

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, April 1, 1924, at 11:20 a.m.

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

Letter dated March 28th from the Comptroller of the Currency, requesting approval of a salary of \$2500 per annum, effective April 1, 1924, for Mr. S. E. Kimball, as Secretary to the Comptroller.

This matter having been approved yesterday on the initials of four members of the Board was formally ratified.

Letter dated March 31st from the Comptroller of the Currency, requesting approval of a salary of \$4500 per annum for National Bank Examiner Edgar F. Anderson, to be assigned to the Sixth Federal Reserve District.

Approved.

Copy of letter dated March 29th addressed to the Speaker of the House of Representatives, transmitting the Annual Report of the Board for the year 1923.

Noted.

Memorandum dated March 31st from the Deputy Comptroller of the Currency, advising that a call will be issued on Monday, April 7th, to all national banks, and banks other than national in the District of Columbia, for reports of condition as of the close of business Monday, March 31st, 1924.

Noted and the Secretary instructed to issue a call as of the same date for reports of condition of state member banks.

4/1/24

-2-

Report of Committee on Examinations on memorandum dated March 31st from the Comptroller of the Currency, recommending approval of the application of the First National Bank of Cartersville, Mo., to reduce its capital stock from \$100,000 to \$50,000 and its surplus to \$10,000, on condition that the balance of the surplus and the entire amount of the capital reduction be applied to taking out of the bank losses, slow and doubtful assets, and local loans secured by real estate mortgages taken for debt; the Committee recommending approval of the application on the conditions stated by the Comptroller.

Approved.

Memorandum dated March 27th from the Assistant Secretary of the Board, advising that the Federal Reserve banks of San Francisco and Minneapolis have agreed to change the inter-district time schedule on items between Seattle and Minneapolis-St. Paul from a four to a three day basis.

This change, having been approved on March 28th by the initials of four members of the Board, was formally ratified.

Letter dated March 27th from the Commissioner of Internal Revenue, submitting copy of a report by a special agent of that Bureau, relating to the arrest at New Orleans for violation of the National Prohibition Act of Messrs. J. A. Bobb, L. C. Comley, R. A. Bryans and F. H. Winkler, Assistant Federal Reserve Examiners.

Thereupon ensued a discussion during which it developed that it was the sense of the Board that these employees should be suspended pending the disposition of their case, but by unanimous consent action in the matter was held over until the meeting tomorrow.

4/1/24

During the above discussion, Mr. Dawes entered the meeting.

The minutes of the meeting of the Federal Reserve Board held on March 27th were read and approved as amended.

The Governor then stated that he had received word from the Governor of the Federal Reserve Bank of Philadelphia and the Chairmen of the Federal Reserve Banks of Boston, New York and St. Louis, stating that in their opinion the Board's Regulation "H", Series of 1924, adopted on March 27th, should be revised before being finally promulgated and requesting an opportunity to be heard by the Board.

After discussion, Mr. Platt moved that a telegram be sent to all Federal Reserve banks stating that certain of the banks wish to be heard by the Board before member banks are advised officially of Regulation "H", and instructing the Agents to withhold notice of same to member banks until they receive further instructions from the Board.

Carried.

Telegram dated March 28th from Mr. Frank P. Flint, of Los Angeles, referring to the Board's action in refusing to consider the application of the Pacific Southwest Trust and Savings Bank to purchase the First National Bank of Torrance and to establish a branch in the premises 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" and requesting approval of the application. Mr. Flint stated in his telegram that the Pacific Southwest Trust and Savings Bank will cooperate with the Board in any plan for its simultaneous examination.

Referred to the Committee on Examinations.

4/1/24

Mr. Dawes then advised the Board that the W. R. Grace and Company's Bank of New York City desires to nationalize but will not do so unless Mr. J. L. Schaefer who is now a director of that institution and of the Corn Exchange National Bank, is permitted to continue as a director of both institutions after the conversion of Grace and Company's Bank.

Mr. Hamlin moved that the Law Committee request the Federal Reserve Agent at New York to furnish the Board with a statement as to whether the two banks are in substantial competition.

Carried.

At this point Mr. Dawes withdrew from the meeting.

Letter dated March 28th from the Chairman of the Federal Reserve Bank of Richmond, requesting approval of an amendment to the By-laws of the Baltimore branch to provide that directors of the branch who are not residents of Baltimore shall receive compensation at the rate of \$10 per day for each day, other than those on which the Board is in session, that they are absent from their homes on account of attendance upon Board meetings.

Upon motion, the proposed amendment was approved.

Draft of reply to letter dated March 18th from the Assistant Federal Reserve Agent at Kansas City on the subject "Examination Reports of State Member Banks"; the proposed letter stating that the Board is of the opinion that it is desirable to obtain a resolution of the Board of Directors of each state member bank, authorizing the interchange of reports of examination by Federal Reserve bank and State Authorities.

