

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 25, 1924, at 4:30 p. m.

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

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

The Chair announced that the special order business, namely consideration of a revised Regulation H, amended to include the establishment of branches by state member banks, would be passed over.

Bond of W. J. Evans, Assistant Federal Reserve Agent of the Federal Reserve Bank of Dallas, in the amount of \$50,000.

Approved.

Letter dated March 24th from the Comptroller of the Currency, recommending a salary of \$4,500 per annum for National Bank Examiner H. S. Tripp, to be assigned to the Fourth Federal Reserve District.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 18th from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of the action of the directors of that bank in voting to appropriate the sum of \$2,000 to take care of educational and welfare work among the employees of the bank for the first six months of 1924; the Committee recommending approval of the appropriation.

Approved.

Report of Committee on Examinations on memorandum dated March 22nd from the Acting Comptroller of the Currency, recommending approval of the

application of the First National Bank of Harrodsburg, Ky. for permission to reduce its capital stock from \$100,000 to \$50,000, on condition that no portion of the reduction be returned to the shareholders in cash and that worthless and doubtful assets to the amount of the reduction be taken out of the bank and trusted for the benefit of the shareholders of record at date of reduction; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated March 6th from the Federal Reserve Agent at San Francisco, requesting approval of resolutions adopted by the directors of that bank increasing the fees paid to directors of the head office and branches on account of attendance at meetings and conferences; the Committee recommending that the Board approve of the action, at the same time advising the Bank that the question of fees and expenses for directors may be taken up at a later date with a view of standardizing such expenditures.

Approved.

Report of Railway Loan Advisory Committee, dated March 25th, on form of obligation submitted by the New York, New Haven and Hartford Railroad Company for a loan of \$7,400,000 (in four parts, the carrier electing at this time to take over the fourth and final installment of the loan in the amount of \$1,900,000) under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved, Mr. Hamlin not voting.

Draft of reply to letter dated March 6th, from the President of the Central National Bank Savings & Trust Company of Cleveland, Ohio, inquiring whether real estate mortgages are included among the securities which may be deposited with the trust department of a national bank as collateral security

3/25/24

-3-

313

to funds held in such trust department temporarily awaiting investment or distribution and deposited for use in the commercial department of the bank; the proposed reply stating that the Board sees no objection to the availability of first mortgages of unquestioned value for the purpose in question, provided they are in fact readily marketable and comply with the other requirements of the Board's Regulation F, and that the question of marketability is one of fact which should primarily be determined by the bank itself in the exercise of ordinary banking discretion.

Approved.

Report of Law Committee on matter referred to it at the meeting on March 14th, namely, letter dated March 13th from the Federal Reserve Agent at Philadelphia, containing reports of two irregularities revealed during a recent examination of the Security Trust & Safe Deposit Company of Wilmington, Delaware; the Committee submitting draft of a letter to the Attorney General transmitting the reports to him without recommendation, and suggesting that the matter also be reported to the State Banking authorities of Delaware.

Approved.

Report of Law Committee on matter referred to it at the meeting on March 19th, namely, letter dated March 17th from the Chairman of the Federal Reserve Bank of Philadelphia, with regard to the liability of the Mt. Holly National Bank of Mt. Holly, N.J., arising out of the issuance of commercial letters of credit to the amount of about \$90,000 on the authority of the cashier of the bank, unsupported by any resolution of the board of directors and without their knowledge; the Committee submitting a memorandum from General Counsel stating that the question is one purely of private rights to be settled

3/25/24

by litigation between the holders of the acceptances issued under such letters of credit and the bank and that it would seem unnecessary and inadvisable for the Board to take any action or express any opinion in the matter.

Upon motion, the position stated in Counsel's memorandum was approved.

Letter dated February 29th from Mr. Jesse H. Metcalf of Providence, R. I., tendering his resignation as Class "C" director of the Federal Reserve Bank of Boston.

Upon motion, the resignation of Mr. Metcalf was accepted with regret.

Report of Committee on District #1, dated March 24th, recommending that appointment as Class "C" director of the Federal Reserve Bank of Boston, to succeed Mr. Metcalf, be tendered to Mr. Charles H. Manchester of Providence, R. I.

Mr. Hamlin moved that the Board authorize Federal Reserve Agent Curtiss to offer the appointment to Mr. Manchester.
Carried.

The Governor then presented a telegram, dated March 24th, from the Executive Vice President of the Pacific-Southwest Trust and Savings Bank of Los Angeles, requesting prompt advice of action on the bank's application to acquire the First National Bank of Torrance, Cal. and establish a branch in the premises; said application having been acted upon at the meeting on March 18th when it was voted that the Board decline to consider the application "on the ground that the State Banking Department of California is not making standard examinations of the largest institutions which are simultaneous at the head office and branches".

After discussion, it was voted that telegraphic advice of the action taken at the meeting on March 18th be sent to the Federal Reserve Agent at San Francisco.

Thereupon ensued a discussion of Part II of the Board's Annual Report to Congress for the year 1923, covering the details of operations of the Board and the Federal Reserve banks.

Mr. Platt moved approval of Part II of the report as it appears in galley form.

Carried.

