

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, May 27, 1924, at 11:05 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on May 21st were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on May 26th were read and approved.

Memorandum dated May 17th from the Comptroller of the Currency, recommending approval of the application of the First National Bank of Tower City, North Dakota, for permission to reduce its capital stock from \$50,000 to \$25,000; together with memorandum dated May 21st from Mr. Cunningham, to whom the matter was referred at the meeting on May 21st, also recommending that the application be approved.

Approved.

Memorandum dated May 20th from the Comptroller of the Currency, recommending approval, subject to certain conditions, of the application of the First National Bank of Morgan, Texas, for permission to reduce its capital stock from \$35,000 to \$25,000; together with report of the Board's Committee on Examinations dated May 22nd also recommending approval of the application.

Approved.

Memorandum dated May 21st from the Comptroller of the Currency, recommending approval, subject to certain conditions, of the application of the First National Bank of Elgin, Oregon, for permission to reduce its capital stock from \$50,000 to \$25,000; together with report from the Board's Committee

5/27/24

on Examinations, dated May 22nd, also recommending approval of the application.

Approved.

Telegram dated May 27th from the Governor of the Federal Reserve Bank of Cleveland, requesting approval of the action of the Board of Directors of that bank in voting to reduce the discount rate from $4\frac{1}{2}\%$ to 4% for paper of all classes and all maturities, effective June 2nd.

Upon motion by Mr. Miller, the rate reduction was approved.

Telegram dated May 24th from Mr. Curtis L. Mosher, Assistant Federal Reserve Agent at Minneapolis, requesting approval of a leave of absence for thirty days, made necessary by his physical condition; together with copy of reply transmitted on the same date on the initials of four members of the Board stating that leave of absence for thirty days will be formally granted at the next meeting of the Board.

Upon motion by Mr. Cunningham, it was formally voted to grant Mr. Mosher a leave of absence for thirty days with full pay.

Letter dated May 20th from the Governor of the Federal Reserve Bank of Minneapolis, requesting approval of the action of the Board of Directors of that bank in voting to grant to Judge Ueland, Counsel of the bank, a ninety days' leave of absence and stating that it was the understanding that Judge Ueland was to be granted the leave with full pay.

After discussion, Mr. Miller moved that the Board advise Governor Young that it has never granted leave of absence, with pay, in excess of thirty days except for illness or for very special reasons and that there is nothing in his letter which indicates that an exception should be made in Judge Ueland's case .

Mr. Miller's motion being put by the chair was carried.

5/27/24

-3-

Letter dated May 23rd from the Chairman of the Federal Reserve Bank of Kansas City, requesting approval of a leave of absence of two months, with full pay, for Deputy Governor C. A. Worthington, and advising that Mr. Worthington has been so closely confined to the bank in the discharge of his duties that his health has been impaired and his physician advises a two months' vacation out of doors for him.

Approved.

Letter dated May 24th from the Chairman of the Federal Reserve Bank of Philadelphia, advising of the action of the Board of Directors of that bank in voting to grant to Governor Norris the usual summer vacation and two months' additional leave of absence and stating that this action was taken because of the condition of Governor Norris' health, and further that the time may have to be spent under the observation of his physician.

Mr. Miller suggested that the Board reply to Mr. Austin's letter along the following lines:

"The Board has received your letter of May 24th and regrets to hear that Governor Norris is not well and is ordered to take a rest by his physician. This application for leave comes at a time when the Board has before it others of similar character. The Board is of the opinion that leave of this character, with full pay, should ordinarily not be granted for a longer period than sixty days, and in accordance with this view will approve a leave of absence for Governor Norris for a period of sixty days, with full pay. At the end of that time the Board will be glad to have a report on Governor Norris' condition and to consider what action is then appropriate."

After discussion, it was voted to request the Law Committee to consider the advisability of a ruling along the lines of Mr. Miller's suggestion.

5/27/24

Memorandum dated May 21st from General Counsel, submitting material for publication in the June issue of the Federal Reserve Bulletin.

Approved.