Approved.

4/1/24

Telegram dated March 29th from the Governor of the Federal Reserve Bank of Dallas, requesting permission to transmit to Senator Bursum a copy of his letter to the Board of March 7th commenting on a letter addressed to the Board by a prominent New York banker with regard to conditions in New Mexico, and also to furnish Senator Bursum information with respect to the effect of progressive rates on New Mexico banks.

After discussion, Mr. Platt moved that Governor McKinney be advised that the Board has no objection to his furnishing the information.

Carried.

Letter dated March 29th from the Federal Reserve Agent at Richmond, advising that the Eastern Bank and Trust Company of New Bern, North Carolina, which will withdraw from the Federal Reserve System on May 16th, on March 1st established a branch at Vanceboro, North Carolina, without the Board's permission.

Noted.

Report of Committee on Salaries and Expenditures on letter dated March 29th from the Chairman of the Federal Reserve Bank of Kansas City, requesting approval of an increase from \$2400 to \$3000 per annum, effective April 1, 1924, in the salary of R. B. Hewitt, special representative at the Omaha Branch; the Committee recommending approval.

Approved.

Letter dated March 22nd from the Federal Reserve Agent at San Francisco, enclosing copy of a letter from the Superintendent of Banks of California, regarding simultaneous entrance of head office and branches in connection with the examination of branch banks.

Noted.

4/1/24

-6-

Letter dated March 20th from the Chairman of the Federal Reserve Bank of San Francisco, advising of discussion at the last meeting of the board of directors of that bank as to the desirability of the employment by the Board or the twelve Federal Reserve banks combined of a competent publicist, for the purpose of developing better public understanding of the System and its operations, and stating that the directors agreed to informally approach Mr. Samuel G. Blythe on the subject.

After discussion, it was voted that the Federal Reserve Bank of San Francisco be advised that the Board will take the matter under advisement, but is not in favor of any action by the Federal Reserve banks.

Letter dated March 24th from the Deputy Governor of the Federal Reserve Bank of Boston, enclosing copy of a letter to Senator David I. Walsh, with regard to insurance carried on the building of the bank.

Noted.

Letter dated March 20th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the directors of that bank are of the opinion that it would be useful to have a uniform method of showing the costs of the various separate operations of Federal Reserve banks and had requested him to recommend such a uniform method of accounting to the Board's Committee on Economy and Efficiency.

Mr. James moved that Mr. Perrin be requested to advise the Board of his ideas in the matter.

Carried.

Memorandum dated March 29th from Counsel on the subject "Liquidation of First Federal Foreign Banking Association of New York".

Noted.

4/1/24

-7-

Letter dated March 31st from the President of the First Federal Foreign Banking Association of New York, with regard to the liquidation of that institution and inquiring whether it would be feasible "to keep alive the charter of the First Federal Foreign Banking Association, so as to preserve the name and to enable the Association to resume operations under its original charter, should future developments make it seem wise to do so".

Referred to Counsel.

Letter dated March 25th from the Deputy Governor of the Federal Reserve Bank of Kansas City, advising that certain surety companies operating in the 10th District are declining to write bonds for banks which are rediscounting.

After discussion, the letter was referred to the Governor with the request that he take the matter up with some of the larger surety companies.

The Law Committee reported on the matter referred to it at the meeting on March 19th, namely, letter dated March 15th from Honorable John W. Davis, with regard to future fees for his services in the par clearance cases and suggesting that the Board may wish to dispense with his services; the Committee submitting draft of reply stating that the Board has no idea of dispensing with his services, but hopes that it and the Federal Reserve banks may have the benefit thereof throughout all pending litigation.

Upon motion, the proposed letter was approved.

Draft of letter to the Federal Reserve Agent at New York acknowledging receipt of his letter of March 25th, transmitting report of circumstances in connection with the default of Francis G. Adams, an employee of the bank,

4/1/24

whose case has been brought to the attention of the United States Attorney and a conviction obtained; together with draft of a letter to the Attorney General transmitting a copy of the report.

Upon motion, the proposed letters were approved.

The Law Committee reported on the matter referred to it at the meeting on March 19th, namely, letter dated March 15th from the Chairman of the Federal Reserve Bank of Atlanta enclosing an extract from the minutes of the meeting of the directors of the New Orleans Branch held on March 7th, 1924, regarding an agreement relative to the organization of a new bank at Crowley, La., to take over the affairs of the First National Bank at that point; the Law Committee submitting a memorandum by Counsel stating the opinion that the Federal Reserve Bank is legally authorized to enter into an agreement of the kind proposed.