By unanimous consent, authority was given for the inclusion in the report of the following statement with regard to the branch banking situation:

"The Board has called attention in previous reports to the growth of branch banking in some portions of the country. In the State of California the development has been rapid and continuous in recent years. The growth of branch banking presents a problem which is receiving the serious attention of the Board with a view of finding a satisfactory method of dealing with the situation. The difficulties of the problem arise in part from the differences in the legislation of the various States and the competitive disadvantages suffered by national banks in States that permit branch banking. The Board is hopeful that it can by administrative measures find some reasonable method of harmonizing existing differences of interest of State and national banks in the matter of branch banking and thus lay the basis for a policy which will result in shaping the development and practice of branch banking in the United States along useful and serviceable lines."

The Governor then presented a letter dated March 22nd from Mr. John R. Mitchell of St. Paul, Minn., with regard to statements alleged to have been made by Curtis L. Mosher, Assistant Federal Reserve Agent, Federal Reserve Bank of Minneapolis, attacking the so-called McNary-Haugen agricultural bill now pending in Congress.

Mr. Cunningham called attention to a letter dated March 24th, addressed to him by the General Manager of the American Wheat Growers Associated, Inc., of Minneapolis, Minn., on the same subject.

3/25/24

-6-

316

Mr. Cunningham offered and moved adoption of the following resolutions:

"WHEREAS, the Federal Reserve Board has received a newspaper article containing excerpts of an address alleged to have been delivered by Mr. Curtis L. Mosher, Assistant Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, at a gathering of the Architects and Engineers of Minneapolis, severely attacking the McNary-Haugen Bill now pending before Congress and declaring it to be 'foolish and unsound';

WHEREAS, if such criticisms were made they were made wholly without the knowledge or approval of the Federal Reserve Board;

WHEREAS, public criticism of any such bill by any officer of a Federal Reserve bank or of the Federal Reserve Board is entirely unwarranted and contrary to all precedent and to the policy of the Federal Reserve Board;

WHEREAS, it is contrary to the policy of the Federal Reserve Board to interfere in any way with, or take part in influencing, legislation, either State or Federal, or to make any comment upon pending legislation, unless invited to do so by Congress or by a committee thereof;

NOW, THEREFORE, BE IT RESOLVED, that if the statements contained in the above mentioned newspaper article are true the Federal Reserve Board disapproves of the action of Curtis L. Mosher in criticising the bill in question and looks upon such action as an unwarranted meddling in matters in which neither the Federal Reserve banks or the Federal Reserve Board are directly concerned.

BE IT FURTHER RESOLVED, that the Governor of the Federal Reserve Board be authorized to demand of said Curtis L. Mosher a full explanation of the facts in this matter, and of his reasons for making any criticism which he may have made of the bill in question and by what authority, if any, he acted."

After discussion, action on the foregoing resolutions was postponed until the meeting tomorrow.

Report of Committee on Branches and Committee on District #10 on letter dated March 19th from the Governor of the Federal Reserve Bank of Kansas City, replying to the Board's telegram of March 14th, requesting further information with regard to the bank's proposed exchange of its branch bank building at Omaha for a site upon which to erect a new building; the Committees recommending that the Board interpose no objection to the proposed exchange.

Approved.

3/25/24

REPORTS OF STANDING COMMITTEES:

Dated, March 24th, 25th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.

Dated, March 25th, 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.

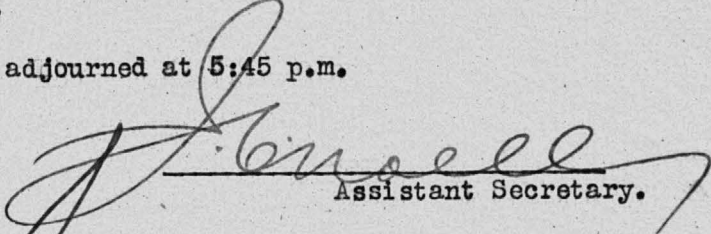
Dated, March 25th, 25th, Recommending action on applications for admission of state banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.
Approved.

Dated, March 21st, Recommending approval of the application of Mr. Michael Bosak to serve at the same time as director and president of the First National Bank, Olyphant, Pa., and as director and president of the Bosak State Bank, Scranton, Pa.
Approved.

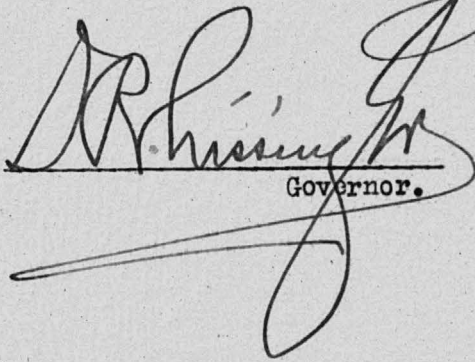
Dated, March 21st, Recommending approval of the application of Mr. O. D. Jacoby to serve at the same time as director of the College National Bank, Berkeley, as director and officer of the First National Bank, Oakland, and as director of the American Bank, San Francisco, Cal.
Approved.

Dated, March 22nd, Recommending approval of the application of Mr. James T. Bew to serve at the same time as director of the Ventnor City National Bank, Ventnor City, N.J. as director of the Atlantic Safe Deposit and Trust Company, Atlantic City, N. J. and as director of the Second National Bank, Atlantic City, N.J.
Approved.

The meeting adjourned at 5:45 p.m.


Assistant Secretary.

Approved:


Governor.