of Assistant Federal Reserve Agents at the head office and Detroit branch.

Upon the understanding that Mr. Dawes will investigate the situation at the Federal Reserve Bank of Chicago during his forthcoming visit there, action on this matter was deferred.

Letter dated December 17th, from the Governor of the Federal Reserve Bank of Richmond, advising that the Board of Directors of that bank at its last meeting, subject to the approval of the Board, authorized the introduction in Congress of a joint resolution permitting the construction of a building to cost not in excess of \$969,000 for the Baltimore branch.

Referred to the Committee on Branches.

Draft of letter to the Governor of the Federal Reserve Bank of Minneapolis in reply to his letter of December 10th, with regard to penalties on

12/20/23

deficiencies in reserves of member banks.

Approved.

Draft of letter to the Chairman of the Federal Reserve Bank of Philadelphia, calling attention to the instructions regarding penalty rates for deficiencies in reserve of member banks laid down in Section #6 of the Board's regulations.

Approved.

Letter dated December 18th, from the Federal Reserve Agent at Philadelphia, with regard to the failure of "The Federal Reserve Building and Loan Association of Philadelphia", to change its title.

Referred to Committee on District #3 for investigation and report.

Telegram dated December 19th, from the Federal Reserve Agent at San Francisco, advising that the Wells-Fargo Bank and Union Trust Company, arrangements for the merger of which were approved by the Board on November 14th, has accepted conditions of membership and applied for stock.

Not ed.

At this point, Mr. Dawes left the meeting.

Report of Law Committee, with respect to action taken at the meeting on December 18th, in approving the recommendation of the Committee on Salaries and Expenditures, that the office of Secretary to General Counsel be abolished, effective June 30, 1924; the Law Committee presenting a memoran-

12/20/23

dum from General Counsel regarding the services of Mr. C. S. Bradley now holding that position and recommending that Mr. Bradley's salary be reduced to \$1800, to take effect July 1, 1924.

Mr. Hamlin moved approval of the recommendation of the Law Committee.

Mr. Miller moved as a substitute for Mr. Hamlin's motion, that the Board approve the original recommendation of the Committee on Salaries and Expenditures that the position of Secretary to General Counsel be abolished on June 30, 1924.

Mr. Miller's substitute motion being put by the chair was carried, the members voting as follows:

- Mr. Miller, "aye"
- Mr. James, "aye"
- Mr. Cunningham, "aye"
- Mr. Platt, "no"
- Mr. Hamlin, "no"
- Governor Crissinger not voting.

Letter dated December 17th, signed by the Governor and Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the appointment of Mr. T. R. Bennett, Superintendent of Banks in Georgia, as manager of the Member Bank Relations Department of the Federal Reserve Bank of Atlanta, at a salary of \$7500 per annum.

Mr. Miller moved that the Board approve the appointment of Mr. Bennett at a salary of \$6,000 per annum.  
Mr. Miller's motion being put by the chair was carried, Mr. Hamlin voting "no" and Governor Crissinger not voting.

Letter, dated December 19th, from Mr. A. B. Trowbridge, Consulting Architect, requesting approval of an arrangement whereby his salary, which

12/20/23

-6-

is paid jointly by the Board and the Federal Reserve Bank of New York will be reduced, effective January 1, 1924, from \$20,000 to \$10,000 per annum, and whereby he will devote but one half of his time to matters relating to the Federal Reserve System giving the remainder to the re-establishment of his private practice and recommending also that the salary of Mr. TenEyck, his Assistant, be not changed at \$2500 per annum.

Upon motion by Mr. Miller, the matter of a change in the present basis of compensation of the Consulting Architect was referred to the Executive Committee with power, that Committee having already been authorized to consider the discontinuance of the Division of Architecture.

Memorandum dated December 18th, from the Board's Fiscal Agent recommending an increase in the salary of Miss Josephine E. Lally, clerk in his office, from \$1660 to \$1800 per annum.

Mr. James explained that there would be a re-organization in the office of the Fiscal Agent, effective January 1, 1923, and upon motion by Mr. James, the increase suggested was disapproved.

Thereupon, the Governor requested action with regard to the application for the establishment at Wichita, Kansas, of a branch of the Federal Reserve Bank of Kansas City which was renewed at the hearing on December 18th.

Mr. Hamlin moved that the application for a branch Federal Reserve Bank at Wichita be approved with the understanding that all expense of maintenance of such a branch should be borne by the Federal Reserve Bank of Kansas City.

Mr. Hamlin's motion being put by the chair was lost, Mr. Hamlin voting "aye" and Governor Crissinger not voting.

The matter of advising the applicants for this branch of the Board's action was referred to the Governor with power.

