

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, April 8, 1924, at 11:10 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on April 3rd and 4th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on April 7th were read and approved as amended.

The Governor then presented the following telegram dated April 7th addressed to the Comptroller of the Currency by the First National Bank of Torrance, California:

"Wish to advise that this bank has not merged with Pacific Southwest Trust and Savings Bank and desire to retain our national charter".

Noted.

The Governor announced that the special order business would be consideration of the motions made at the meeting on April 3rd, with regard to the report of the Committee on Examinations on matter referred to it at the meeting on April 1st, namely, telegram dated March 28th from Mr. Frank P. Flint, of Los Angeles, requesting that the Board reconsider its previous action in declining to consider the application of the Pacific Southwest Trust and Savings Bank for permission to acquire the First National Bank of Torrance and operate it as a branch 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.

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Mr. Hamlin moved, in view of the telegram, above quoted, from the First National Bank of Torrance, that the Board lay these motions on the table.  
Carried.

Mr. Platt then moved that a copy of the telegram from the Torrance Bank be sent to Mr. Flint in answer to his telegram.  
Carried.

The Governor then announced that the next order of business would be the other matter held over at the meeting on April 3rd, namely, report of Committee on Examinations on application of the Bank of Italy, transmitted by the Federal Reserve Agent at San Francisco in his letter of March 21st, to acquire the State Bank of Venice, Venice, California, and to establish a branch in its premises; the Committee recommending that the application be voted on on its merits.

Mr. Platt moved that the application be disapproved.  
Unanimously carried.

Report of Committee on Examinations on the application of the Bank of Italy, transmitted by the Federal Reserve Agent at San Francisco in his letter of March 21st, to acquire the Farmers Bank of Wheatland and to establish a branch in its premises; the majority of the Committee, Messrs. James and Dawes, recommending that the application be voted on on its merits, and Mr. Platt recommending that the application be approved.

Mr. Hamlin moved approval of the application.

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

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

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Mr. Miller stated that he had voted in favor of the application on the ground that the Bank of Italy already owns the Wheatland Bank.

Report of Committee on Examinations on application of the Bank of Italy, transmitted by the Federal Reserve Agent at San Francisco, in his letter of March 21st, to acquire the San Fernando Valley Savings Bank of San Fernando and its branch at Newhall and to establish branches in their premises; the Committee recommending that the application be voted on on its merits.

Mr. Miller moved that the application be disapproved.  
Unanimously carried.

At this point Mr. Cunningham entered the meeting.

Report of Committee on Examinations on application of the Bank of Italy, transmitted by the Federal Reserve Agent at San Francisco in his letter of March 21st, to acquire the Santa Monica Boulevard State Bank of Hollywood and to establish a branch in its premises; the Committee recommending that the application be voted on on its merits.

Mr. Miller moved that the application be disapproved.  
Carried, Mr. Cunningham not voting.

Report of Committee on Examinations on application of the Bank of Italy, transmitted by the Federal Reserve Agent at San Francisco in his letter of March 21st, to acquire the Arcadia Savings Bank of Arcadia and to establish a branch in its premises; the Committee recommending that the application be voted on on its merits.

Mr. Miller moved that the application be disapproved.

Mr. Miller's motion being put by the Chair, the members voted as follows:

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

Telegram dated April 7th from the Governor of the Federal Reserve Bank of Atlanta, advising that the War Finance Corporation is willing to make advances to certain member banks in the Sixth Federal Reserve District provided the Federal Reserve bank guarantees the Corporation against any loss, and stating that while they have no idea of accepting the proposal they would like to have the Board's views in the matter.

Upon motion it was voted that the Federal Reserve Bank of Atlanta be advised that the Board knows of no authority for a Federal Reserve bank's giving a guarantee.

Letter dated April 3rd from Mr. Harry L. Cannon of Bridgeville, Delaware, replying to the Board's letter tendering to him the position of Class "C" Director of the Federal Reserve Bank of Philadelphia for the term expiring December 31, 1925, and requesting to be advised of his duties as such before signifying his acceptance.

Mr. Hamlin moved that the Federal Reserve Agent at Philadelphia be requested to get in touch with Mr. Cannon and explain his duties to him.

Carried.

Letter dated April 4th from the Secretary of the International Acceptance Bank, Inc. of New York City, quoting a resolution adopted by the Board of directors of the bank ratifying the recent amendment to that portion of the bank's agreement with the Board which relates to reserves.

Noted.

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Letter dated April 3rd from the Assistant Attorney General, enclosing copy of a letter addressed to the Comptroller of the Currency, with regard to the First National Bank of Poplar, Montana, which is closed, and quoting a telegram addressed to the Poplar Commercial Club by Senator Wheeler, stating that a director of the Federal Reserve bank has given assurance that collections will not be pressed.

Upon motion, it was voted that a copy of the letter of the Assistant Attorney General be sent to the Federal Reserve Bank of Minneapolis.

