

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, February 5, 1924, at 10:15 a.m.

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

The Board received a committee consisting of Senators Phipps and Adams of Colorado, Congressman Vale, Governor Bailey of the Federal Reserve Bank of Kansas City, Director Byrnes of the Federal Reserve Bank of Kansas City and Director Parks of the branch Federal Reserve Bank at Denver.

The various members of the delegation informed the Board of their views with regard to the inadequacy of the present quarters of the branch Federal Reserve banks at Omaha and Denver, presented plans for the proposed buildings to house the branches and expressed the opinion that an expenditure in each case of not to exceed \$550,000 would be sufficient. Governor Bailey stated among other things that in his opinion this amount would cover the entire expense of the buildings with the exception of the cost of building site, furniture and fixtures, and that the buildings proposed would provide in each case sufficient space to facilitate the handling of about double the present volume of business.

At this point, the members of the delegation, with the exception of Governor Bailey, left the meeting and Governor Bailey discussed briefly with the members of the Board the question of the appeal of the Burnes National Bank of St. Joseph, Missouri, from the recent decision of the Supreme Court of Missouri that national banks in the State of Missouri could not exercise trust powers. Governor Bailey inquired of the Board to what extent the Federal

2/5/24

-2-

145

Reserve bank should participate in the expense of attorneys, etc. in the trial before the Supreme Court of the United States.

Mr. Hamlin stated that it was his understanding that the Solicitor General desired to represent the Government in this case, and in view of that fact, the Board expressed to Governor Bailey its opinion that while the member banks in Missouri might retain special counsel in the case, the Federal Reserve Bank of Kansas City should not participate in any expense, but should permit the Solicitor General to handle the case in its behalf.

At this point, Governor Bailey left the meeting and Mr. Miller also withdrew from the room.

The minutes of the meeting of the Federal Reserve Board held on February 1st were read and approved.

By unanimous consent, Governor Crissinger was authorized to insert the following statement in the minutes of the meeting held on January 31st, in support of his negative vote on the application of the Pacific Southwest Trust and Savings Bank for permission to establish branches at Santa Paula, Saticoy and Fillmore:

"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."

2/5/24

-3-

The Secretary then presented the following memorandum prepared by

Dr. Stewart:

"At a conference of the Federal Reserve Board, held on February 4, 1924, - Present: Governor Crissinger, Mr. Miller, Mr. Hamlin, and Mr. Platt - the Board's resolution of September 11, 1923, with regard to showing the reserve position of the Federal Reserve System in the form of separate ratios for notes and deposits, respectively, was discussed with a view to determining the date when it should be put into effect. It was moved by Mr. Platt and carried without a dissenting vote that the plan of stating the reserve ratios separately for notes and deposits for the consolidated statement of the twelve Federal Reserve banks should be put into effect at an early a date as practicable and that the matter of fixing the precise date be left to the Governor with power."

Upon motion by Mr. Hamlin, the above action was ratified and ordered incorporated in today's minutes on the assumption that the gold settlement fund was to be considered part of the deposit reserve.

The Governor announced that the next meeting of the Open Market Investment Committee for the Federal Reserve System would be held in Washington on Friday, February 8th.

Memorandum dated February 4th from the Committee on Salaries and Expenditures recommending approval of an increase from \$1260 to \$1400 per annum, effective February 1, 1924, in the salary of Miss Catherine M. Burke, assistant chief telephone operator.

Approved.

The Committee on Salaries and Expenditures then submitted to the Board a letter dated December 26, 1923, from the Federal Reserve Agent at Dallas enclosing and requesting an expression of the Board's view with regard to an account of expenses and compensation of Mr. R. L. Ball, in connection with meetings of the Federal Advisory Council and of the Board of Directors of the Federal Reserve Bank of Dallas, attended during the years 1920-1923

2/5/24

-4-

147

inclusive, the account totaling \$3,543.07.

After discussion, Mr. Platt moved that the Federal Reserve Agent be advised that the Board sees no objection to the statement rendered by Judge Ball, if it is satisfactory to the Federal Reserve Bank of Dallas.

Approved.

Telegram dated February 4th from the Deputy Governor of the Federal Reserve Bank of Chicago, requesting the Board's permission to use their discretion in discounting non-member bank paper for the First National Bank of Sioux City, Iowa, together with a telegram transmitted under date of February 4th, on the initials of four members of the Board granting the permission requested to be used only as relief in an emergency directly affecting the member bank.

Upon motion, the telegram transmitted on February 4th, was formally approved.

Telegram dated February 1st from the Federal Reserve Agent at San Francisco, requesting approval of the appointment of Mr. D. W. Henderson as special assistant examiner, together with telegram transmitted under date of February 2nd on the initials of four members of the Board approving said appointment.