12/20/23

Mr. Hamlin made the following statement:

"The state of Kansas is a large state and Wichita is a financial center. In my opinion the prime reason for the Federal Reserve Act was the decentralization of credits and banking power. It is evident that Wichita is losing deposits even to Oklahoma City, not to speak of Kansas City. Personally, I would not worry if every Federal Reserve bank became a central holding bank and all business was done by branches, if such a necessity arose. You will remember that Mr. Warburg, at the time the Federal Reserve Act was written was inclined toward the establishment of about seven Federal Reserve banks with, I think, about sixty branches."

Mr. Cunningham stated that he was not in favor of granting the application in view of the fact, according to Governor Bailey's statements, that the service can not be improved except for about fourteen banks, and that the idea that branches should be established in certain other states is liable to gain ground; stating that he was not prepared to say that branches should be established in every state regardless of the service that can be rendered.

Mr. James stated that about the only advantage to be gained by the establishment of the branch would be the opportunity given banks in the city of Wichita to adjust their reserves.

Thereupon, the election of directors of branch Federal Reserve banks was considered, and the following appointments were made:

- Pittsburgh - Charles D. Armstrong and James D. Callery
- Cincinnati - Judson Harmon and John Omsake
- Baltimore - Howard Bruce and William H. Matthai
- New Orleans - P. H. Saunders, A. P. Bush, and F.W. Foote
- Birmingham - W. H. Kettig and Oscar Wells
- Nashville - W. H. Hartford and Paul M. Davis
- Jacksonville - J. C. Cooper and Fulton Saussy
- Little Rock - C. S. McCain and Moorhead Wright
- Memphis - S. E. Ragland and T.K. Riddick
- Helena - L. M. Ford and Thomas Marlow
- Denver - Murdo MacKenzie and John Evans
- Omaha - Carl Gray and J. E. Miller

12/20/23

- Oklahoma City - William Mee and E. K. Thurmond
- Houston - Frank Andrews and R. M. Farrar
- El Paso - A. P. Coles and W. W. Turney
- Los Angeles - I. B. Newton and Henry M. Robinson
- Salt Lake City - Lafayette Hanchett and G. G. Wright
- Spokane - Peter McGregor and G. I. Toevs
- Seattle - Charles E. Peabody and Charles H. Clarke
- Portland - Joseph N. Teal and Nathan Straus

The matter of election of directors for the Buffalo branch was passed over pending report by the Committee on District #2.

The matter on election of directors for the Detroit branch was passed over pending report by Mr. Dawes, Chairman of Committee on District #7.

The matter of election of directors for the Louisville branch was passed over pending report by Mr. James as to the possibility of arranging with the Federal Reserve Bank of St. Louis to appoint Mr. E. L. Swearingen, at present a Board appointee, thus leaving Mr. George W. Norton, a business man, formerly appointed by the bank, free for appointment by the Board.

Memorandum dated December 19th, from General Counsel on the subject, "Right of Board to Examine War Finance Departments of Federal Reserve banks" this opinion being based upon the request of the Managing Director of the War Finance Corporation, to have the Board's Division of Examination undertake the auditing of War Finance Corporation activities, operated and located in some of the Federal Reserve banks.

Upon motion, the question of the advisability of undertaking this work was referred to the Law Committee, and Mr. Cunningham was requested to consult with the Committee in the matter.

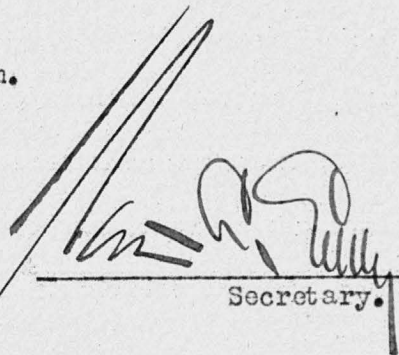


12/20/23

Memorandum dated December 15th, from Counsel with regard to the legality of a trustee of a mutual savings bank serving as Class "B" director of a Federal Reserve bank; this opinion referring to the fact that Mr. T. F. Whitmarsh recently elected a Class "B" director of the Federal Reserve Bank of New York is trustee of the Greenwich Savings Bank of New York City.

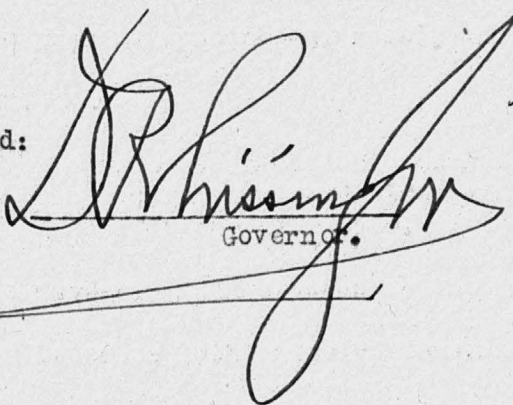
Mr. Hamlin stated that Governor Strong had advised him that Mr. Whitmarsh is to withdraw from the Greenwich Savings Bank and, upon motion by Mr. Hamlin, Counsel's opinion was ordered filed without action by the Board.

The meeting adjourned at 1:05 p.m.



Secretary.

Approved:



Governor.