

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Governor on Monday, February 25, 1924, at 2:45 p.m.

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

The reading of the minutes of the last meeting of the Board was dispensed with.

The Governor presented a letter dated February 23rd from Mr. John R. Mitchell, formerly a member of the Board, stating that he sees no reason why the Board should comply with the request contained in letter dated February 19th, from the Governor of the Federal Reserve Bank of Minneapolis, that the Board reconsider action taken at the end of the year in disapproving increases recommended in the salaries of Deputy Governor W. B. Geery and Assistant Deputy Governor Harry Yaeger.

Noted.

The Governor then presented a letter dated February 22nd from the Chairman of the Committee on Banking and Currency of the Senate, stating that hearings will be held on Thursday, February 28th, on S. 2386, a bill for the "purpose of stabilizing banks and trust companies, restoring public confidence within communities or states where such confidence has become impaired, directing the War Finance Corporation to pay over to the Comptroller of the Currency \$50,000,000 to be used by the Comptroller in aid of such

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purpose and for other purposes"; said letter requesting an expression of the Board's views regarding this bill.

During discussion as to the advisability of the Board's expressing an opinion on the measure, in which it is not directly concerned, it developed that the Secretary of the Treasury and the Comptroller of the Currency had been requested to express their views on the bill and action by the Board was deferred pending consideration of the replies of those two ex-officio members.

The Governor then presented a telegram dated February 24th, from the Superintendent of Banks of the state of California advising that the Valley Bank of Fresno which has eight branches must close today unless taken over, that the closing of this bank would mean the failure of several small ones, and requesting permission for either or both the Pacific Southwest Trust and Savings Bank of Los Angeles and the Bank of Italy of San Francisco to take over and operate such branches of these banks as he shall designate.

After discussion, Mr. Miller moved that the following telegram be sent to the Governor and Chairman of the Federal Reserve Bank of San Francisco:

"Board authorizes Bank of Italy and Pacific Southwest Trust and Savings Bank to take over Valley Bank of Fresno and its branches, as requested by State Superintendent of Banks, if in the judgment of the Executive Committee and either the Governor or Chairman of the Federal Reserve Bank of San Francisco that is the only practicable method of meeting the emergency".

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

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

Report of Committee on District No. 1 on letter dated February 21st, from the Chairman of the Federal Reserve Bank of Boston advising of the action of the directors of that bank in granting to Governor Harding two months' leave of absence with pay; the Committee recommending that the Board approve the action of the directors of that bank in granting leave to Governor Harding with pay, on account of illness.

Approved.

The Secretary then presented a communication dated February 21st, from the Secretary of State to the Secretary of the Treasury, requesting that there be furnished, to the former Prime Minister of Hungary copies of the Federal Reserve Act and the By-laws of the Federal Reserve banks.

Approved.

Report of Law Committee on matter referred to it at the meeting on February 15th, namely, letter dated February 13th from the Assistant Attorney General, regarding the use of the words "Federal Reserve" in printed matter issued by the Shoshoni State Bank of Shoshoni, Wyoming, a non-member bank, said letter advising that the practice has been discontinued; the Committee submitting form of an acknowledgment to the Attorney General and draft of a letter of advice to the Federal Reserve Agent at Kansas City.

Approved.



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The Committee on Examinations submitted a report on letter dated February 23rd from the Chairman of the Federal Reserve Bank of Richmond, transmitting the application of the Eastern Bank and Trust Company, New Bern, North Carolina, for permission to establish a branch at Vanceboro, North Carolina, this bank formerly being known as the New Bern Banking and Trust Company, which at the time of admission to membership was not required to comply to the condition that it would establish no branches without the approval of the Board; the Committee recommending approval with the understanding that the application has the approval of the State Banking authorities and of the Federal Reserve Bank of Richmond, and in the belief that examinations made by the above mentioned authorities indicate that the applying bank is in such shape that its standard will not be materially affected by the opening of the branch.

Mr. Miller moved that the following telegram be sent to the Chairman of the Federal Reserve Bank of Richmond:

"Replying to your letter of February 23rd, and with further reference to Board's letter of February 5th, you are advised that before informing Eastern Bank and Trust Company of New Bern that Board will interpose no objection to establishment of branch at Vanceboro, you should certify to the Board that the State Banking authorities of North Carolina are making examinations of state banks and branches that are up to standard and that your bank itself is satisfied, through examination or otherwise, that the establishment of the proposed branch by the Eastern Bank and Trust Company will not tend 'to affect materially the standard now maintained and required as a condition of membership'".