Upon motion, the telegram transmitted on February 2nd, was formally approved.

Letter dated February 2nd from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the purchase by that Bank from the Citizens First National Bank of Albany, Georgia, of \$48,000. of warrants of the City of Albany, together with telegram sent out on February 4th as follows:

2/5/24

-5-

"Your letter February 2. Board is not able from facts disclosed therein to pass upon merits of proposition your purchasing \$48,000 municipal warrants from Citizens First National Bank of Albany. If purchase of warrants will relieve that bank in an emergency Board would suspend limitation subject to opinion of your Counsel as to legality of warrants. If however purchase is merely to enable Albany Bank to put itself in position to secure a city deposit of \$200,000 Board does not feel warranted in suspending limitation."

Upon motion, the telegram above quoted was formally approved.

Letter dated February 1st from the Secretary of the National Council
Marketing
of the Farmers Cooperative/Associations inviting members of the Board to be present at the National Cooperative Marketing Convention to be held in Washington on February 7, 8 and 9.

Upon motion, the Governor was requested, if possible, to accept the invitation.

Letter dated February 2nd from Congressman Scott Leavitt advising of receipt of a telegram from Honorable H. L. DeKalb of Lewiston, Montana, requesting that the Federal Reserve banks be more liberal in analyzing the character of paper submitted for rediscount and not require additional collateral for guaranty.

Upon motion, a copy of Congressman Leavitt's letter was ordered transmitted to the Federal Reserve Bank of Minneapolis.

Letter dated January 31st from the Federal Reserve Agent at Boston with regard to the practice of borrowers in the Second Federal Reserve District of filing credit statements direct with the Federal Reserve Bank, rather than with member banks, and stating that the proximity of the Boston District to the New York District is such that the policy adopted places their member banks at a disadvantage and embarrasses them through being

2/5/24

considered too technical in their construction of the Board's ruling that unless a financial statement of the borrower is filed with member banks in all cases notes will not be eligible for rediscount with Federal Reserve banks.

Upon motion, a copy of Mr. Curtiss' letter was ordered transmitted to the Federal Reserve Bank of New York with request that they furnish the Board with a statement of the practice in that District.

Memorandum dated February 2nd from the Comptroller of the Currency recommending approval of the application of the First National Bank of Mountain Grove, Missouri, for permission to reduce its capital stock from \$50,000 to \$25,000.

Referred to Committee on Examinations.

Letter dated February 2nd from the Chairman of the Federal Reserve Bank of Chicago requesting leave of absence until about March 15th.

Approved.

The Committee on Examinations presented a memorandum dated February 4th, as follows:

"In the light of the many applications received, in what might be termed blanket form, through the Federal Reserve Agent at San Francisco, and considering that all of these applications have apparently been passed upon and approved by the Federal Reserve Bank of San Francisco, it would be, in the judgment of the Committee on Examinations, advisable to establish definitely just what responsibility lies with the Bank of San Francisco in the making of these approvals.

The Committee would like to know -

- (1) Whether or not the Federal Reserve Bank and the Federal Reserve Agent at San Francisco have made through investigation as to the condition of the banks making application and also as to the condition of the banks that are proposed to be taken over and operated as branches.

2/5/24

-7-

150

- (2) What consideration has been given to the facilities for examinations that will be satisfactory to the Board.
- (3) Has the Federal Reserve Agent at San Francisco given consideration to the question whether a considerable number of the branches applied for should be approved at once or whether they should be approved one by one or in small groups extending over a period of several months of time so that they can be properly coordinated with the parent banks?
- (4) Has the question of the capitalization of the parent institutions been taken into consideration in relation to the admission of the many new branches applied for?
- (5) Is it, in your opinion, possible to agree upon a definite limit of the number of branches which any bank shall be permitted to maintain?

Upon motion, it was ordered that the Federal Reserve Bank of San Francisco be requested to furnish the information desired by the Committee.

The Law Committee reported on the matter referred to it on the meeting on January 15th, namely, preparation of a letter to the Secretary of War in reply to his letter of January 3rd quoting a cablegram from the Governor General of the Philippines with regard to the establishment at Manila of a branch of the Federal Reserve Bank of San Francisco; the Committee recommending that the Secretary of War be advised -

- (1) That the Board has no power to establish a branch in the Philippines as they are not in any Federal Reserve district;
- (2) That if any bank in the Philippines should become a member bank of, e.g. the Federal Reserve Bank of San Francisco, a question would arise as to whether the Twelfth Federal Reserve District was not ipso facto extended to the Philippines but that the Board does not decide this moot question;
- (3) That no agency can be established in the Philippines as they are not a foreign country.

