

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, April 24, 1924, at 11:00 o'clock.

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

Letter dated April 14th from the Chairman of the Federal Reserve Bank of San Francisco, transmitting copy of a communication from the Vice President of the Bank of Italy inquiring as to the reason for the Board's action in disapproving that bank's applications for permission to acquire banks and establish branches at Venice, San Fernando, Newhall, Hollywood and Arcadia.

Referred to the Committee on Examinations.

Report of Committee on Examinations on letter dated April 14th from the Federal Reserve Agent at Cleveland, transmitting the application of the Fourth and Central Trust Company, Cincinnati, for permission to establish a branch at Glenway and Warsaw Avenues, Price Hill, Cincinnati, and advising that the application has the approval of the Superintendent of Banks, the Executive Committee of the Federal Reserve bank and himself as Federal Reserve Agent; the Board's Committee also recommending approval.

Approved.

Draft of letter to Mr. Paul M. Warburg, President of the Federal Advisory Council, transmitting topics to be discussed by the Council at its meeting on May 12th.

Approved.

Report of Committee on Examinations on application of the Pacific

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Southwest Trust and Savings Bank of Los Angeles to merge the Security Trust Company of Bakersfield with its branches at Bakersfield, Taft, Maricopa and Fellows and to establish two branches at Bakersfield and one each at Taft, Maricopa and Fellows; 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 denied.

Mr. Miller moved approval of Mr. Platt's recommendation that the application be denied.

Carried.

The Governor then presented copies of telegrams dated April 19th and April 21st, transmitted to the Federal Reserve Agent at San Francisco on the initials of members of the Board, the first revoking permission given by the Board on April 16th to the Pacific Southwest Trust and Savings Bank to establish a branch at Sixth Street and Western Avenue, Los Angeles, and the second revoking permission given the bank on the same date to establish branches at six other locations in Los Angeles; such action having been taken because of the fact that the Pacific Southwest Trust and Savings Bank on March 31st opened the branch at Sixth Street and Western Avenue without having first obtained the Board's approval.

The Governor also presented a telegram dated April 23rd from the Federal Reserve Agent at San Francisco, quoting a telegram received from the Executive Vice President of the Pacific Southwest Trust and Savings Bank reciting the circumstances surrounding the opening of the Sixth Street and Western Avenue Branch, as was requested in the Board's telegram of April 19th, above referred to; the Pacific Southwest Trust and Savings Bank stating that the branch in

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question was opened through error, requesting permission to substitute this branch for the branch at Vernon and Vermont Avenues which has been approved by the Board and not yet opened for business, and making a new application for permission to establish a branch at Vernon and Vermont Avenues, Los Angeles.

After discussion, Mr. Platt moved that the Pacific Southwest Trust and Savings Bank be permitted to substitute the branch at Sixth Street and Western Avenue, opened on March 31st without the Board's approval, for that at Vernon and Vermont Avenues, approved by the Board but not yet opened for business.

Mr. Platt's motion being put by the chair was carried, with the understanding that action on the Vernon and Vermont Avenues branch and on the six other local branches, approval of which has been revoked, will be deferred to a later meeting of the Board.

The Law Committee then reported on the matter referred to it at the meeting on April 1st, namely, letter dated March 31st from the President of the First Federal Foreign Banking Association of New York, which proposes to liquidate, inquiring as to the feasibility of the Association retaining its charter; the Law Committee submitting a memorandum from Counsel stating that the Association may not be permitted to retain its charter after liquidation, but that the Board may preserve the name "First Federal Foreign Banking Association" for the incorporators of this Corporation and their successors.

Mr. Platt moved that the Board preserve the name "First Federal Foreign Banking Association", for the incorporators of the Corporation and their successors.

Carried.

Report of Law Committee on letter dated March 27th from the Commissioner of Banking of the State of Wisconsin, enclosing copy of a ruling issued by

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that Department on the capital requirements and conditions necessary to entitle banks to apply for the exercise of trust powers in Wisconsin, and requesting the Board to follow a similar policy in passing upon applications of national banks in that state for permission to exercise such powers; the Law Committee submitting a memorandum by Counsel on the subject and recommending approval of a suggestion contained therein that the Board agree to fix the amount of capital required for the exercise of fiduciary powers at that required for a new national bank, but in no case less than \$50,000 - reserving the right, however, to give permits to national banks with less than \$100,000 capital in cities of over six thousand inhabitants in case there are trust companies in the same cities with similar capitalization which do or may in future compete with national banks.

Upon motion, the recommendation of the Committee was approved and a letter ordered prepared along the lines of the report.

The Law Committee then submitted draft of a letter addressed to the Guaranty Company of Maryland, Baltimore, Md., reprimanding that Company for its action in omitting several important passages and making other changes in the text of the article on "Finance Companies" which it reprinted from the January 1923 issue of the Federal Reserve Bulletin.

