

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 7, 1924, at 10:40 a.m.

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

Messrs. Clarence M. Woolley, R. H. Treman and Gates W. McGarrah, directors of the Federal Reserve Bank of New York, entered the meeting. The directors stated that they were a self-appointed committee and had come to Washington for the purpose of presenting to the Board their personal reasons as to why the salary of Mr. Pierre Jay, Federal Reserve Agent and Chairman of the Board of Directors of the Bank, should be increased from \$30,000 to \$40,000 per annum.

After discussion of the matter, these gentlemen left the room and the Board proceeded with its regular business.

Mr. Hamlin presented a letter dated January 4th from the Federal Reserve Agent at Richmond calling attention to the fact that he has not yet received a reply to his letter of December 14th requesting approval of the appointment of Assistant Federal Reserve Agents at the head office and branch.

Mr. Hamlin called attention to the suggestion made by Mr. Miller some time ago that the Board consider the advisability of discontinuing Federal Reserve Agents at branches in cases where the reserve position

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of the Federal Reserve bank is such that it could carry as issued stocks of Federal Reserve notes now held at branches as unissued and stated that in addition to over \$5,500,000 of issued notes on hand at the Baltimore branch, the Assistant Federal Reserve Agent at the branch held about \$4,250,000 of unissued notes. Mr. Hamlin stated that the Federal Reserve Agent at Richmond had pledged with him over \$8,500,000 of excess eligible paper, and moved:

"That the attention of the Federal Reserve Agent at Richmond be called to these facts and that he be asked what necessity there is for having an Assistant Federal Reserve Agent at Baltimore".

Carried.

Draft of letter prepared by the Law Committee, in accordance with action at the Board meeting on January 2nd, in reply to a letter dated December 26th from Mr. Charles H. Tyler of Boston with regard to the action of the Board in refusing the application of Mr. E. Sohler Welch for permission to serve on the directorates of the Old Colony Trust Company and the National Union Bank, both of Boston; the letter stating that it is the Board's view that Mr. Welch is violating the provisions of Section 8 of the Clayton Act and that if he is re-elected as director of both institutions at their forthcoming elections, the Board proposes to follow the procedure required of it in Section 11 of the Clayton Act.

After discussion, the letter was referred back to the Law Committee for revision, with the suggestion that Mr. Tyler be advised that the Board has refused Mr. Welch's application because it finds that the institutions involved are in substantial competition, that the Board notes his inclination to submit this case to the court, and that the Board is willing to

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have all evidence filed with it placed in the record to be prepared by the Board and that if there is any further evidence which he desires to put into the record he may do so.

Memorandum dated January 7th from the Secretary advising that the Chairman of the Federal Reserve Bank of Philadelphia had called over the telephone, stating that it will be impossible for the directors of that bank to meet with the Board on Wednesday, as previously agreed upon, and suggesting that a hearing on the subject of increases in official salaries and the payment of a bonus to employees be set for Saturday morning, January 12th.

Upon motion, the meeting with the Philadelphia directors was postponed until Saturday morning.

The minutes of the meetings of the Federal Reserve Board held on January 3rd and January 4th were read and approved.

The Governor then stated that the special order of business would be consideration of the applications of the Mercantile Trust Company of San Francisco, the American Bank of San Francisco, and the Security Trust and Savings Bank of Los Angeles, for tentative approval of programs for the establishment of additional branches.

Mr. Hamlin, on behalf of the Law Committee, reported on the matter referred to that Committee at the meeting on January 4th, namely, a motion by Mr. Miller with regard to the submission to the Board of programs for the establishment of branches, and submitted the following resolutions:

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"WHEREAS on November 7, 1923, the Federal Reserve Board adopted a resolution defining its policy with reference to the establishment of branches by member banks;

WHEREAS, such resolution provided, in part, that 'as a general principle, State banks which are members of the Federal Reserve System ought not be permitted to establish or maintain branches or additional offices outside of the corporate limits of the city or town in which the parent bank is located or territory contiguous thereto' and that, 'in acting upon individual applications of State banks which are members of the Federal Reserve System for permission to establish branches or additional offices, the Board, on and after February 1, 1924, will be guided generally by the above principles";

WHEREAS, certain State member banks have applied to the Federal Reserve Board for blanket authority to proceed with their programs for the establishment of additional branches;

NOW, THEREFORE, BE IT RESOLVED that the Federal Reserve Board will not grant blanket authority to establish branches;

BE IT FURTHER RESOLVED that, in lieu of specific applications, the Board will entertain the submission of programs for the contemplated establishment of branches, provided such programs are submitted to the Board not later than February 1, 1924, and provided that the places in which it is expected to establish branches are definitely named or the areas defined, which must be tributary to the location of the head office of the bank;

BE IT FURTHER RESOLVED that the Board reserves to itself the right to pass upon the merits of each separate application made in pursuance of such programs and to act accordingly when such applications are made in regular form and have been passed upon by the Federal Reserve bank concerned and by the State Banking Department;

BE IT FURTHER RESOLVED that this resolution is not intended to deny to member banks the right to apply for permission to establish individual branches in lieu of submitting such programs."