Letter dated April 4th from the Chairman of the Federal Reserve Bank of Cleveland, requesting approval of the action of the directors of that bank in voting to grant to Governor Fancher two months' leave of absence with full pay.

Approved.

Letter dated April 2nd from the Chairman of the Federal Reserve Bank of Atlanta on the subject of analyses of statements of commercial houses.

Referred to Law Committee.

Letter dated April 4th from the Governor of the Federal Reserve Bank of Chicago, requesting approval of the action of that bank in rediscounting for the City-Commercial Savings Bank of Mason City, Iowa, a member bank, paper bearing the indorsement of the Greenville Savings Bank, Greenville, Iowa, and the Farmers Savings Bank, Cartersville, Iowa, non-member banks.

Approved.

Letter dated March 31st from the Federal Reserve Agent at Philadelphia, requesting approval by the Board of the designation as Assistants to Examiners of nine employees of the bank named therein.

Approved.

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Letter dated April 5th from the Federal Reserve Agent at Boston, enclosing report of the Federal Reserve Agents' Committee on Reserves on matter referred to it at the meeting on March 6th, namely, letter dated March 3rd from Congressman Fulmer, enclosing a bill introduced by him to reduce the reserve requirements of country member banks from 7% of demand deposits and 3% of time deposits to 5% of demand deposits and 2% of time deposits.

Ordered circulated.

Memorandum dated April 8th from the Secretary, referring to memorandum dated March 26th from the Director of the Division of Research and Statistics stating that the Division is prepared to undertake a study of the question of branch banking, and submitting a plan for such study; the Secretary inquiring whether the Board wishes to direct the Division of Research and Statistics to proceed with the study.

Mr. Platt moved that the Director of the Division of Research and Statistics be directed to proceed with the study of branch banking along the lines of his memorandum.  
Carried.

The Governor then presented letters from the Assistant Federal Reserve Agent, the Governor, and the Deputy Chairman of the Federal Reserve Bank of Minneapolis, replying to the Board's recent communications, written in accordance with action taken at the meeting on March 25th, inquiring as to the authority of Assistant Federal Reserve Agent Mosher in recent statements concerning the so-called McNary-Haugen agricultural bill.

Ordered circulated.

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The Governor then presented the matter ordered circulated at the meeting on April 1st, namely, memorandum dated March 28th by General Counsel, with reference to a communication 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".

Noted, it being understood that the subject of the correspondence will be considered at the forth coming Governors' Conference.

Letter dated April 2nd from the Federal Reserve Agent at San Francisco, advising that application for stock in that bank has been made by the American Bank of Marshfield, Oregon, a recently organized institution, and stating that unless the Board deems it inadvisable the bank will be advised that examination and consideration of its application will be deferred until it has been in operation a sufficient length of time to enable the Federal Reserve bank intelligently to pass upon the application.

Upon motion, it was voted to interpose no objection to the procedure suggested by the Federal Reserve Agent.

Mr. Hamlin then presented a letter dated March 28th, addressed to him by the Chairman of the Federal Reserve Bank of San Francisco, enclosing copy of a letter from the Superintendent of Banks of California, stating that since his return from Washington he has not granted permits to any branch banks in that state in a district that is outside of the territory embraced within the Board's definition of contiguous territory, either in San Francisco or Los Angeles.

Noted.

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Report of Committee on Examinations on letter dated March 31st from the Federal Reserve Agent at Cleveland, transmitting and recommending approval of the application of the Commercial Savings Bank and Trust Company of Toledo, Ohio, for permission to operate a branch at the corner of Monroe Street and Auburn Avenue, Toledo; and advising that the application also has the approval of the State Superintendent of Banks and the Executive Committee of the Federal Reserve bank; the Committee recommending approval on the condition that unless the branch is established and in operation within six months, the permission becomes null and void.

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

Letter dated April 2nd from the Federal Reserve Agent at Cleveland, transmitting and recommending approval of the application of the Guardian Savings and Trust Company of Cleveland, Ohio, for permission to establish a branch at the corner of Coventry and Lancashire Roads, Cleveland Heights, Ohio; said application also having the approval of the State Superintendent of Banks and the Executive Committee of the Federal Reserve bank.

Mr. Hamlin moved that the application be approved.

Carried.

Mr. Hamlin then stated that he had received a call from Ex-Senator Thomas of Colorado, who stated that he was representing the so-called Pittman Silver Committee of the Senate which would probably some time in the future call for the Board's records with regard to the exportation of silver dollars to the Orient.



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Mr. Hamlin moved that copies be made of the Board's records in this matter.

Carried.

Mr. Miller then advised the Board that he had communicated with Deputy Governor Case of the Federal Reserve Bank of New York, and that the meeting of the Open Market Investment Committee, which was scheduled to be held in Chicago on April 25th, would be held in Washington on April 22nd.

At 12:30 p.m. the Board recessed to meet again at 2:30 p.m.

At 2:30 p.m. the Board reconvened, the same members being present who were in attendance at the morning session.