Upon motion, Counsel's memorandum was approved and a letter of advice ordered sent to the Federal Reserve Bank of Atlanta.

The Law Committee reported on the matter referred to it at the meeting on March 6th, namely, letter dated March 4th from the Governor of the Federal Reserve Bank of New York, raising certain objections to the Board's letter of January 25th, (X-3953) on the subject "Currency in Transit to and from Federal Reserve Banks"; the Committee submitting a memorandum of Counsel on the subject.

Upon motion, the file was ordered circulated.

The Law Committee reported on the matter referred to it at the meeting on March 6th, namely, letter dated March 5th from the Chairman of the House Committee on Interstate and Foreign Commerce, requesting an ex-

4/1/24

pression of the views of the Board on H. R. 7498, a bill to finance the exportation of American farm products and raw materials; the Committee submitting draft of a reply suggesting amendments to certain sections of the bill.

Upon motion, the proposed letter was approved.

Letter dated March 26th from the Chief Clerk of the Treasury Department, enclosing a circular requesting subscriptions for support of the Treasury Department baseball team.

Ordered circulated among the Members and employees of the Board.

The Committee on District #3 reported on the matter referred to it, namely, the selection of a successor to Mr. H. B. Thompson, Class "C" director and Deputy Chairman of the Federal Reserve Bank of Philadelphia, resigned; the Committee recommending the appointment of Mr. Harry L. Cannon of Bridgeville, Delaware.

Mr. Cunningham moved that the appointment be tendered to Mr. Cannon.

Carried.

REPORTS OF STANDING COMMITTEES:

- Dated, March 27th, 31st, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, April 1st, 1st, 1st, 1st, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, March 27th, Recommending approval of the application of Mr. R. W. Lewis to serve at the same time as director of the First National Bank of Milburn, N.J. and as Vice President and director of the Union County Trust Company of Elizabeth, N. J.
Approved.

4/1/24

-10-

REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, March 27th, Recommending approval of the application of Mr. Samuel F. Pryor to serve at the same time as director of the Mechanics & Metals National Bank of New York City and as director of the Greenwich Trust Company of Greenwich, Conn.

Approved.

Dated, March 27th, Recommending approval of the application of Mr. Pierre S. duPont to serve at the same time as director of the Philadelphia National Bank of Philadelphia, Pa. as director of the Bankers Trust Company of New York City and as officer and director of the Wilmington Trust Company of Wilmington, Delaware.

Approved.

Dated, March 29th, Recommending approval of the application of Mr. N. A. McMillan to serve at the same time as director of the First National Bank in St. Louis, Mo. and as director of the St. Louis Union Trust Company of St. Louis, Mo.

Approved.

Dated, March 27th, Recommending approval of the application of Mr. George R. Collett to serve at the same time as director of the National Stock Yards National Bank of National Stock Yards, Ills., and as director of the Drovers National Bank of Kansas City, Mo.

Approved.

Dated, March 31st, Recommending approval of the application of Mr. George H. Lanier to serve at the same time as director of the Fourth National Bank of Atlanta, Ga., and as director of the First National Bank of West Point, Ga.

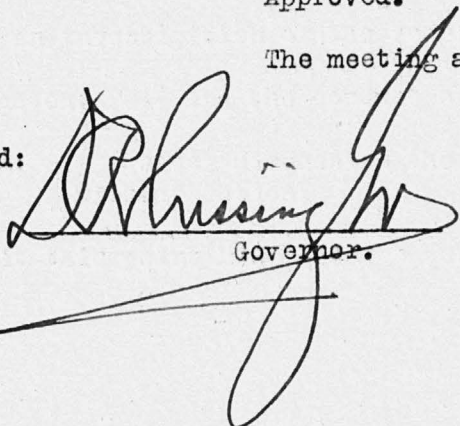
Approved.

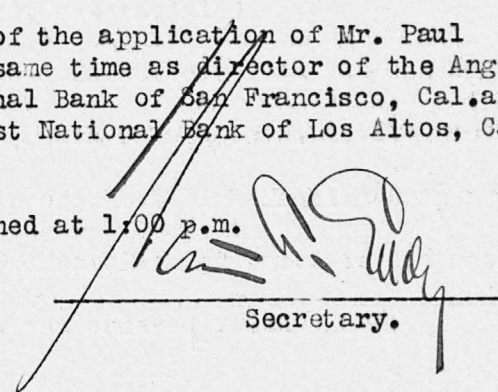
Dated, March 31st, Recommending approval of the application of Mr. Paul Shoup to serve at the same time as director of the Anglo and London Paris National Bank of San Francisco, Cal. and as director of the First National Bank of Los Altos, Cal.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Secretary.