Upon motion, it was voted that a statement, along the lines of the Board's letter to the Guaranty Company of Maryland, be given to the press.

The Law Committee then reported on the matter referred to it at the

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meeting on March 7th, and presented a memorandum from Counsel with regard to the limitation of gold held by Federal Reserve Agents as security for Federal Reserve notes.

Noted, ordered circulated and referred to the next Conference of Federal Reserve Agents.

The Law Committee then presented a memorandum dated April 22nd from General Counsel, with regard to letter dated April 18th from the Deputy Governor of the Federal Reserve Bank of New York with regard to the right of that bank to act as custodian of collateral pledged by the National City Bank of New York to secure a currency reserve deposit made with it by the Banco Internacional of San Jose, Costa Rica; Counsel's memorandum stating that there is no authority in the law for a Federal Reserve bank to act as custodian or trustee of securities in such a case where it is not acting as correspondent of the foreign bank in question.

After discussion, the matter was referred back to the Law Committee with the suggestion that a letter be prepared advising that the arrangement would be approved if it could be made wholly as an accommodation to the National City Bank, and with an indemnifying contract back to the Federal Reserve bank from the National City Bank.

Report of Law Committee on the matter referred to it at the meeting on April 3rd, namely, telegraphic correspondence between Mr. Miller and the Federal Reserve Agent at San Francisco, with regard to the former connection of the Manager of the Los Angeles branch with the Hollywood Bond and Mortgage Corporation of Hollywood; the Law Committee submitting a memorandum from Counsel on the subject, stating that there is no provision of law or

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of the Board's Regulations which would prohibit such a connection, that there seems to be no question, however, but that such action is improper from the viewpoint of business ethics, but that inasmuch as the connection has now been severed the question of what action the Board should take is purely an academic question of policy.

Upon motion, the Secretary was directed to prepare a circular letter on the subject to all Federal Reserve banks.

Report of Committee on Examinations on letter dated April 8th from the Federal Reserve Agent at San Francisco, with reference to the application of the American Bank of San Francisco for permission to absorb the American Bank of Oakland and its branches and to establish branches in the premises now occupied by those institutions - fifteen in number; the majority of the Committee, Messrs. James and Dawes, recommending that the application be voted on on its merits and Mr. Platt stating that he sees no reason why the application should not be approved.

Mr. Platt moved that the Executive Committee approve the application and recommend such action by the Board.
Carried.

Letter dated April 22nd from the Chairman of the Federal Reserve Bank of St. Louis, recommending approval of the consolidation or merger of the Union and Planters Bank and Trust Company and the Guaranty Bank and Trust Company, both member banks in Memphis.

Approved.

Telegram dated April 24th from the Governor of the Federal Reserve Bank of Dallas, with regard to banking conditions at Tucson, Arizona, and

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advising that the Federal Reserve Agent, who has gone to El Paso, will hold himself in readiness to be of assistance at Tucson if needed.

Noted.

Mr. Miller then brought up the matter which the Board laid on the table at the meeting on April 16th, namely, the report of the Committee on Salaries and Expenditures on letter dated February 25th from the directors of the Federal Reserve Bank of Philadelphia, requesting reconsideration by the Board of its action in disapproving increases recommended in the salaries of six Assistant Cashiers of the bank.

After discussion, Mr. Platt moved that the Executive Committee recommend to the Board that this matter be taken from the table and that the increases be approved, effective May 1, 1924.

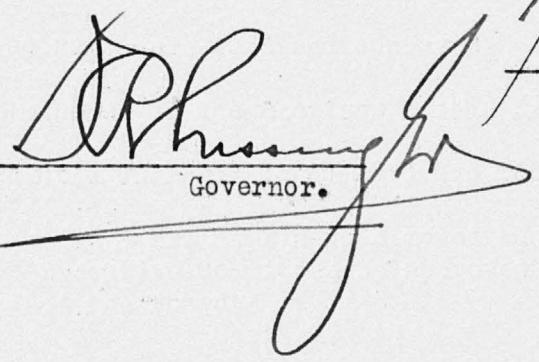
Carried.

REPORTS OF STANDING COMMITTEES:

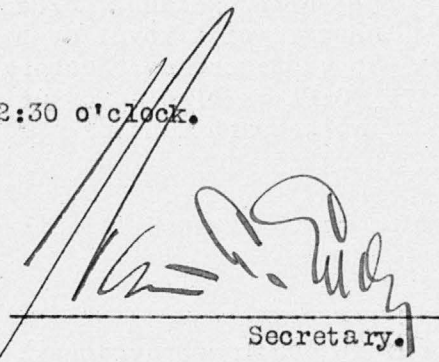
Dated, April 23rd, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.

The meeting adjourned at 12:30 o'clock.

Approved:



Governor.



Secretary.