2/5/24

-8-

(4) That the Board would suggest that consideration of this matter be postponed until the permanent status of the Philippine National Bank is determined.

Upon motion, the Law Committee was directed to prepare a letter along the lines suggested.

The Law Committee reported on the matter referred to it at the meeting on February 1st, namely, revision of draft of letter to the Chairman of the Federal Reserve Bank of Richmond replying to his letter of January 24th with regard to the establishment of branches by the New Bern Banking and Trust Company of New Bern, North Carolina; the revised letter stating that inasmuch as the branches established by the New Bern Banking and Trust Company do not apparently tend to affect materially the standard required of it as a condition of membership, the Board has no objection to their establishment.

Upon motion by Mr. Platt, the proposed letter was approved, Mr. James voting "no".

Mr. Hamlin then brought up the matter referred to the Committee on Examinations on February 1st, namely, the application of the Union Trust Company of Providence, R. I. for permission to establish a branch at Centreville, R. I., which application has been approved by the Federal Reserve Bank of Boston and by the Bank Commissioner of the State of Rhode Island.

Mr. Hamlin moved that the Board approve the application of the Union Trust Company to establish a branch at Centreville, but that this approval not include the applications to establish branches at Woonsocket, Westerly and Newport, which should be received and placed on file.

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

2/5/24

-9-

The Governor then brought up the matter of salary increases proposed by the Directors of the Federal Reserve Bank of Philadelphia for the assistant cashiers of that bank, which increases were the subject of a conference between the Board and a committee of directors of the bank held on January 12th.

After discussion, Mr. Hamlin moved final disapproval of the increases proposed.

Carried.

The Governor then requested action by the Board with regard to the subject of this morning's conference, namely, the amount of expenditures for the erection of buildings at Omaha and Denver.

Upon motion by Mr. Hamlin, it was voted that the Board should approve an expenditure in each case of not to exceed \$550,000.

Report of Committee on Clearings on matter referred to it at the meeting on January 30th, namely, letter dated January 26th from the Governor of the Federal Reserve Bank of Kansas City replying to the Board's letter of January 17th with regard to the complaint of the Howells State Bank of Howells, Nebraska, against the collection of cash items drawn on it through another bank in that city; said letter calling attention to the fact that checks of the Howells State Bank bear the legend "not payable through the Federal Reserve banks, and branches or agents, nor express company or post-office"; the Committee recommending that the position of the Federal Reserve Bank of Kansas City in the matter be upheld with the suggestion that if the Howells State Bank agrees definitely

2/5/24

to remit at par and to withdraw all checks containing the legend "not payable through the Federal Reserve banks", it would probably be wise to send their checks direct.

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

REPORTS OF STANDING COMMITTEES:

Dated February 4th Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Approved.

Dated February 5th Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.

Dated February 5th Recommending approval of the application of Mr. A. M. Baldwin to serve at the same time as director of the First National Bank, Wetumpka, Ala., as President and director of the First National Bank, Montgomery, Ala., and as President and director of the First Joint Stock Land Bank, Montgomery, Ala.
Approved.

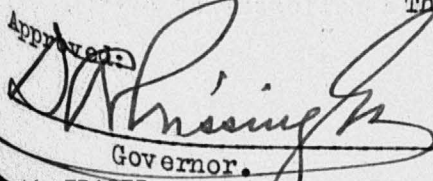
Recommending approval of the application of Mr. John D. Ormrod to serve at the same time as director of the Emaus National Bank, Emaus, Pa., and as director of the Lehigh Valley Trust Company, Allentown, Pa.
Approved.

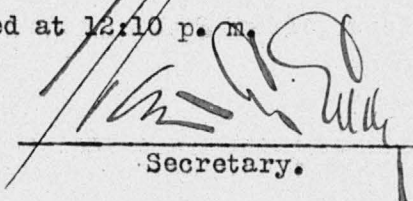
Recommending approval of the application of Mr. Wm. J. Crosson to serve at the same time as director of the Richmond Borough National Bank, Stapleton, N. Y., as director of the Tottenville National Bank, Tottenville, N. Y., and as director of the Mariner Harbor National Bank, Mariner Harbor, N. Y.
Approved.

Recommending approval of the application of Mr. Matthew S. Sloane to serve at the same time as director of the Nassau National Bank & Peoples Trust Co., both of Brooklyn, N. Y.
Approved.

Recommending approval of the application of Mr. John B. Ford, Jr., to serve at the same time as director of the Merchants National Bank and as director of the Detroit Trust Co., both of Detroit, Mich.
Approved.

The meeting adjourned at 12:10 p. m.

Approved: 
Governor.


Secretary.