

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 4, 1924, at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on February 28th were read and approved.

The minutes of the meetings of the Federal Reserve Board held on February 29th were read and approved.

The Governor announced that he had seen the Secretary of the Treasury regarding the motions made by Mr. Miller and Mr. Dawes at the meeting on February 29th as to the form of statement on branch banking to be inserted in the Annual Report and that the Secretary had expressed a desire to be recorded as voting "aye" on Mr. Dawes' substitute motion and "no" on the motion of Mr. Miller.

The Governor further stated that he had talked with the Secretary regarding the suggested explanation in the Annual Report of the proposal to state separately the note and deposit reserve ratios in the weekly consolidated statement, and that while the Secretary approved of the plan in principle, he did not believe that it would be expedient to make any announcement regarding it at the present time.

Telegram dated March 4th from the Governor of the Federal Reserve Bank of Atlanta stating that he will defer his proposed visit to Havana, approved by the Board on February 15th, until a more convenient season.

Not ed.

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Report of Examination of the Federal Reserve Bank of St. Louis,
made as at the close of business on September 8, 1923.

Referred to the Committee on Examinations
and Committee on District No. 8.

Report of Examination of the Federal Reserve Bank of Dallas, made
as at the close of business on September 29, 1923.

Referred to the Committee on Examinations
and Committee on District No. 11.

Letter dated February 29th, from the Comptroller of the Currency
recommending an increase from \$5,000 to \$6,000 per annum in the salary of
National Bank Examiner Frank H. Luce.

Approved.

Report of Committee on Salaries and Expenditures on letter dated
February 26th from the Federal Reserve Agent at Boston, requesting approval
of a salary of \$2800 per annum for Mr. J. H. Leighton, to be employed to
fill a vacancy in the Statistical Department; the Committee recommending
approval.

Approved.

Letter dated February 29th from the Secretary of the Federal Reserve
Bank of Chicago requesting approval of the action of the directors of that
bank in voting to appropriate \$3,021.01, to meet the budget of the Federal
Reserve Club of that bank for 1924.

Approved.

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Draft of reply to letter dated February 18th from the Chairman of the Federal Reserve Bank of St. Louis with regard to the prosecution of Mr. Ralph Edwards, a former employee of the Little Rock Branch, arrested for a theft of \$450 of bonds from the branch; said reply stating that in view of circumstances the Board will not object to the extension of clemency --together with draft of letter to the Attorney General transmitting copy of that addressed to the Chairman of the St. Louis bank.

Approved.

Report of Committee on Examinations on matter referred to it at the meeting on February 11th, namely, the application of the Security Trust and Savings Bank of Los Angeles for permission to acquire the Beverly State Bank, Beverly Hills, California, and to establish a branch in its premises; the Committee recommending approval, as the application has the approval of the State Superintendent of Banks and the Federal Reserve Agent and the Executive Committee of the Federal Reserve Bank of San Francisco and as the location is within territory contiguous to the city of Los Angeles.

Approved.

Report of Committee on Examinations on letter dated February 6th, from the Federal Reserve Agent at San Francisco advising that he and the Executive Committee of the bank recommend disapproval of the application of the Bank of Italy for permission to purchase the Kingsburg Bank, Kingsburg, California, and to establish a branch in its premises; the Committee recommending that the application be disapproved.

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Upon motion the report of the Committee on Examinations was adopted and the application to establish a branch was disapproved.

Report of Committee on Examinations on letter dated February 26th from the Federal Reserve Agent at Minneapolis, with regard to the designation as special bank examiners of representatives of the bank looking after the collection of paper acquired from member banks which have closed, and inquiring as to the issuance of commissions to regular examiners of the bank; the Committee recommending that the agents employed by the Federal Reserve bank to look after the collection of paper acquired from member banks which have closed be appointed as special examiners and that the Federal Reserve Agent be advised that he should continue the practice he has been following of issuing commissions to examiners himself after he has obtained the Board's approval of the appointments.

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

Memorandum dated February 28th from Counsel referring to letter dated February 20th from the Chairman of the Federal Reserve Bank of Atlanta, with regard to the desire of the Commercial Bank Trust and Title Company of Miami, Florida, to use an electric sign containing the words "Member Federal Reserve Bank"; Counsel stating that this form of advertising is not sufficiently misleading to make it objectionable unless the word "member" is made very obscure and the word "bank" is featured to such an extent in connection with the words "Federal Reserve" as to give the impression that the bank using such sign is itself a Federal Reserve bank.

