

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, December 21st at 11:15 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on December 20th were read and approved.

Mr. Hamlin reported that Mr. William H. Matthai had signified his willingness to serve as a director of the Baltimore branch, but that he had not yet heard from Mr. Howard Bruce the other appointee of the Board.

Mr. James read a telegram from the Federal Reserve Agent at St. Louis advising that their directors had already appointed Mr. George W. Norton as a director of the Louisville branch and Mr. James then recommended that the Board make no change this year and reappoint to the Board of the Louisville branch its present appointees, namely, Mr. F. M. Sackett and Mr. Embry L. Swearingen.

Upon motion, Messrs. Sackett and Swearingen were appointed directors of the Louisville branch for the year 1924.

The Governor then brought up the matter ordered circulated at the meeting on December 13th, namely, memorandum dated December 12th from Counsel on the subject "Method of Assessing Costs of Examining State Member Banks" and presented a report by the Committee on Examinations suggesting the adoption of a resolution as follows:

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"WHEREAS, the Federal Reserve Agent at Minneapolis has asked permission to deviate from the rules laid down by the Board for assessing costs of examinations of State member banks, (X-3797), because of peculiar conditions existing in that district, which, if applied, would result in unjustly large assessments against State member banks located in remote sections of that district; and

WHEREAS, the assessments made by the Comptroller of the Currency are not based upon the actual costs of examining each particular bank, but are based upon an apportionment among all the national banks of the total expenses of examining all banks in proportion to the resources of each bank; and

WHEREAS, Counsel has rendered an opinion that the Board would be justified in ruling that where reserve banks examine State member banks under the provisions of Section 9, they need not assess against the particular bank examined the exact expenses of that examination, but may lump together all the expenses of examining State banks during a given period and assess such expenses against all the banks examined in proportion to their respective resources on the dates of the examinations;

NOW, THEREFORE, BE IT RESOLVED that Federal Reserve Banks need not assess against each State member bank examined the exact costs of that particular examination, but may assess against all of the State banks examined during the calendar year the expenses of all such examinations made during such period in proportion to the assets or resources of the respective banks on the dates of their examinations, and that all Federal Reserve Agents be advised to this effect."

At this point, Mr. Herson, the Board's Chief Examiner was called into the meeting.

Upon motion by Mr. Hamlin, the resolution suggested by the Committee on Examinations was adopted.

Letter dated December 20th from the Governor of the Federal Reserve Bank of Philadelphia, advising of the purchase of the so-called Dooner Hotel property at a price of \$390,000, settlement to be made and possession given on Friday, December 28th, and that the bank has agreed to refund to the owner one-half of any additional income tax not exceeding \$20,000 which he may have

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to pay on account of the sale.

Upon motion by Mr. Hamlin, the Board voted to interpose no objection to the purchase at \$390,000, plus an additional amount not to exceed \$10,000 for tax adjustment, or a total of not over \$400,000.

Letter dated December 19th, from the Governor of the Federal Reserve Bank of Atlanta explaining what will be the loaning policy of that bank in future toward member banks which in the past have been badly extended and enclosing copy of a letter addressed to a member bank in Alabama suggesting an increase in the capital of the institution as a means of providing sufficient credit for its customers.

Mr. Hamlin called attention to the fact that the Joint Committee on Agricultural Inquiry in its report stated that the inadequacy of banking capital was one of the factors which limited and restricted credit during the crisis of 1920 and 1921.

Upon motion, Governor Wellborn's letter was referred to the Governor with power, with the suggestion that this statement of the Congressional Committee be brought to the attention of Governor Wellborn.

Letter dated December 19th, from the Chairman of the Federal Reserve Bank of St. Louis, advising of the action of the Board of Directors of that bank in authorizing the officers of the bank to execute contracts for the erection of a building to house its Little Rock branch, at a cost of approximately \$357,200.

Upon motion by Mr. James, the Board voted to interpose no objection to the letting of contracts, Mr. Miller not voting.

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Mr. Hamlin brought up the matter referred to the Law Committee at the meeting on December 20th, namely, 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.

After discussion, during which Mr. Cunningham entered the meeting, Mr. Hamlin moved that the matter be referred to the Governor for the preparation of draft of a letter to the War Finance Corporation to be submitted to the Board.

Mr. James moved as a substitute for Mr. Hamlin's motion that the request of the War Finance Corporation be denied.

Mr. James' substitute motion being put by the chair was carried, Mr. Hamlin voting "no".

The Law Committee reported on the matter referred to it at the meeting on October 31st, namely, letter dated October 9th from the Deputy Governor of the Federal Reserve Bank of New York, suggesting a means of furnishing to New York banks for export, Federal Reserve notes of the Federal Reserve Bank of Dallas and submitted a memorandum of Counsel dated December 18th on the legality of the plan proposed.