Report of Law Committee on matter referred to it at the meeting on May 21st, namely, copy of letter dated May 14th addressed to the Federal Reserve Bank of San Francisco by Mr. Neil Cunningham of Fresno, California, making formal claim against the Federal Reserve bank for a loss of \$511.70, alleged to have resulted from delay by the Federal reserve banks of San Francisco and Minneapolis in collecting two cashiers' checks on the First National Bank of Alexandria, North Dakota, now closed; the Committee submitting a memorandum on the subject from General Counsel, stating that the matter is one to be settled by negotiation between the parties concerned or by the courts and recommending that the Board merely note the claim and take no further action.

Upon motion, the letter of Mr. Cunningham was ordered filed without action.

Draft of reply to letter dated May 22nd from the Vice President of the Citibank of New York in France, Inc., requesting that it be furnished with the form of agreement with the Board necessary to qualify its stock for purchase by the National City Bank under the terms of Section 25 of the Federal Reserve Act; the proposed reply enclosing copies of the necessary form of agreement and stating that upon receipt of the executed agreement the Board will pass upon the application of the National City Bank for permission to invest in its capital stock.

Approved.

5/27/24

-5-

Draft of reply to letter dated May 22nd from the President of the National City Bank of New York, requesting permission for certain officers of that bank to serve also as officers and/or directors of the Citibank of New York in France, Inc; the proposed reply stating that under the terms of the law the Board must withhold its approval until the National City Bank shall have purchased stock in the Citibank of New York in France, Inc., which could be done upon execution of the necessary agreement between that corporation and the Board.

Approved.

Letter dated May 24th from the Chairman of the Federal Reserve Bank of New York, transmitting and recommending approval of the application of the National City Bank of New York for permission to purchase stock of the Citibank of New York in France, Inc., in the amount of \$499,500.00 par value.

Upon motion, it was voted to approve the application of the National City Bank, subject to the execution of the necessary agreement with the Board by the Citibank of New York in France, Inc.

Letter dated May 19th from the Superintendent of Banks in California, replying to the Board's letter of May 2nd., and outlining a plan of examination, providing for simultaneous entrance at head office and all branches; together with a memorandum dated May 26th from the Board's Chief Examiner stating that the plan appears to be sufficiently comprehensive to warrant approval in principle by the Board, and further, that the efficiency of the plan can best be determined by experience gained in observing it in actual operation.

Upon motion, the letter and memorandum were referred to the Committee on Examinations.

5/27/24

-6-

The Law Committee reported on matter referred to it at the meeting on May 20th, namely, letter dated May 17th from Mr. Hiram Barney of the firm of Pruyn and Barney, New York City, suggesting the establishment of Federal Reserve Bank branches or agencies in certain European cities; the proposed reply stating that while the Federal Reserve banks have no authority to open foreign branches they have, through the Federal Reserve Bank of New York, entered into relationships with most of the principal European central banks of issue.

Upon motion, the proposed reply was approved.

Report of Law Committee on matter referred to it at the meeting on May 21st, namely, letter dated May 19th from the Chairman of the Federal Reserve Bank of Atlanta with regard to the employment of G. T. Rives to make collections of assets of the First National Bank of Acadia Parish at Crowley, La., at a salary of \$6,000 per annum; the Committee submitting a memorandum on the subject from General Counsel, stating that the salary of Mr. Rives is subject to the Board's approval but that the question of whether the Board should approve his salary is purely one of policy.

Upon motion, the matter was referred to the Committee on Salaries and Expenditures.

Report of Law Committee on Letter dated May 9th from the Federal Reserve Agent at Kansas City, requesting approval of certain amendments to those sections of the By-laws of its branches which refer to the signing of checks and vouchers; the Committee submitting a memorandum on the subject from Counsel stating that there is no reason why the Board should not approve the amendments in question.

Upon motion, the amendments were approved.

5/27/24

-7-

Report of Law Committee on letter dated May 9th from the Cashier of the Lincoln State National Bank of Lincoln, Nebraska, with regard to the right of national banks in that state to exercise fiduciary powers; the Committee submitting draft of a reply stating that in the Board's opinion national banks in that state which have obtained the permission of the Board may exercise trust powers under the provisions of Section 11 (k) of the Federal Reserve Act.

Upon motion, the proposed letter was approved.

