

In accordance with the terms of adjournment at the morning session, a meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, February 26, 1924 at 3:30 p.m.

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

Letter dated February 26th, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the New York, New Haven and Hartford Railroad Company for a loan of \$7,400,000 (the carrier electing at this time to take over the third part of the loan in the amount of \$1,500,000), under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved, Mr. Hamlin not voting.

Letter dated February 23rd from the Comptroller of the Currency requesting approval of a salary of \$2,400 per annum for National Bank Examiner Henry Sevison, to be assigned to the Ninth Federal Reserve District.

Approved.

Report of Committee on Salaries and Expenditures on letter dated February 19th from the Governor of the Federal Reserve Bank of Minneapolis requesting approval of an increase from \$5,000 to \$6,000 per annum, effective March 1, 1924 in the salary of Mr. E. S. Jernegan in charge of the liquidation of failed banks in the Salt Lake City Branch territory; the Committee recommending approval of the increase.

Approved.

Letter dated February 20th from the Chairman of the Federal Reserve Bank of San Francisco advising that a recent newspaper report contains the statement that a meeting of the stockholders was called for February 15th

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to vote upon the consolidation of the Commercial Trust Company and the East River National Bank, both of New York City, which are owned by the Bancitaly Corporation.

Noted.

Memorandum dated February 23rd from the Secretary of the Board advising that the services of one messenger can be dispensed with at this time and recommending the discontinuance of the services of Rutledge Wheeler, effective March 15, 1924.

Approved.

Report of Committee on Salaries and Expenditures on matter referred to it at the meeting on February 20th, namely, letter dated February 18th from the Federal Reserve Agent at Minneapolis requesting approval of the employment of Brigadier General H. P. Howard to look after the supervision and protection of the bank's new building, the date of Gen. Howard's employment to be determined later and his salary not to exceed \$5,000 per annum; the Committee recommending approval.

Action deferred and the Secretary was instructed to ascertain the salaries and duties of superintendents, custodians, engineers, etc. for several comparable banks.

Memorandum dated February 25th from the Secretary of the Board recommending that the Board retain indefinitely the duplex telegraph circuit between the Federal Reserve Bank of Chicago and the Federal Reserve Bank of St. Louis.

Approved.

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Memorandum dated February 26th from Counsel, submitting draft of a letter to the Chairman of the International Acceptance Bank, Inc., advising him formally of action taken by the Board at its meeting on February 20th in voting to permit the required reserves of that bank on balances held for account of foreign correspondents to be kept not only with member banks, but also with discount corporations or bill brokers against loans secured by eligible acceptances, and submitting also a formal ruling on the subject for insertion in the Federal Reserve Bulletin.

After discussion, the matter was referred back to the Law Committee for revision.

Report of Committee on Examinations on memorandum dated February 25th from the Comptroller of the Currency recommending approval of the application of the Pearsall National Bank, Pearsall, Texas, for permission to reduce its capital stock from \$100,000 to \$75,000 with the provision that the entire amount of the reduction is applied to removing losses and doubtful paper, and that no part of the reduction is returned to the shareholders except from funds realized from the assets charged off and that the assets removed be trusteeed for the benefit of the stockholders at date of reduction; the Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated February 21st from the Federal Reserve Agent at San Francisco transmitting and recommending approval of the application of the Mercantile Trust Company, San Francisco, for permission to purchase the Marin County National Bank and the Marin County Savings Bank, San Rafael, and to establish a branch in the premises occupied by these banks- the letter stating that the matter has the approval of the Superintendent of Banks but not of the Executive Committee of the Federal



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Reserve bank, which has suspended action pending reply by the Board to its recent request for a statement of the standard by which such applications should be recommended for approval or disapproval; the Committee recommending that the following telegram be sent to the Federal Reserve Agent at San Francisco:

"Your letter 21 re application Mercantile Trust Company of San Francisco to take over two banks at San Rafael and to establish one branch at that point. Board notes your own and State Superintendent's approval. Resubmit application to your Executive Committee and have them make recommendation on basis satisfactory to themselves advising Board promptly. In due course Board will answer your telegram of February 13."

Approved.

Memorandum from the Secretary dated February 26th referring to a letter dated February 25th from the Federal Reserve Agent at Boston, in reply to the Board's letter X-3975 on the subject "Examination of State Member Banks" and requesting approval of the designation of James D. MacDonald as an Assistant Examiner; said memorandum recommending that the Board rule that an examination of a state member bank conducted by a Federal Reserve bank shall be made under the supervision of employees of the Federal Reserve bank who shall be designated examiners or assistant examiners by the Federal Reserve Board, but that such employees may have the assistance of a certain number of clerical employees who need not be titled or designated examiners, and need not be employees of the Federal Reserve bank but must not be employees of the bank under examination.

Upon motion, the designation of Mr. MacDonald and the recommendations of the Secretary were approved.

Memorandum dated February 26th from the Assistant Secretary advising that the Federal Reserve Banks of Dallas and Kansas City have agreed to place items between Denver and El Paso on a two day basis each way instead

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of three days as on the present interdistrict time schedule, and recommending approval by the Board.

Approved.

Reports of Standing Committees.

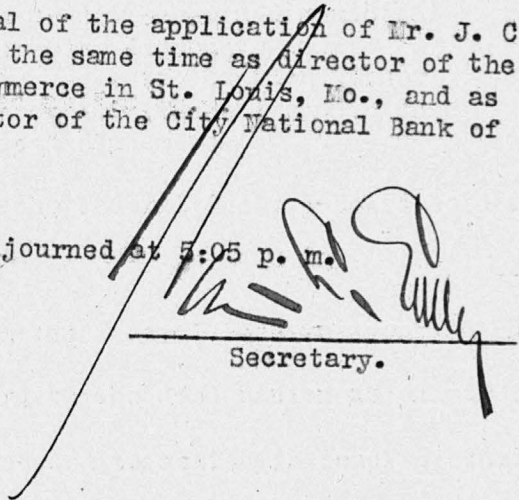
Dated February 25rd Recommending changes in stock at Federal Reserve Banks,  
25th as set forth in the Auxiliary Minute Book of this date.  
26th Approved.

Dated February 26th Recommending action on applications for fiduciary  
powers as set forth in the Auxiliary Minute Book of  
this date.  
Approved.

Dated February 26th Recommending action on applications for admission of  
state banks, subject to the conditions stated in the  
individual reports attached to the applications, as  
set forth in the Auxiliary Minute Book of this date.  
Approved.

Dated February 26th Recommending approval of the application of Mr. J. C.  
Doneghy to serve at the same time as director of the  
National Bank of Commerce in St. Louis, Mo., and as  
President and director of the City National Bank of  
Wellington, Texas.  
Approved.

The meeting adjourned at 5:05 p. m.

  
Secretary.

Approved:

Edmund Platt  
Vice Governor.