

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, May 20, 1924, at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on May 14th were read and approved as amended.

Letter dated May 17th from Miss Frances A. Kilbury tendering her resignation as comptometer operator in the Division of Bank Operations, effective June 7, 1924.

Accepted.

Memorandum dated May 19th from the Secretary, requesting authority to employ a comptometer operator for service in the Division of Bank Operations, with salary not in excess of \$1440 per annum.

Approved.

Letter dated May 16th from L. R. Barry, tendering his resignation as clerk in the office of the Chief Clerk, effective June 15, 1924.

Accepted.

Memorandum dated May 19th from the Secretary, requesting authority to transfer Vernon Ott, messenger in the Telegraph Office, to the position of Assistant File Clerk, with salary increase from \$820 to \$900 per annum, to fill the vacancy caused by the transfer of R. C. Toomey from the position of Assistant File Clerk to that of General Clerk in the Chief Clerk's Office.

Approved.

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Letter dated May 20th from the Comptroller of the Currency, recommending an increase from \$4500 to \$5250 per annum in the salary of National Bank Examiner William C. Griswold.

Approved.

Letter dated May 17th from the Comptroller of the Currency, recommending salary at the rate of \$3000 per annum for National Bank Examiner M. C. Smouse, to be assigned to the Second Federal Reserve District.

Approved.

Letter dated May 16th from the Vice President and Cashier of the National Bank of Commerce in St. Louis, transmitting copy of a resolution adopted by the directors of that bank, commending the Solicitor General of the United States and certain officers of the Federal Reserve Board and Federal Reserve Bank of St. Louis, for the manner in which they assisted in the handling of the recent so-called Burnes National Bank case.

Noted.

Telegram dated May 16th from the Manager of the Bill Department of the Federal Reserve Bank of New York, advising that on that day the bank's minimum purchase rate for prime endorsed bankers acceptances was reduced to $3\frac{1}{2}\%$ for short term bills and to $3\frac{5}{8}\%$ for long maturities.

Noted.

Letter dated May 12th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of increases, in lieu of allowances for foreign service, in the salaries of Misses Mittie LaHatte and Stella Hamrick,

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and Mr. H. C. Frazer, employees of the Havana Agency.

Referred to the Committee on Salaries and Expenditures.

Letter dated May 12th from the Federal Reserve Agent at Kansas City, referring to Board's letter (X-4048) on the subject of affiliation of officers and employees with outside business concerns and advising that since his appointment he has retained the presidency of two corporations - the Stockgrowers Finance Corporation and the Drumm Commission Company - for the purpose of supervising the liquidation of their affairs; the Federal Reserve Agent requesting an expression from the Board as to whether he may complete the work of liquidating these two corporations..

After discussion, Mr. Platt moved that the Governor advise the Federal Reserve Agent that inasmuch as the two corporations are not in active business but are simply winding up affairs, over which he merely exercises a certain amount of supervision, the Board can see no objection to his continuing until liquidation is completed.

Carried.

Letter dated May 13th from the Chairman of the Federal Reserve Bank of San Francisco transmitting copy of the communication addressed to him by the President of the Security Trust and Savings Bank of Los Angeles, urging that a simultaneous examination of his institution be made and that as far as possible, or practicable, the Federal Reserve bank, the State Banking Department, and the Los Angeles Clearing House Association cooperate in such a simultaneous examination, the expense of which will be borne by the Security Trust and Savings Bank.

After discussion, the letter was referred to the Board's Secretary and Chief Examiner for the preparation of a reply for submission to the Board.

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The Governor then presented a telegram dated May 20th from the Assistant Federal Reserve Agent at Minneapolis, advising of the death this morning of Mr. John H. Rich, Federal Reserve Agent and Chairman of the Board of Directors of the bank.

Noted with regret and the Governor requested to transmit the following telegram to Mrs. Rich:

"It is with deep sorrow that members of the Federal Reserve Board learned of the death of Mr. Rich stop We feel most keenly this loss of a friend and associate and tender our heartfelt sympathy."

Report of Committee on Examinations on letter dated May 7th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of the application of the American Bank of San Francisco for permission to take over the First National Bank of Oakland and to establish a branch in its premises, which application also has the approval of the State Superintendent of Banks and of the Executive Committee of the Federal Reserve Bank; the Board's Committee stating that there is no reason why the application should not be approved.

Mr. Platt moved approval of the application.

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

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

The Law Committee reported on the matter referred to it at the meeting on May 14th, namely, letter dated May 7th from the Treasurer of

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the French American Banking Corporation of New York, requesting a modification in that part of their agreement with the Board which relates to reserves, so as to permit their reserves to be carried other than in the form of bank balances; the Committee submitting draft of a reply stating that the Board has decided to grant the request and outlining the terms and conditions upon which the modification is granted.