Letter dated May 24th from the Secretary of the Bankers Association of Union and Somerset Counties, Elizabeth, New Jersey, quoting a resolution adopted by the association requesting the enactment of legislation permitting deposits in Federal Reserve banks now held on deferred credit, to be accepted as legal reserves.

Referred to the Chief of the Board's Division of Bank Operations for the preparation of a reply.

Letter dated May 20th from the Assistant Federal Reserve Agent at Dallas, advising that the Guaranty State Bank of Knox City, Texas, will not agree to the condition of membership imposed upon it by the Board that it charge out of its assets \$2,353.32 listed as losses by the Examiner of the Federal Reserve bank and stating that it is assumed the bank's decision will not be changed and that they may consider the matter of membership as closed.

Noted.

Memorandum dated May 23rd from the Board's Chief Examiner, submitting report of examination of the Federal International Banking Company of New Orleans, La., made as at the close of business March 8, 1924.

Referred to the Committee on Examinations.

Report of Examination of the Federal Reserve Bank of Dallas and its

branches, made as at the close of business on March 22, 1924.

5/27/24

-8-

Referred to the Committee on Examinations and
Committee on District #11.

Report of Examination of the Federal Reserve Bank of Atlanta and its
branches, made as at the close of business on March 1, 1924.

Referred to the Committee on Examinations and
Committee on District #6.

Memorandum dated May 27th from the Secretary of the Board, calling
attention to the fact that the Board is frequently requested to rule on matters
submitted to it by junior officers of Federal Reserve banks and suggesting
that the Board request the Federal Reserve banks to submit matters to it for
rulings only over the signature of the Governor, the Chairman or the acting
senior officer of the bank.

Upon motion, the matter was referred to Counsel
for the preparation of a ruling along the lines of
the Secretary's suggestion.

REPORTS OF STANDING COMMITTEES:

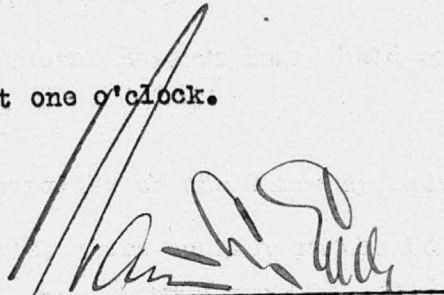
- | | |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dated, May 21st,
22nd,
24th,
27th, | Recommending changes in stock at Federal Reserve Banks,
as set forth in the Auxiliary Minute Book of this date.
Approved. |
| Dated, May 27th,
27th,
27th, | Recommending action on applications for fiduciary powers
as set forth in the Auxiliary Minute Book of this date.
Approved. |
| Dated, May 27th, | Recommending action on application for fiduciary powers
as set forth in the Auxiliary Minute Book of this date.
Ordered held. |
| Dated, May 27th, | 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, May 24th, | Recommending approval of the application of Mr. A. F.
Townsend to serve at the same time as director of the |

5/27/24

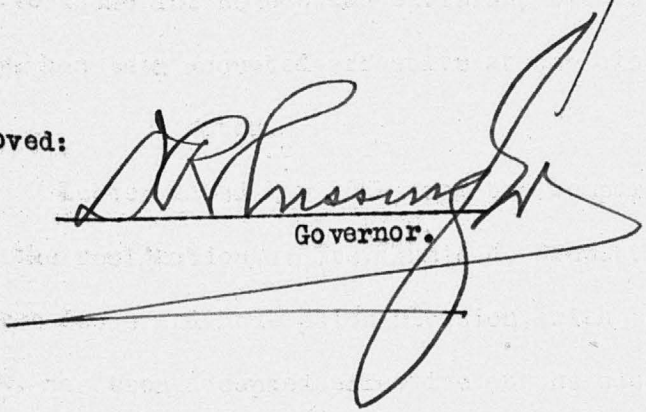
REPORTS OF STANDING COMMITTEES: (Cont'd)

National Iron Bank of Morristown, New Jersey
and as director of the Passaic National Bank
and Trust Company of Passaic, New Jersey.
Approved.

The meeting adjourned at one o'clock.


Secretary.

Approved:


Governor.