Mr. Hamlin moved the adoption of the above resolutions.

Mr. James offered the following resolutions as a substitute for those submitted by Mr. Hamlin, and moved their adoption:

"WHEREAS, the Mercantile Trust Company of San Francisco, the American Bank of San Francisco, and the Security Trust & Savings Bank of Los Angeles have presented applications for the tentative

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"approval of certain programs for the extending of branches in various localities in California; and

WHEREAS, the Board, in Resolutions adopted November 7, 1923, established certain principles, or policies, regarding the Board's attitude toward the extending of branch banks;

BE IT RESOLVED, that the banks making these applications, as well as others interested in the question of branch banks, be informed that under regulations heretofore established blanket authority will not be granted to establish branches. Each application must be presented to the Board separately and in regular form and manner, subject to the approval of the State Banking Authorities and a recommendation of the Federal Reserve Bank of the district; and

BE IT FURTHER RESOLVED, that any application to establish a branch or branches in definitely named places or locations in territory non-contiguous to the city of the home office, which is made in good faith and filed prior to February 1st, 1924, may be considered by the Board, as to detailed arrangements, after February 1st, 1924.

BE IT FURTHER RESOLVED, that the Federal Reserve Board reserves to itself the right to pass upon each application on its merits and to act accordingly."

After discussion, Mr. James' substitute motion was put by the chair and was carried, the members voting as follows:

Mr. Hamlin, "aye"
Mr. James, "aye"
Mr. Cunningham, "aye"
Mr. Dawes, "aye"
Mr. Platt, "no"
Mr. Miller, "no"
Governor Crissinger, "no"

Mr. Hamlin moved that notice of the resolutions adopted be sent to each Federal Reserve Agent in order that every member bank may be notified.

Carried.

Mr. James then moved that the Committee on District No. 12

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immediately prepare for the Board's consideration a description of the territory in the neighborhood of San Francisco that will be considered as territory contiguous to the city of San Francisco.

Carried.

Mr. Platt stated that the question of contiguous territory in the state of Rhode Island was apparently taken care of.

Mr. Hamlin moved that the effective date of the resolutions adopted by the Board on November 7th, with regard to branch bank extension, as amended by the resolution just adopted, be changed from February 1st, 1924 to April 1st, 1924.

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. Dawes, "no"
Governor Crissinger, "aye"
Mr. Platt, "aye"
Mr. Hamlin, "aye"

The Governor presented the matter ordered held for a full Board at the meeting on January 2nd, namely, report of the Committee on Examinations on telegram dated December 28th, from the Federal Reserve Agent at San Francisco, inquiring whether the Board's permission to the Bank of Italy to take over the American Savings Bank of Long Beach, included the taking over of the branches of that bank at North Long Beach and Compton and their operation as branches of the Bank of Italy.

Mr. Hamlin moved that the Board's permission should be extended

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to include the taking over by the Bank of Italy of the branches of the American Savings Bank at North Long Beach and Compton.

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

Governor Crissinger, "aye"
 Mr. Platt, "aye"
 Mr. Hamlin, "aye"
 Mr. Miller, "aye"
 Mr. James, "no"
 Mr. Cunningham, "no"
 Mr. Dawes, "no"

Letters dated December 31st from the Federal Reserve Agent at San Francisco transmitting the applications of the Bank of Italy for permission to purchase banks and establish branches at San Fernando, Newhall, Hollywood, Venice, Wheatland, and Arcadia.

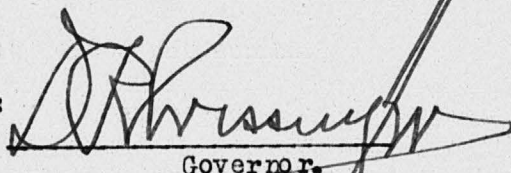
Referred to the Committee on Examinations.

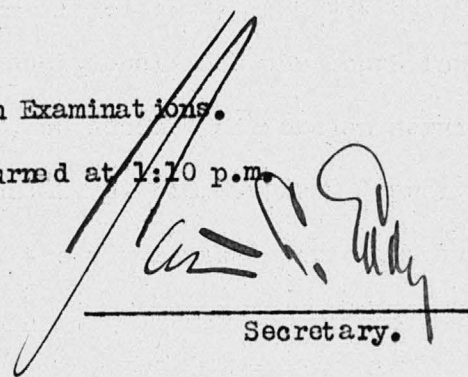
Letter dated January 5th, from the Federal Reserve Agent at Cleveland giving further information regarding the application of the Union Savings Bank and Trust Company of Cincinnati to take over the Home Savings Bank Company and operate it as a branch, the Federal Reserve Agent recommending approval of the application.

Referred to Committee on Examinations.

The meeting adjourned at 1:10 p.m.

Approved:


 Governor.


 Secretary.