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After discussion Mr. James moved that the Federal Reserve Bank be advised that if the word "bank" is used on the sign, the word "stockholder" should be used above the words "Federal Reserve"--otherwise the words "Member Federal Reserve System" must be used.

Mr. Platt moved as a substitute that while the Board would permit the use of the words "Member Federal Reserve System" the Bank be advised that it sees no reason for objecting to the words "Member Federal Reserve Bank".

Mr. Platt's substitute motion being put by the chair was lost, the members voting as follows:

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

Mr. Miller then moved as a substitute for Mr. James' motion that a bank inquiring as to what is the proper advertisement of its connection with the Federal Reserve System be advised that the Board approves of its advertising that it is a "Member of the Federal Reserve System" but objects to the form of advertising that it is a "Member of the Federal Reserve Bank".

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

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

Report of Law Committee on letter dated February 25th from the Federal Reserve Agent at Atlanta with regard to the desire of the New Iberia National Bank, New Iberia, Louisiana, which has reduced its surplus, to retain sixty extra shares of stock in the Federal Reserve Bank of Atlanta; the Committee

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submitting a memorandum from Counsel to the effect that under the Board's ruling of October 30, 1923, "member banks are to exercise their option in the matter, all substantial reductions, however, to be reported to the Board for the purpose of its record" and recommending that the New Iberia Bank be permitted to retain the stock in question.

Upon motion, the recommendation made in Counsel's memorandum was approved.

Letter dated March 1st from the Federal Reserve Agent at Atlanta requesting approval by the Board of the designation as regular examiners of Messrs. J. E. McGuire, Earl P. Paris and James G. Byrne, and of the designation as special examiners of nine employees of the bank and its branches listed therein.

Approved.

Memorandum from Counsel on letter dated February 18th addressed to him by the General Counsel of the Federal Reserve Bank of New York recommending approval of the expenditure of \$700 additional to defray expenses of expert witness fees in connection with the presentation to the Interstate Commerce Commission of the matter of a revision of express rates on shipments of securities and currency; Counsel stating that he will be willing to accept the judgment of Messrs. Mason and Carmalt as to the necessity for this additional expenditure.

Upon motion by Mr. Hamlin, the expenditure of \$700 was approved.

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The Law Committee reported on the matter referred to it at the meeting on December 27th, namely, letter dated December 19th from the Governor of the Federal Reserve Bank of Boston with regard to practices in the First and Second Districts of handling acceptances against warehouse receipts for commodities; the Committee submitting draft of a letter to Governor Harding stating that it is the Board's wish that there be uniformity in acceptance practice in the various Federal Reserve Districts and suggesting that the question be considered by representatives of the Federal Reserve Banks of Boston and New York on the Acceptance Committee - together with a draft of a letter to the Governor of the Federal Reserve Bank of New York suggesting that the present would be a fitting time to hold another meeting of the full Acceptance Committee to consider this question and others involving acceptance practices which have arisen since the last meeting.

Upon motion, the proposed letters were approved.

Report of Law Committee on letter dated February 26th from Mr. John W. Davis, submitting a revised statement of his account for services rendered in connection with the par clearance cases, the balance due being \$26,222.99; the Law Committee recommending approval of the fee and its payment in accordance with the terms of the Board's letter to all Federal Reserve Banks of January 31, 1923.

Upon motion, the recommendations of the Law Committee were approved.

Mr. Miller then moved that the Governor be requested to ascertain what charges Mr. Davis will make to the Board for further prosecution of par clearance cases.

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Carried.

Report of Committee on Examinations on matter referred to it at the meeting on February 28th, namely, letter dated February 5th, from the Federal Reserve Agent at San Francisco making certain inquiries with regard to examinations by examiners of Federal Reserve banks; the Committee submitting form of a letter to Mr. Perrin stating that the Board is of the opinion that all examinations made by Federal Reserve banks, both of state and national member banks, should be conducted by examiners of the Federal Reserve bank whose designation as such have been approved by the Federal Reserve Board, and that his inquiries as to whether special examiners should be granted certificates of authority throughout the year and whether examinations by Federal Reserve banks may be conducted under officers other than the Chief Examiner, are matters which he should determine for himself in the light of good administration.

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

Letter dated March 1st from the Governor of the Federal Reserve Bank of Kansas City, requesting the Board's approval of the action of the directors of that bank in authorizing him to execute a contract whereby the bank will exchange the building site it now owns in Omaha for a more desirable one on which to erect their new building.

Referred to Committee on Branches.

The Law Committee reported on the matter referred to it at the meeting on January 16th, namely, letter dated January 15th from the Chairman of the Committee on Banking and Currency of the House of Representatives,

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requesting the Board's views on H. R. 5227, a bill to amend Section 5202 of the U. S. Revised Statutes regarding liabilities of national banking associations; the Committee submitting draft of a proposed reply suggesting certain modifications to the bill.