Upon motion, the proposed letter was approved.

The Law Committee then submitted draft of a letter to the Comptroller General of the United States, with regard to his action in disallowing two vouchers of the Board, covering costs of a dinner served to the Chairmen and Governors of the Federal Reserve banks on November 13, 1923, and a luncheon served to the members of the Federal Advisory Council on November 19, 1923; the proposed letter advising that the Board in March 1919 was assured by the then Comptroller General that such charges would be entirely proper, and requesting that he review his decision with regard to past charges and advise the Board whether such expenses may properly be charged to the Board in future.

After discussion, it was voted that the Board should not request the Comptroller General to rule that it may in future expend its funds for the purpose of providing luncheons and dinners for the Members of the Governors' Conferences and of the Federal Advisory Council, but that it request him to allow such expenses as have been incurred to date for this purpose, under a ruling of the previous Comptroller General.

The Law Committee then submitted drafts of letters addressed to Honorable Albert Strauss, former member of the Board, and to Mr. J. E. Crane, Manager of the Foreign Department of the Federal Reserve Bank of New York, requesting that

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they furnish the Board with a memorandum giving a historical account of the arrangements entered into between the Board and certain foreign banking corporation for the export of standard silver dollars, in order that the Board may be able to answer inquiries directed to it by the Senate Commission on Gold and Silver Inquiry.

Upon motion, the proposed letters were approved.

Letter dated May 17th from Mr. Hiram Barney of the firm of Pruyn and Barney, of New York City, suggesting the immediate opening in various European cities of branches or agencies of the Federal Reserve banks.

Referred to Counsel for preparation of a reply.

Letter dated May 13th from the President of the First National Bank of El Paso, Texas, with regard to the banking situation in that city and enclosing copy of a letter addressed to the Comptroller of the Currency and newspaper clippings on the same subject.

Ordered circulated.

Mr. Miller referred to the recommendation made by the Federal Advisory Council, concerning the open market and discount policy of the Federal Reserve banks and moved that the Board communicate with the President of the Council and ascertain from him whether the Council, when referring in its recommendation to "aggregate investments", meant aggregate open market investments or aggregate earning assets.

Carried.

REPORTS OF STANDING COMMITTEES:

Dated, May 15th, Recommending changes in stock at Federal Reserve Banks,
17th, as set forth in the Auxiliary Minute Book of this date.
20th, Approved.

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REPORTS OF STANDING COMMITTEES: Cont'd

Dated, May 20th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, May 17th, Recommending approval of the application of Mr. Charles W. Horne to serve at the same time as director of the Commercial National Bank, Raleigh, N. C., as director of the Virginia Trust Company, Richmond, Va., and as director of the Atlantic Bank and Trust Company, Greensboro, N. C.

Approved.

Dated, May 19th, Recommending approval of the application of Mr. Herbert Lloyd to serve at the same time as director of the Franklin National Bank, and as director of the Pennsylvania Company for Insurance on Lives and Granting Annuities of Philadelphia, Pa. both of Philadelphia, Pa.

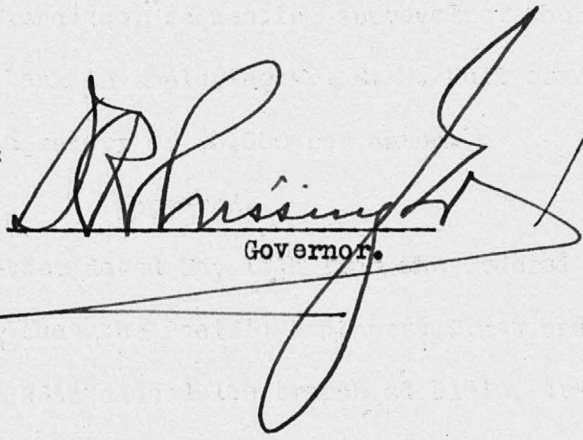
Approved.

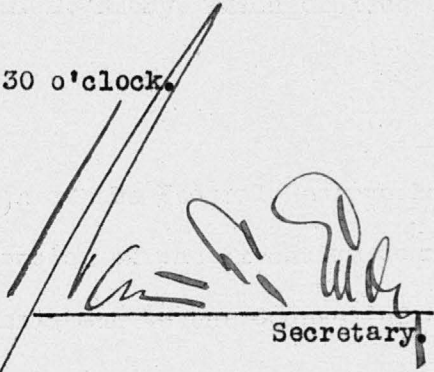
Dated, May 15th, Recommending approval of the application of Mr. T. A. Ferris to serve at the same time as director of the American Exchange National Bank and the Dallas Joint Stock Land Bank, both of Dallas, Texas, and as director of the Citizens National Bank of Waxahachie, Texas.

Approved.

The meeting adjourned at 12:30 o'clock.

Approved:


Governor.


Secretary.