Mr. Platt moved that the telegram proposed by Mr. Miller be amended to read as follows:

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"Replying to your letter of February 23rd, and with further reference to Board's letter of February 5th, you are advised that before informing Eastern Bank and Trust Company of New Bern that Board will interpose no objection to establishment of branch at Vanceboro, you should certify to the Board that your bank is satisfied either through state examination or its own examination that condition of the bank is sound and that establishment of the branch will not tend 'to affect materially the standard now maintained and required as a condition of membership'".

Mr. Platt's motion being put by the chair was carried, Mr. Miller voting "no".

Mr. Miller's motion, as amended by the motion of Mr. Platt, being put by the chair was unanimously carried.

Report of Committee on Examinations on letter dated February 23rd, from the Federal Reserve Agent at St. Louis, advising that applications for reduction in reserve requirements may be filed by the Lindell Trust Company, opened for business January 2, 1924, and by the American Exchange National Bank, now in process of organization, both banks located in outlying districts of St. Louis; the Committee recommending that the Board make it a condition precedent to the filing of applications for reduction in reserves, that the applicant bank shall have been a member of the Federal Reserve System and in operation as such for a period of at least one year prior to the date of such application.

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

The Committee on Salaries and Expenditures reported verbally on the matter referred to it at the meeting on February 15th, namely, telegram dated February 14th from the Governor of the Federal Reserve Bank of Dallas referring to the

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Board's action of February 12th, in approving the appointment of Mr. R. R. Gilbert as Deputy Governor of the Dallas bank with the understanding that no new Deputy Governorship is being created, the telegram stating that the action of the directors of that bank contemplated two Deputy Governors as a permanent feature of their organization; the Committee recommending that the Board interpose no objection to the action of the directors of that bank in voting to authorize the election of an additional Deputy Governor.

Upon motion of Mr. Hamlin, the report of the Committee was approved.

The Committee on Salaries and Expenditures reported verbally on the matter referred to it at the meeting on February 21st, namely, letter dated February 19th from the Governor of the Federal Reserve Bank of Minneapolis, requesting reconsideration by the Board of action taken at the end of the year 1923 in voting to disallow increases in the salaries of Deputy Governor Geery and Assistant Deputy Governor Yaeger of that bank; the Committee recommending disapproval of the request for reconsideration.

Upon motion, the recommendation of the Committee on Salaries and Expenditures was approved and the action of the Board in disallowing the increases mentioned above was not reconsidered.

The Law Committee reported on the matter referred to it at the meeting on February 15th, namely, letter dated February 4th from the Comptroller General of the United States, replying to the Board's letter of December 4, 1923, requesting reconsideration of his previous decision that Federal Reserve Board



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funds are appropriated moneys of the United States, the Committee submitting draft of a letter to the Comptroller General stating that in view of the fact he has not announced any definite ruling as to whether the various provisions of law regulating the expenditure of public moneys are applicable to the expenditure of Board funds, the Board assumes that it must determine in the first instance to what extent these provisions are properly applicable to its own expenditures and will endeavor to determine such matters as they arise in the exercise of its best judgment.

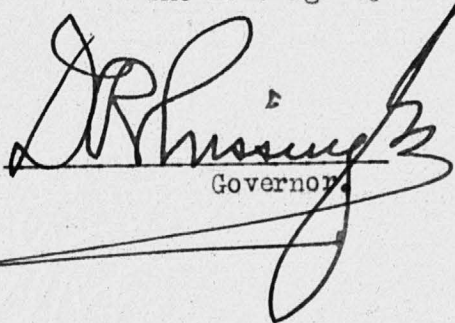
Approved, as amended.

Memorandum dated February 25th, from Counsel advising that the Supreme Court has granted the motion of the Solicitor General of the United States for leave to intervene on behalf of the United States, file a brief and make an oral argument in the case of the Burnes National Bank of St. Joseph, Missouri, which is an appeal from the decision of the Supreme Court of Missouri denying to national banks in that state the right to act as Executor, and that the Court has granted also the motion of Counsel for the national banks to advance the case and has set it for hearing on April 7, 1924.

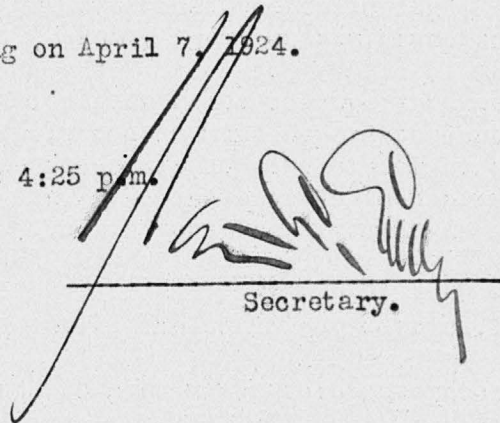
Noted.

The meeting adjourned at 4:25 p.m.

Approved:



Governor



Secretary.