

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, June 4, 1924, at 11:25 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on June 3rd were read and approved.

Letter dated June 3rd from the Under Secretary of the Treasury, enclosing copy of a contract entered into by the Treasury Department with Messrs. Marsh and McLennan, New York City, effective June 1, 1924, covering shipments of currency, coin, bullion and securities by registered mail for government account.

Ordered circulated.

Letter dated May 31st from Francis E. Pope, Insurance Broker, Washington, D. C., requesting certain information with regard to the registered mail shipments of the Federal Reserve banks and stating that he would like to quote the Board a rate on the registered mail insurance business of the banks.

Upon motion, the Secretary was instructed to take the matter up with the Insurance Committee of the Governors.

Letter dated May 29th from the Federal Reserve Agent at San Francisco, advising that the Columbia Trust Company of Salt Lake City, a member bank, has reduced its capital stock from \$250,000 to \$200,000, and stating that the conditions of membership to which it agreed do not contain a provision that permission of the Board be secured before a reduction of capital stock is effected.

Noted.

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Report of Committee on Examinations on letter dated May 28th from the Federal Reserve Agent at San Francisco, enclosing a communication from the President of the American Bank of San Francisco advising of the bank's plan to merge the Bank of San Leandro, California, and the First National Bank of San Leandro and to operate a single branch in their premises; the Committee recommending that the Board raise no objection to the merger.

Approved.

Letter dated May 29th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of the application of the Bank of California, N. A. San Francisco, for permission to accept drafts and bills of exchange for the purpose of furnishing dollar exchange, as provided for under Section 13 of the Federal Reserve Act.

Approved.

Letter dated June 3rd from the Governor of the Federal Reserve Bank of New York, requesting advice as to the attitude of the Board on action taken at the meeting of the Open Market Committee held on May 29th.

Upon motion, it was voted that Governor Strong be advised that the action reported in his letter is in accordance with the understanding of the Board, making it clear that the banks are authorized to purchase through the Committee up to \$400,000,000 of short time government obligations, and that the Board should be advised when that is done.

Memorandum from Counsel with regard to letter dated May 28th from the Federal Reserve Agent at St. Louis with reference to the eligibility for membership of the Trust Company of St. Louis County, Clayton, Missouri,

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which has transferred its commercial business to the First National Bank of Clayton, Missouri, which operates in conjunction with it; Counsel expressing the opinion that the corporate powers exercised by the trust company are legally consistent with the purposes of the Federal Reserve Act, and that the institution is technically eligible for membership.

Mr. Platt moved that the Federal Reserve Agent be advised that the Board sees no reason for refusing to admit the trust company and that he should forward its application, with any further reasons he may have for disapproving it, and with information as to whether the ownership of the trust company and the First National Bank is the same.

Carried.

Memorandum from Counsel with regard to letter dated May 28th from the Manager of the Bill Department of the Federal Reserve Bank of New York, enclosing a memorandum from the International Acceptance Bank giving a detailed explanation of the proposed method of financing sales of cotton in Germany by American bankers' acceptances which would be eligible for discount.

Ordered circulated.

Report of Law Committee referring to action taken at the recent Governors' conference with regard to the Board's ruling that cash and currency in transit be credited member banks when computing their reserves for the purpose of assessing penalties for deficiencies; the Committee recommending that the Board send to each Federal Reserve bank the opinion of its Counsel as to the legality of the ruling in question.

Upon motion by Mr. Hamlin, it was voted that a copy of Counsel's opinion be sent to each Federal Reserve bank.

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Memorandum from the Governor dated June 3rd calling to the Board's attention the official report of the Committee of Governors appointed by the Board in March 1923 to consider the question of abolishing the practice of Federal Reserve banks handling non-cash collection items and suggesting that the Board consider and reach a determination on the matter at an early date.

Ordered circulated.

Letter dated June 2nd from the Governor of the Federal Reserve Bank of Boston, enclosing a memorandum reporting the views of officers of various members in the First District regarding the probable effect of a lower rediscount rate.

Referred to Dr. Miller for the preparation of a reply to be submitted to the Board, said reply to contain the statement that the Board feels the rate of the Boston bank should be lowered.

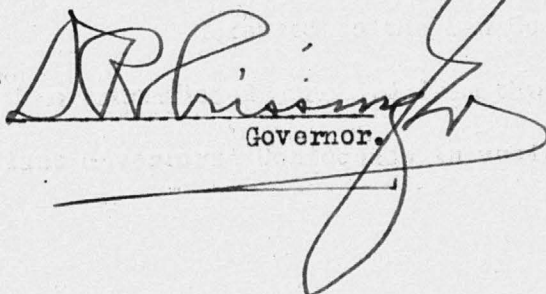
REPORTS OF STANDING COMMITTEES:

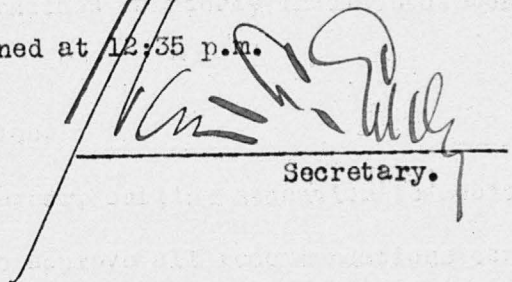
Dated, June 4th, 4th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.

Dated, June 4th, 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.
Disapproved.

The meeting adjourned at 12:35 p.m.

Approved:


Governor.


Secretary.