

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, March 6, 1924, at 11:05 a.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on March 5th was dispensed with.

The Committee on Examinations reported on the application of the Industrial Savings Trust Company of St. Louis, Missouri, for 240 shares of stock in the Federal Reserve Bank of St. Louis; the Committee submitting a majority report signed by Messrs. James and Dawes recommending disapproval and a minority report signed by Mr. Platt recommending approval.

After discussion as to the reasons which prompted the majority of the Committee to recommend disapproval, the application was referred to Counsel for an opinion as to whether there is any legal objection to the admission of the bank.

Memorandum dated March 3rd, from Counsel on the subject "Cancellation of Federal Reserve Bank Stock by the National Bank of Hopewell, Virginia", Counsel stating that application for surrender of stock has not been made in the usual form but that the Board may waive such application and approve cancellation of the stock upon application of the President of the National Bank of Hopewell and by the Richmond Trust Company, which has purchased the assets of the bank, and suggesting a form of application to be filed.

Upon motion, the suggestion contained in Counsel's memorandum was approved.

The Secretary then presented a telegram dated March 6th addressed to him by the Controller of the Administration of the Federal Reserve Bank of

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Chicago, requesting that he attend the meeting of the Leased Wire Committee to be held in Chicago on March 12th.

Upon motion, the Secretary was authorized to attend the meeting.

Letter dated February 28th, from the Federal Reserve Agent at San Francisco transmitting a letter from the Vice President of the Security Trust and Savings Bank advising that the agreement of that bank to acquire the National Bank of Huntington Park and establish a branch in the premises, which has been approved by the Federal Reserve Board, has been cancelled and terminated.

Noted.

Memorandum dated March 4th from the Law Committee submitting form of letter addressed to all Federal Reserve Agents, requesting certain information to be used in connection with the investigation of the problem of notary fees paid by Federal Reserve banks, ordered by the Board at its meeting on February 19th.

Upon motion the proposed letter was approved.

Telegram dated March 5th from the Governor of the Federal Reserve Bank of Kansas City recommending that Sub-section 5 of Section 5 in Regulation J, Series of 1923, which has been suspended, be readopted and made effective as a regulation.

Referred to Law Committee.

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The Law Committee then submitted draft of reply to letter dated February 27th from the Federal Reserve Agent at St. Louis, enclosing report of investigation with regard to irregularities of Mr. W. P. Durkan, formerly Vice President of the City Trust Company of St. Louis; together with draft of a letter to the Attorney General enclosing copy of the report for his information.

Upon motion, the proposed letters were approved.

Letter dated February 25th, signed by the nine directors of the Federal Reserve Bank of Philadelphia, again requesting that the Board reconsider action taken at the end of 1923 in voting to disapprove their recommendations with regard to increases in the salaries of six Assistant Cashiers of the bank.

Referred to the Committee on Salaries and Expenditures.

Letter dated February 28th from the President of the California League of Independent Bankers, protesting against the granting of the application of the Bank of Italy for permission to establish eighty-two additional branches in the state of California.

Referred to the Committee on Examinations.

Letter dated March 3rd from Congressman Fulmer, submitting copy of a bill introduced by him to amend Section 19 of the Federal Reserve Act so as to provide that member banks located outside of central reserve and reserve cities shall maintain reserves with the Federal Reserve bank of their district of not less than 5% of demand deposits and 2% of time deposits instead

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of 7% of demand deposits and 3% of time deposits as now provided.

Upon motion by Mr. Hamlin, the Secretary was instructed to submit Congressman Fulmer's letter, with the bill enclosed, to the Federal Reserve Agents' Committee on Reserves.

Letter dated March 5th from the Chairman of the Committee on Interstate and Foreign Commerce of the House of Representatives, requesting an expression of the Board's views on H. R. 7498, a bill to finance the exportation of American farm products and raw materials.

Referred to Law Committee.

Draft of letter dated March 6th to the Chairman of the Federal Reserve Bank of Kansas City, advising of action taken by the Board at the meeting on February 15th in voting to advise the bank that its present practice whereby its notary is deprived of official fees for notarial services should be discontinued and that hereafter the notary or notaries acting in an official capacity for the Federal Reserve bank must be permitted to retain the full amount of all legal fees paid them for their services. The letter suggests that hereafter notarial work of the bank be divided among a number of the employees so that no one shall receive more in fees than is commensurate with his respective salary rating and suggests further that the balance remaining in the fund derived from notarial fees be used for the purpose of promoting legitimate welfare work among employees of the bank.

