A meeting of the Federal Reserve Board was held in the office of
the Federal Reserve Board on Thursday, January 31, 1924, at 11:30 a.m.

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

Telegram dated January 30th, from Mr. Fred O. Roof, Director of the
Federal Reserve Bank of Kansas City, with regard to the Board's recent
action in advising Congress that in its opinion an expenditure of not
in excess of $450,000 should suffice for the erection of a suitable
building for the Branch Federal Reserve Bank at Denver.

Upon motion, the Secretary was instructed to
transmit to Mr. Roof a copy of the Board's letter of
January 26, to Senator McLean.

Letter dated January 26th, from the Comptroller of the Currency
recommending an increase from $6,000 to $7,000 per annum, effective
February 1, 1924, in the salary of National Bank Examiner E. H. Gough.

Approved.

Telegram dated January 30th, from the Federal Reserve Agent at San
Francisco, transmitting the application of the Pacific Southwest Trust
and Savings Bank of Los Angeles to acquire the First National Bank of
Dimbok, the Security Trust Company of Bakersfield and the Central Savings
Bank of Calexico, all outside of the metropolitan area of Los Angeles
and to operate branches at these three points.

Received and referred to Committee on Examinations.
Memorandum dated January 29th from Counsel, submitting a form of letter to the Chairman of the Committee on Banking and Currency of the House of Representatives suggesting the amendment of H. R. 6145, so as to prohibit state member banks from advertising that they are under Government supervision.

Referred to Law Committee.

Letter dated January 30th, from Mr. M. C. Elliott, Counsel for the Bank of Italy, transmitting copy of the application of the Bank of Italy to purchase the State Exchange Bank of Torrence, Los Angeles County, California, and to establish a branch in the premises now occupied by that bank.

Upon motion, the application was received and referred to the Committee on Examinations.

Letter dated January 30th, from Mr. M. C. Elliott, Counsel for the Bank of Italy, transmitting copies of application of that bank, for permission to establish eighty-three branches in the cities listed below; the Board having voted on January 26th to receive these applications, notice of the filing of which was communicated by the Federal Reserve Agent in his telegram of January 25th:

- Alameda
- Alhambra
- Alvarado
- Anaheim
- Antioch
- Arcata
- Auburn
- Azusa
- Berkeley
- Berkeley
- Beverly Hills
- Bishop
- Burbank
- Burlingame
- Chula Vista
- Colusa
- Concord
- Coronado
- Covina
- Dimba
- El Cajon
Mr. Hamlin then moved that:

"The Board's Chief Examiner, Mr. Herson be directed to inform the Board as to the expense and time involved in, and the source from which examiners could be obtained for making simultaneous examinations, entirely independent of the State Banking forces, of the Bank of Italy of San Francisco, together with the Bancitaly Corporation, San Francisco, the Stockholders Auxiliary Corporation, of San Francisco, and the East River National Bank of New York, New York City, and the Pacific Southwest Trust and Savings Bank, Los Angeles, the Mercantile Trust Company, San Francisco, and the Security Trust and Savings Bank, Los Angeles, with their respective affiliated corporations."

Mr. Hamlin's motion being put by the chair was unanimously carried.

The Governor then presented a telegram addressed to Senator Bursum by Mr. W. D. Murray of Silver City as follows:

"Four banks in Grant County closed and no banking facilities, deplorable condition. All banks solvent. Please do everything possible to secure assistance Federal Reserve to aid in reopening, especially Silver City National and American National. Grant County foremost in state valuation tax assessment and tax collections. See Crissinger and please answer."
Upon motion, it was voted that a copy of the above telegram be sent to the Governor of the Federal Reserve Bank of Dallas for his information.

Report of Committee on Examinations on matter referred to it at the meeting on January 23rd, namely, application of the First National Bank of New Castle, Texas, for permission to reduce its capital stock from $50,000 to $25,000; the Committee recommending that the Board deny the application and stating that if the shareholders would put in a sufficient sum of money to wipe out the estimated losses and doubtful assets and make proper reduction in valuation of banking houses and other real estate and still provide a capital of $25,000 with $5,000 undivided profits or surplus, the Board might be justified in allowing the reduction in capital stock.

Upon motion, the report of the Committee on Examinations was approved.

Draft of letter to the Assistant Federal Reserve Agent at Chicago, in reply to his letter of December 15th, inquiring whether bonds and coupons, which have been cashed by a bank for its customers and forwarded to a correspondent for collection, can be considered an amount due from banks and accordingly deducted from the amount due to banks in computing reserves; the proposed letter stating that bonds and coupons forwarded for collection should not be deducted from due to bank balances in computing reserves of member banks.

Referred to Law Committee.
The Law Committee reported on the matter referred to it at the meeting on January 15th, namely, letter dated January 8th from the Chairman of the Federal Reserve Bank of San Francisco, inquiring whether a Federal Reserve bank may conduct examinations of member banks with examiners other than those "selected and approved by the Federal Reserve Board", as stipulated in Section 9 of the Federal Reserve Act; the letter stating that examinations of state member banks should not be made by examiners other than those selected or approved by the Board.

Upon motion, the proposed letter to Mr. Perrin was approved.

The minutes of the meeting of the Federal Reserve Board held on January 30th were read and approved.

Mr. Platt then moved that the Board reconsider the action taken at the meeting yesterday in voting down Mr. Hamlin's motion to approve the report of the Committee on Examinations recommending favorable action on the application of the Pacific Southwest Trust and Savings Bank to acquire the First National Bank and Trust Company of Santa Paula and its affiliated institutions, the Santa Paula Savings Bank and the Farmers and Merchants Bank of Santa Paula, together with branches of the latter institution at Saticoy and Fillmore and to establish one branch at Saticoy, one at Fillmore and two at Santa Paula.

Carried.

Mr. Platt then moved that the report of the Committee on Examinations be approved.
Mr. Platt's motion being put by the chair was carried, the members voting as follows:

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

Governor Crissinger stated -

"that he had voted against the application of the Pacific Southwest Trust & Savings Bank for permission to establish branches at Santa Paula, Saticoy and Fillmore because he does not believe in the acquisition of further branches by member banks unless and until supervision thereof, by examination of a character satisfactory to the Federal Reserve Board, can be given to the applicant bank and its branches by the state banking authorities and by the Federal Reserve bank of which it is a member; that he has been actuated by this reason in voting against the granting of additional branches to the Bank of Italy and to the Pacific Southwest Trust & Savings Bank; that to have voted in the affirmative on the present application would have been a discrimination in favor of the Pacific Southwest Trust & Savings Bank as against the Bank of Italy; that the granting of this permission to the Pacific Southwest Trust & Savings Bank opens up the whole field for branches of the Bank of Italy and that he reserves the right to vote for Bank of Italy branches that the Board may not be put in the position of discriminating against the Bank of Italy."

Mr. Hamlin then moved that the report of the Board's Pension Committee be made special order of business for a meeting to be held at 11:00 o'clock tomorrow morning.

Carried.

Mr. Cunningham announced that within the next few days it would be necessary for him to leave the city for an absence of from two to four weeks.
REPORTS OF STANDING COMMITTEES:

Dated January 30th, recommending action on application for admission of state banks, subject to the conditions stated in the individual reports attached to the application as set forth in the Auxiliary Minute Book of this date.

The meeting adjourned at 1:00 P. M.

Approved:

[Signature]
Governor.

[Signature]
Secretary.