Ordered circulated.

Report of Law Committee on matter referred to it at the meeting on February 20th, namely, preparation of a revised draft of Regulation "J"; the Committee submitting a revised draft of the regulation prepared in accordance with the recommendations of the Federal Advisory Council, concurred in by the Governors' Conference.

Mr. James moved that the proposed Sub-section "C" of Section III be amended to read as follows:

"No Federal Reserve Bank shall receive on deposit or for collection any check drawn on any non-member bank which can not be collected at par in funds acceptable to the Federal Reserve bank."

Mr. James' motion being put by the chair was carried, Mr. Hamlin voting "no".

Mr. Hamlin then moved that the revised draft of the Regulation be tentatively adopted by the Federal Reserve Board and that copies be sent to each Governor and Federal Reserve Agent for his careful scrutiny and that the Governors' Committee on Clearings be requested to submit a special report thereon.

Carried.

Memorandum dated March 4th from Counsel transmitting a list of those to whom it is proposed that complimentary copies of the forth coming digest of rulings of the Federal Reserve Board should be distributed.

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Upon motion, the distribution of complimentary copies of the rulings of the Digest to the persons mentioned was approved.

The Committee on Examinations then reported on letter dated February 28th from the Chairman of the Federal Reserve Bank of Richmond, with regard to the application of the Eastern Bank and Trust Company of New Bern, North Carolina, for permission to establish a branch de novo at Vanceboro, North Carolina; the Committee submitting two reports signed individually by Messrs. James and Platt.

After discussion, the matter was referred back to the Committee for the preparation of a letter to the Federal Reserve Bank of Richmond.

The Governor then announced that the matter of inclusion in the Annual Report of articles regarding branch banking and the separate stating of reserve ratios on note and deposit liabilities would be made special order of business for tomorrow's meeting.

REPORTS OF STANDING COMMITTEES:

Dated, March 1st, Recommending changes in stock at Federal Reserve
1st, Banks, as set forth in the Auxiliary Minute Book
of this date.
Approved.

Dated, March 4th, Recommending action on applications for fiduciary
4th, powers as set forth in the Auxiliary Minute Book
4th, of this date.
4th, Approved.
4th,

Dated, Feb. 29th, Recommending action on applications for admission of
27th, state banks, subject to the conditions stated in the
March 1st, individual reports attached to the applications, as
set forth in the Auxiliary Minute Book of this date.
Approved.

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REPORTS OF STANDING COMMITTEES:

Dated, February 28th, Recommending approval of the application of Mr. Delmer Runkle to serve at the same time as director of the National State Bank of Troy, New York and as director of the Peoples National Bank of Hoosick Falls, New York.

Approved.

Dated, March 1st, Recommending approval of the application of Mr. Edwin P. Brown to serve at the same time as director of the Newton Trust Company of Newton, Massachusetts and as director of the First National Bank of Boston, Massachusetts.

Approved.

Dated, February 28th, Recommending approval of the application of Mr. Henry Colvin to serve at the same time as director of the Peoples National Bank of Hoosick Falls, New York and as director and officer of the National State Bank of Troy, New York.

Approved.

Dated, February 28th, Recommending approval of the application of Mr. James M. Wade to serve at the same time as Assistant Cashier of the Seaboard National Bank of New York City and as director of the Union Center National Bank of Union, Union County, New Jersey.

Approved.

Dated, February 26th, Recommending refusal of the application of Mr. A. J. Garlow to serve at the same time as director of the Second National Bank, Morgantown, West Virginia and as director of the Bank of Monongahela Valley, Morgantown, West Virginia.

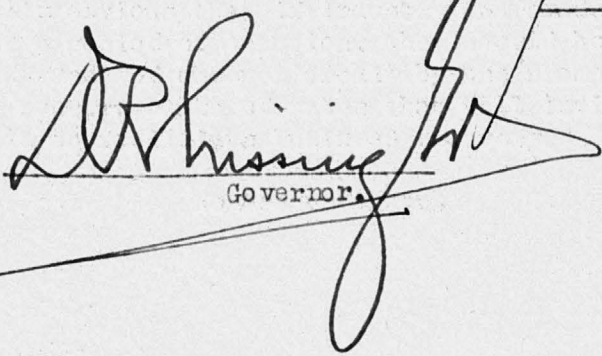
Approved.

The meeting adjourned at 2:15 p.m.



Secretary.

Approved:



Governor.