

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, April 16, 1924, at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on April 11th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on the morning of April 15th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on the afternoon of April 15th were read and approved as amended.

Report of Law Committee on matter referred to it at the meeting on April 11th, namely, letter dated April 2nd from the Chairman of the Federal Reserve Bank of Atlanta on the subject "Analyses of Statements of Commercial Houses"; the Committee submitting draft of a reply stating that the financial statement of a borrower no doubt has a direct bearing upon the acceptability of the paper of such borrower, as distinguished from its eligibility, but whether or not paper is desirable from a credit standpoint is a question purely for the determination of the Federal Reserve bank in the exercise of sound banking judgment, regarding which the Board can not properly advise.

Upon motion, the proposed reply was approved.

The Law Committee then presented a memorandum dated April 12th from General Counsel, submitting a revised draft of Regulation "J", Series of 1924, which was tentatively adopted by the Board on March 4th, amended in accordance

4/16/24

with certain suggestions made by the Federal Reserve banks to whom the tentative regulation had been sent for comment.

After discussion, Mr. Hamlin moved that Regulation "J", Series of 1924, as amended, be mimeographed and referred to the next Governors' Conference for discussion.

Carried.

Memorandum from Mr. James submitting letter addressed to him by Congressman Fulmer, requesting certain statistical information regarding the number and salaries of officers and employees of the Federal Reserve banks.

Upon motion, the Secretary was instructed to furnish the information requested.

Letter dated April 14th from the Secretary of the Federal Reserve Bank of Cleveland, transmitting copy of a letter from the Vice President of the Guardian Savings and Trust Company of Cleveland, Ohio, advising that it may not be possible for that bank to establish the branch at Cleveland Heights, approved by the Board on April 8th, within a period of six months.

Noted, with the understanding that the Board will grant a reasonable extension.

Letter dated April 14th from the Federal Reserve Agent at Cleveland, transmitting the application of the Fourth and Central Trust Company of Cincinnati, for permission to establish a branch at the intersection of Glenway and Warsaw Avenues, Price Hill, Cincinnati, and advising that the application has the approval of the State Superintendent of Banks, the Executive Committee of the Federal Reserve Bank, and himself as Federal Reserve Agent.

Referred to the Committee on Examinations.

Letter dated April 14th from Mr. Charles H. Manchester of Providence, Rhode Island, accepting appointment as Class "C" director of the Federal Reserve

4/16/24

Bank of Boston for the term expiring December 31, 1925.

Noted.

Memorandum dated April 14th from Counsel, with reference to the matter referred to him at the meeting on April 11th, namely, the sufficiency of the application of the Bank of Ft. Bidwell, California, for surrender of stock in the Federal Reserve Bank of San Francisco, standing in the name of the Surprise Valley Bank of Cedarville, California; Counsel's memorandum stating that the application conforms substantially to the procedure previously suggested by that office, is in proper legal form, and may be approved.

Upon motion, the application was approved.

Memorandum dated April 15th from Counsel, submitting draft of a reply to letter dated April 2nd from the Cashier of the Knight Trust and Savings Bank of Provo, Utah, inquiring whether the exercise of trust powers would be considered by the Board as a broadening in the functions exercised by the bank; the proposed reply stating that while the exercise of trust powers would be a broadening of functions, the Board offers no objection to the exercise of such powers.

Upon motion, the proposed letter was approved.

The Governor then presented the matter ordered circulated at the meeting on April 11th, namely, memorandum dated April 10th, commenting on a suggested reply to telegram dated April 7th from the Governor of the Federal Reserve Bank of Atlanta, advising that the War Finance Corporation will make advances to fourteen member banks in the Sixth Federal Reserve District provided the Federal Reserve bank guarantees the Corporation against any loss; the pro-

4/16/24

-4-

posed reply, prepared in accordance with action taken at the meeting on April 8th, stating that it seems clear a Federal Reserve bank has no authority to give such a guarantee.

Upon motion, the proposed reply was approved.

At this point, Mr. Cunningham entered the meeting.

The Governor then presented the matter ordered circulated at the meeting on April 8th, namely, letter dated April 5th from the Federal Reserve Agent at Boston, transmitting a report by the Federal Reserve Agents' Committee on Reserves on the bill introduced by Congressman Fulmer to reduce the reserve requirements of country member banks; the Committee reporting its unanimous opinion that the passage of the suggested legislation would be unwise.

After discussion, it was voted that the matter be referred to the forthcoming Governors' Conference for discussion.