Upon motion, Counsel's memorandum was ordered circulated.

Memorandum dated December 31st from the Fiscal Agent of the Board, transmitting an estimate of the general expenses of the Board for the six months' period ending June 30, 1924.

Upon motion, the following resolution was adopted:

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"Whereas, under Section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal reserve banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts and employees for the half-year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half-year; and

Whereas, it appears from estimates submitted and considered that it is necessary that a fund equal to one hundred nine thousandths of one per cent of the total paid-in capital stock and surplus of the Federal reserve banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal reserve notes; Now, therefore,

Be it resolved, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal reserve banks of an amount equal to one hundred nine thousandths of one per cent of the total paid-in capital and surplus of such banks as of December 31, 1923, and the Fiscal Agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board, receipts for payments made. Such assessments will be collected in two installments of one-half each; the first installment to be paid on January 1, 1924, and the second half on March 1, 1924."

Mr. Hamlin referred to the action of the Board taken at the meeting yesterday in approving the recommendation of the Committee on Salaries and Expenditures that the position of Secretary to General Counsel be abolished effective June 30, 1924, and after discussion moved that Mr. C. S. Bradley, at present holding that position, be continued after June 30 as a stenographer with salary at the rate of \$1800 per annum.

Mr. Hamlin's motion being put by the chair was lost, the members voting as follows:

Mr. Miller "no"

Mr. James "no"

Mr. Cunningham "no"

Mr. Platt "aye"

Mr. Hamlin "aye"

Governor Crissinger not voting.

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Both Mr. Platt and Governor Crissinger planning to be away during the holidays, the Governor appointed Mr. Hamlin to serve on the Executive Committee during the absence of Mr. Platt, and Mr. Miller to serve during the Governor's absence.

REPORTS OF STANDING COMMITTEES:

Dated December 20th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated December 21st, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated December 21st, Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated December 20th, Recommending approval of the application of Mr. Ivan C. McIndoo to serve at the same time as officer and director of The Valley Bank, Fresno, California and as director of the National Bank of Bakersfield, California.

Approved.

Dated December 20th, Recommending approval of the application of Mr. G. M. Mather to serve at the same time as director of the First National Bank and of the Summit Trust Company, both of Toledo, Ohio.

Approved.

Dated December 20th, Recommending approval of the application of Mr. G. P. MacNichol, Jr., to serve at the same time as director of the First National Bank and of the Summit Trust Company, both of Toledo, Ohio.

Approved.

Dated December 20th, Recommending approval of the application of Mr. E. S. Reynolds, to serve at the same time as director and president of the First National Bank and as director of the Summit Trust Company, both of Toledo, Ohio.

Approved.

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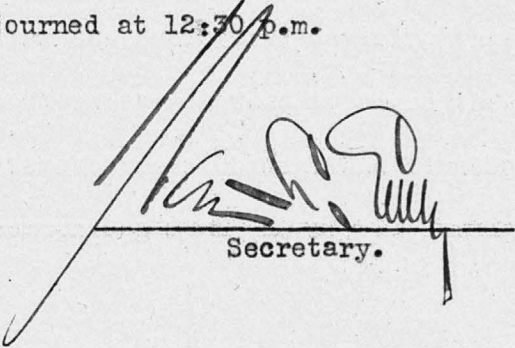
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REPORTS OF STANDING COMMITTEES. (Cont'd)

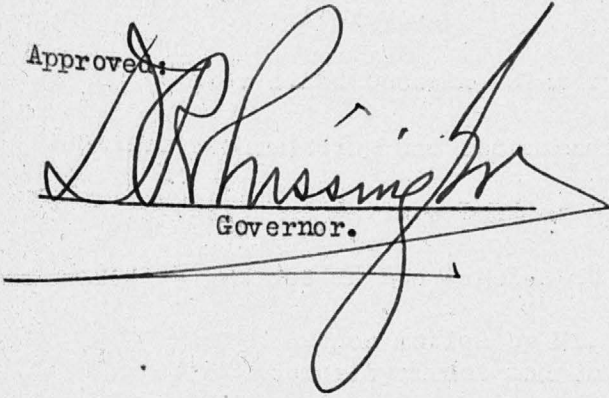
Dated December 20th, Recommending approval of the application of Mr. Joseph B. Fleming, to serve at the same time as director of the Washington Park National Bank, of the Union Bank of Chicago, and of the Reliance State Bank, all of Chicago, Illinois.

Approved.

The meeting adjourned at 12:30 p.m.


Secretary.

Approved:


Governor.