Mr. Homer P. Clark, Class "C" Director and Deputy Chairman of the Federal Reserve Bank of Minneapolis, was invited into the meeting. Mr. Clark explained that the purpose of his visit was (1) to obtain from the Board an understanding of his duties as Deputy Chairman in the absence of the Chairman; (2) to urge upon the Board reconsideration of its action in disapproving the recommendation of the directors of the Federal Reserve Bank of Minneapolis that the allowance for office expenses for 1924 of the bank's Counsel, Judge Andreas Ueland, be increased from \$2500 per annum to \$4,000 per annum, this in addition to his salary at the rate of \$5,000 per annum; (3) to urge that the Board reconsider its action in disapproving the recommendation of the directors of the bank for increases in the salaries of Deputy Governor Geery from \$15,000 to \$16,000 per annum and Assistant Deputy Governor Yaeger from \$6,000 to \$7,000 per annum; and (4) to discuss with the Board the present manner in which the publicity work of the Minneapolis bank is handled.

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Following a discussion of the manner in which the publicity work of the bank is handled, Mr. Clark pointed out the desirability of a change in the method which would result in the publicity work of the bank being conducted by the Federal Reserve Agent with the advice and cooperation with the Executive Committee of the directors.

Mr. Hamlin moved that Mr. Mosher, senior Assistant Federal Reserve Agent, who is discharging the duties of Federal Reserve Agent in the absence of Mr. Rich, be directed to act with the advice and cooperation of the Executive Committee of the directors of the bank in all matters of publicity.

Carried.

Then followed a discussion with Mr. Clark of the duties of the Deputy Chairman in the absence of the Chairman of the Board of Directors. It was explained to Mr. Clark that while the Deputy Chairman, in the absence of the Chairman, assumes his duties as such, it was not expected that the Deputy Chairman should perform any of the duties of the Federal Reserve Agent.

Mr. Hamlin then moved that the Board refer the matter of increased compensation for Counsel of the Minneapolis bank to the Law Committee for reconsideration and report to the Board.

Carried.

At this point, Mr. Clark left the meeting.

Mr. Miller then moved that the Board reconsider its action taken at the end of the year in disapproving increases recommended for Deputy Governor Geery and Assistant Deputy Governor Yaeger.

Carried.

The Chair then referred the matter of the increases recommended to the Committee on Salaries and Expenditures for report. The two members of the Salary Committee present, Messrs. James and Miller, thereupon made verbal

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report, Mr. James recommending that the increases in salary be not approved, and Mr. Miller stating that he felt the matter warranted favorable consideration by the Board in view of extraordinary conditions prevailing in the Minneapolis district at this time.

Mr. Platt then moved that the Board approve of the directors of the Minneapolis bank increasing the salary of Deputy Governor Geary from \$15,000 to \$16,000 per annum, and the salary of Assistant Deputy Governor Yaeger from \$6,000 to \$7,000 per annum, both increases to be effective as of April 1, 1924.

Carried, Messrs. James and Cunningham voting "no".

Memorandum dated April 8th from the Division of Examination, with reference to telegram dated April 7th from the Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank of Los Angeles has filed application, as liquidating agent, for the surrender of 588 shares of stock held by the Valley Bank of Fresno; the memorandum recommending that the application for surrender of stock be approved.

Approved.

Draft of letter to the Federal Reserve Agent at New York replying to his letter of April 5th, inquiring as to the eligibility for purchase by the Federal Reserve banks of German trade bills payable in dollars in the United States and endorsed by the new German Gold Rediscount Bank and by banks and bankers in the United States; said letter being prepared in accordance with action taken at the meeting yesterday.

Approved as amended.

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REPORTS OF STANDING COMMITTEES:

Dated, April 4th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

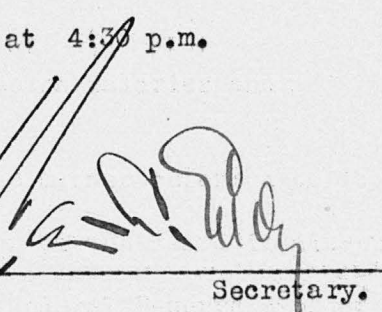
Dated, April 8th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

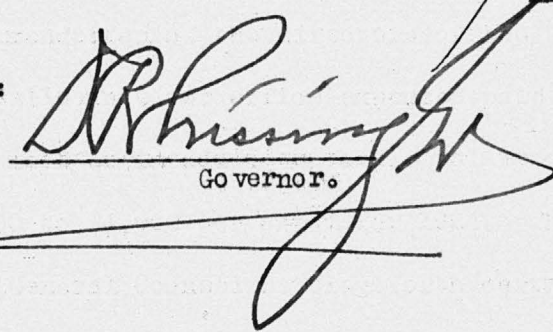
Dated, April 7th, Recommending approval of the application of Mr. Hyman Pearlstone to serve at the same time as director and Vice President of the First National Bank of Palestine, Texas, and as director of the Southwest National Bank of Dallas, Texas.

Approved.

The meeting adjourned at 4:30 p.m.

  
Secretary.

Approved:

  
Governor.