A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, February 28th, 1924, at 11:25 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hemlin
Mr. Miller
Mr. James
Mr. Dawes,
Mr. Noell, Assistant Secretary

Mr. Eddy advised the Board that in the Weekly Statement of Condition of Federal Reserve banks discounts for Intermediate Credit Banks have in the past been included in "Other Bills Discounted", and that the Federal Reserve Bank of New York had within the last day or two purchased $100,000 of debentures from one of the Intermediate Credit Banks; requesting instructions as to how these two items should be carried in the weekly statement.

After discussion, the Secretary was instructed to add the caption "Other Earning Assets" to the weekly statement, including in it debentures purchased from Intermediate Credit Banks and municipal warrants, to continue carrying discounts for Intermediate Credit Banks under the caption "Other Bills Discounted" and to explain these items in the summary of the consolidated statement.

The minutes of the meetings of the Federal Reserve Board held on February 26th were read and approved.

Letter dated February 26th from the Federal Reserve Agent at Philadelphia, requesting approval of the Board to the designation as examiners of nine employees of the bank who are needed to assist in pending examinations of four state member banks.

Approved.

Report of Committee on Examinations on letter dated February 25th from the Federal Reserve Agent at Atlanta, requesting approval of a
salary of $2700 per annum for Mr. James G. Byrne, an employee of the Nashville Branch, who is to be transferred to the head office as an examiner; the Committee recommending approval.

Approved.

Letter dated February 21st, from the Chairman of the Federal Reserve Bank of San Francisco, advising that the directors of that bank have voted against the establishment of a branch of the Federal Reserve Bank at Boise, and stating that copies of exhibits and of the results of the questionnaire upon which the directors based such action will be forwarded to the Board if desired.

Noted, and the Secretary instructed to write for the exhibits and the results of the questionnaire referred to.

Memorandum from the Secretary with regard to letter dated February 27th from Congressman Otis Wingo, requesting statistics covering the cost of operation of each Federal Reserve bank during the years 1920-1923, separately by items and years; the Secretary stating that statements similar to that published in the February 1924 Bulletin, upon which Congressman Wingo's request is based, can be worked up, as well as figures showing the volume of business done by the banks during the same years.

Referred to the Governor with power.

Letter dated February 23rd, from the Governor of the Federal Reserve Bank of New York suggesting Monday, April 28th or Monday, May 5th, as the date for the next Conference of Governors.
Upon motion, it was voted to fix Monday, May 5th, 1924 as the date for the next Governors' Conference.

Report of Committee on District No. 11 on letter dated February 26th from the Comptroller of the Currency, suggesting that the Board grant permission to the Federal Reserve Bank of Dallas to rediscount for the Hugo National Bank, Hugo, Okla., paper originating from the Bank of Grant, Grant, Okla., the Committee recommending the granting of permission for a period of sixty days with the privilege of extension of time, with the Board’s approval, for sixty days additional and with the understanding that the Federal Reserve Bank of Dallas will take no paper dated previous to today.

Upon motion, the report of the Committee on District No. 11 was approved.

Report of Committee on Examinations on telegram dated February 26th from the Federal Reserve Agent at San Francisco, advising that the Executive Committee of the Federal Reserve Bank has approved the application of the Mercantile Trust Company of San Francisco to take over the Marin County National Bank and the Marin County Savings Bank, of San Rafael, and to establish one branch in the premises now occupied by these banks, which has previously had the approval of himself and the State Superintendent of Banks; the Committee recommending approval of the application.

Approved.

Report of Committee on Examinations on letter dated February 5th from the Federal Reserve Agent at Cleveland, advising that the State
Superintendent of Banks, the Executive Committee of the Federal Reserve bank and himself approve of the application of the Cleveland Trust Company for permission to operate a branch at the corner of Madison Avenue and Hilliard Road, Lakewood, Ohio; the Committee recommending approval in view of the fact that the application has the approval of all interested parties and the location is within territory contiguous to Cleveland.

Approved.

Letter dated February 15th, from the President of the Unaka and City National Bank, Johnson City, Tennessee, enclosing letters addressed by the Federal Reserve Bank of Richmond to the Dickenson County Bank, Clintwood, Virginia, and the Bank of Haysi, Haysi, Virginia, complaining against remittances sent by those banks in payment of cash letters.

Upon motion the Secretary was instructed to transmit the letter of the Johnson City Bank to the Federal Reserve Bank of Richmond with the request that it suggest form of reply thereto.