Upon motion, the proposed letter was approved.

The Law Committee then reported favorably on the matter referred to it at the meeting on January 18th, namely, memorandum from Mr. James dated

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January 17th, suggesting an amendment to Section 19 of the Federal Reserve Act to permit member banks to deduct balances due from other banks from gross demand deposits in computing their required reserves.

Mr. Hamlin moved that the proposed amendment be referred to all Federal Reserve banks for their immediate consideration and report.

Carried.

Letter dated March 4th from the Governor of the Federal Reserve Bank of New York referring to the Board's letter of January 25th (X-3953) on the subject "Currency in Transit to and from Federal Reserve Banks" and advising that, in view of circumstances stated, the officers and directors of that bank believe that they should not consider shipments of currency in transit in computing reserves of member banks or in assessing penalties for deficiencies thereof and that the directors of the bank will take no action in the matter until receipt of further word from the Board concerning certain questions of law and policy referred to in his letter.

Referred to the Law Committee.

Letter dated March 2nd from Mr. Frank Kell, Class "B" Director of the Federal Reserve Bank of Dallas with regard to the desirability of action looking to the revocation of certain restrictions of the government of Mexico prohibiting the circulation in that country at par of Federal Reserve notes.

Upon motion by Mr. Hamlin, it was voted that a copy of Mr. Kell's letter, together with a copy of the decree of the Mexican government referred to, be sent to the Secretary of State for his information.

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Memorandum dated March 6th from Counsel submitting draft of a letter to the Chairman of the International Acceptance Bank, Inc., of New York City, advising formally of action taken by the Board at its meeting on February 26th, in approving his request for a modification in the bank's agreement with the Board whereby its required reserves on balances held for account of foreign correspondents may be kept not only with member banks but also with discount corporations or bill brokers against loans secured by eligible acceptances; together with a form of ruling for insertion in the Federal Reserve Bulletin, stating among other things that the Board will recommend to Congress an amendment to Section 25 (a) of the Federal Reserve Act authorizing it to make similar modifications in the reserve requirements of its regulations governing the operations of Edge corporations.

Upon motion by Mr. Hamlin, the proposed letter and ruling were approved and the file was referred back to Counsel for the preparation of a letter to Congress recommending the amendment referred to.

Mr. Cunningham announced that he had considered 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 he wished to be recorded as voting "aye" on Mr. Dawes' substitute motion and "no" on the motion of Mr. Miller.

The chair then announced that both motions would be lost since both the Secretary of the Treasury and Mr. Cunningham had voted for Mr. Dawes' substitute and against Mr. Miller's motion, the vote now standing

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four to four on each motion.

At this point Mr. Frank H. Foote, a director of the New Orleans Branch entered the room and discussed with the Board a bill introduced in the legislature of the State of Mississippi which would impose a tax on all national banks in that state doing trust business and which would forbid judges in the probate courts of the state to award such business to national banks.

After discussion of the matter, during which it was the concensus of opinion that the proposed act is unconstitutional it was suggested to Mr. Foote that he confer in the matter with the Solicitor General of the United States.

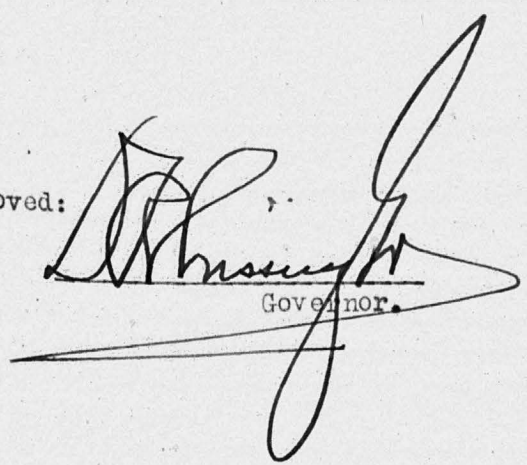
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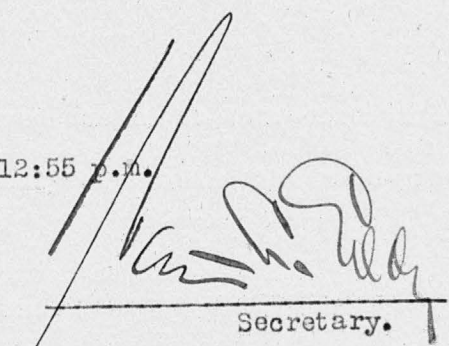
Dated, March 5th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 12:55 p.m.

Approved:


Governor.


Secretary.