The Governor then presented the matter ordered circulated at the meeting on April 11th, namely, report of Committee on Salaries and Expenditures on letter dated February 25th from the board of directors of the Federal Reserve Bank of Philadelphia, requesting reconsideration of the Board's action in voting to disapprove increases proposed in the salaries of six Assistant Cashiers of the bank.

After discussion, the matter was ordered laid on the table.

Letter dated April 11th, from Senator Heflin, requesting that the Board approve the recommendation of the boards of directors of the Federal Reserve Bank of Atlanta and its Birmingham branch for the purchase of a building site at Birmingham.

Noted.

4/16/24

-5-

Report of Committee on Branches on letter dated April 2nd from the Federal Reserve Agent at Dallas, requesting approval of an arrangement whereby the offices of Assistant Federal Reserve Agent and Assistant Auditor at the Houston and El Paso branches would be abolished, and the entire supply of unissued Federal Reserve notes at the branches would be transferred to the officers' cash; the Committee submitting a memorandum from Counsel stating that there is no legal objection to the plan proposed.

Upon motion, the arrangements suggested in Mr. Talley's letter, including an increase from \$2320 to \$2700 per annum, in the salary of Mr. M. C. Smyth to be made auditor at the El Paso branch, were approved.

The Law Committee then reported on the matter referred to it at the meeting on April 11th, namely, letter dated March 26th from the Chairman of the Federal Reserve Bank of San Francisco, on the subject "Reserves Against Time Deposits of the Bank of Italy"; the Committee submitting draft of a reply stating that the public deposits referred to in the letter are demand deposits and that if the Bank of Italy or any other member bank fails to carry against such deposits the reserves required by the Federal Reserve Act to be maintained against demand deposits, penalties for deficiency should be assessed in accordance with the law.

Upon motion, the proposed letter was approved.

Memorandum dated April 15th from General Counsel, requesting approval of fifty-five days' sick leave for Miss Sarah A. Dyer, a stenographer in his office.

Approved.

4/16/24

-6-

Memorandum dated April 16th from General Counsel, requesting authority to employ Miss Harriet A. Fowler as a stenographer in his office at a salary of \$1500 per annum, effective when she shall report for duty, to fill the vacancy caused by the appointment of Mr. C. S. Bradley as Secretary to Mr. James.

Approved.

The Law Committee then submitted draft of reply to letter dated April 3rd from the Governor of the Federal Reserve Bank of Richmond, with regard to the desire of the American Trust Company of Charlotte, North Carolina, to acquire the Cabarrus Savings Bank of Concord, North Carolina, with branches at Kannapolis, Mt. Pleasant and Albemarle, and to establish branches in their premises; the proposed reply stating that under the conditions imposed upon the American Trust Company at the time of its admission to membership, it should inform the Board of its desire to establish this branch in order that the Board may determine whether the acquirement of the proposed branches will result in such a change in the general character of the assets of the American Trust Company, or broadening of its functions as will affect materially the standard maintained at the time of its admission into the System and required as a condition of membership.

Mr. Hamlin moved approval of the form of letter submitted by the Law Committee.

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

Report of Committee on Examinations on application of the Pacific Southwest Trust and Savings Bank to establish seven additional service branches in the city of Los Angeles; the majority of the Committee, Messrs. James and Dawes, recommending that the application be voted on on its merits, and Mr.

4/16/24

Platt, stating that there does not appear to be any good reason why the application should not be granted.

Mr. Platt moved approval of the application.

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

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

The Governor then brought up the special order of business, namely, the matter of suggesting topics for discussion at the Conference of Governors to be held in Washington on May 5th.

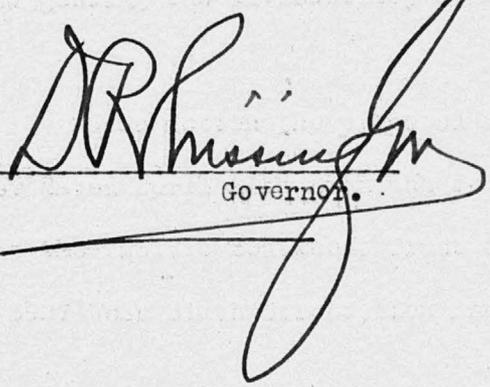
After discussion as to the topics which the Board desires to have discussed, the matter of placing these items on the program of the Conference was referred to the Vice Governor with power.

REPORTS OF STANDING COMMITTEES:

Dated, April 15th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Approved.

Dated, April 16th, 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.

The meeting adjourned at 12:30 p.m.

Approved:   
Governor.

  
Secretary.