Memorandum dated February 27th, from Counsel with regard to the conversion into a national bank of the New Bedford Safe Deposit and Trust Company of New Bedford, Massachusetts, a state member bank which had been authorized to issue acceptances up to 100% of its capital and surplus; Counsel suggesting that while it is unnecessary as a matter of law, the Board might rule that a bank so converting should make a new application for permission to accept up to 100% in its new name.

Upon motion the memorandum was referred back to Counsel for the preparation of a letter to the bank in question, advising that it should file a new application for permission to accept up to 100%.
Memorandum dated February 25th, from Counsel referring to letter dated February 5th from the Chairman of the Federal Reserve Bank of San Francisco inquiring (1) whether examinations of national banks made by Federal Reserve banks should be conducted by examiners selected or approved by the Federal Reserve Board; (2) whether special examiners should be granted certificates of authority valid throughout the year; and (3) whether examinations made by Federal Reserve banks may be conducted under the direction of other officers than the Chief Examiner; Counsel stating that the last two questions are purely ones of policy and practice and suggesting that the first question be answered to the effect that there is no legal requirement that examinations made of national banks by Federal Reserve banks should be conducted by examiners selected or approved by the Federal Reserve Board.

Referred to the Committee on Examinations.

Letter dated February 27th, from the Governor of the Federal Reserve Bank of Richmond, enclosing copy of an opinion by Counsel of that bank with regard to the recent decision of the Supreme Court in the "Malloy Case" and suggesting the amendment to Regulation "J" so as to provide not only that checks may be sent directly to the banks upon which they are drawn, but that remittance therefore may be received in the form of exchange draft or otherwise.

Referred to the Committee on Clearings.
Telegram dated February 26th. from the Governor of the Federal Reserve Bank of Kansas City, stating that if the recent decision of the Supreme Court in the "Hollo Case" is permitted to stand, that bank will be in constant jeopardy in their par collection activities.

Referred to the Committee on Clearings.

Report of Committee on Branches on matter referred to it at the meeting on February 20th, namely, letter dated February 16th from the Consulting Architect making certain inquiries with regard to the proposed buildings for the Denver and Omaha branches, the Committee submitting draft of a letter to the Consulting Architect to the effect that the proposed buildings are to be erected "at a cost each of not to exceed $550,000, including the cost of the vaults and permanent equipment, but excluding the cost of building, site, furniture and fixtures".

Upon motion, the proposed letter was approved.

The Law Committee reported on matter referred back to it at the meeting on January 10th, namely, letter dated January 14th from the Governor of the Federal Reserve Bank of St. Louis with further reference to the action of the Drovers National Bank of East St. Louis, Illinois, in rediscounting with the Federal Reserve bank paper emanating from non-member banks but not bearing the endorsement of such non-member banks; the Committee submitting form of a reply stating that paper of this kind can not hereafter be considered eligible for rediscount with the Federal Reserve bank and requesting him to explain to the Drovers National bank the
reasons influencing the Board in this matter, as set forth in the letter.

Upon motion, the proposed letter was approved.

Memorandum from the Board's Chief Examiner dated February 15th, prepared in accordance with action taken at the meeting of the Board on January 31st, setting forth a plan for the simultaneous examination of the Bank of Italy, the Pacific Southwest Trust and Savings Bank, the Mercantile Trust Company and the Security Trust and Savings Bank and giving an estimate of the time and expense involved in such examinations.

Mr. Hamlin moved adoption of the plan suggested by the Chief Examiner, and that the Board proceed with examinations of the banks mentioned along the lines set out therein.

Mr. James moved, as a substitute for Mr. Hamlin's motion, that the memorandum of the Chief Examiner be laid on the table.

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

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

Letter dated February 25th, from the Federal Reserve Agent at Dallas advising that the First National Bank of San Angelo, Texas, which reduced its surplus $25,000 and surrendered seventy-five shares of Federal Reserve bank stock on October 18, 1923, has now made claim for a reissuance of that stock.

Referred to the Law Committee.
Mr. Hamlin then moved that the matter referred to the Law Committee at the meeting on February 20th, namely, preparation of regulations regarding the establishment of branches by member banks, be made special order of business for a meeting to be held tomorrow morning at 10:30 o'clock.

Carried.

The meeting adjourned at 1:20 p.m.

Approved:

[Signature]

Governor.

[Signature]

Assistant Secretary.