

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, June 6, 1924, at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on June 4th were read and approved as amended.

At this point, Governor Strong of the Federal Reserve Bank of New York entered the meeting and outlined to the Board the plan of the Open Market Investment Committee for apportioning additional purchases of short time government securities for account of the various Federal Reserve banks on the basis of the earnings of the individual banks during the first five months of the current year, and the estimated amount of earnings necessary to enable each bank to meet its expenses and dividend payments.

After discussion, it was suggested that Governor Strong submit the matter in writing to the Board for its consideration in order that it might then be transmitted to the Federal Reserve banks with the Board's approval.

Governor Strong also discussed with the members of the Board the discount of German trade bills and the proposed investment of a portion of his bank's balance with the Bank of England.

At this point, Governor Strong left the meeting.

The minutes of the meeting of the Federal Reserve Board held on June 5th were read and approved.

The Governor then submitted copies of telegrams sent yesterday

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afternoon to the Federal Reserve Agent at San Francisco and to the attorneys for Joseph Herrscher with regard to complaint against the proposed merger of the First National Bank of San Leandro and the Bank of San Leandro into a branch of the American Bank of San Francisco; the telegram to Mr. Perrin stating that on account of the complaint the Board will consider the revocation of the permit granted the American Bank of San Francisco to take over the Bank of San Leandro and directing him to make an investigation of the situation.

Upon motion, the telegrams were formally ratified.

The Governor then presented draft of a telegram to the Federal Reserve Agent at San Francisco quoting the text of the complaint made to the Board by the attorneys for Mr. Herrscher.

Approved.

Telegram dated June 5th from the Federal Reserve Agent at San Francisco, advising that the Board of Directors of that bank had voted to reduce the discount rate of the bank to 4%, effective June 10th, and to continue the minimum purchase rate on bankers acceptances at 2 $\frac{1}{2}$ %.

Upon motion, the reduction in the discount rate of the San Francisco bank was approved, effective June 10th.

The Governor then stated the Secretary of the Board had received word from a New York newspaper correspondent that the correspondent's New York office had advised him of a rumor current in New York to the effect that the San Francisco Reserve bank had reduced its discount rate.

Upon motion, it was voted that the Board inquire of the Federal Reserve Bank of San Francisco whether it had announced the proposed rate reduction, and if so, when such announcement was made.

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Memorandum dated June 5th from the Secretary of the Board recommending that the services of R. E. Palmer, telegraph operator, be dispensed with by the Board effective as at the close of business June 2nd, and requesting authority to arrange for a temporary operator until a successor to Mr. Palmer can be employed.

Approved.

Telegram dated June 4th from the Federal Reserve Agent at Dallas, advising of the resignation effective June 1st of Mr. M. D. Jenkins, Cashier of the Houston branch and requesting approval of the appointment of L. G. Pondrom, at present Assistant Cashier of the branch, to succeed him at a salary of \$3500 per annum.

Approved.

Report of Committee on Examinations on letter dated June 3rd from the Federal Reserve Agent at Cleveland, transmitting and recommending approval of the application of the Commercial Savings Bank and Trust Company, Toledo, Ohio, for permission to establish two branches in that city; the Board's Committee also recommending approval.

Approved.

Letter dated June 5th from the Federal Reserve Agent at New York, advising that in anticipation of moving into their new building the bank has decided to draw down its vault supply of \$5 Federal Reserve notes to a minimum of perhaps \$3,000,000, without further shipments from Washington until they are able to use the vaults in the new building.

Noted.

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Letter dated June 4th from the Assistant Federal Reserve Agent at Chicago, transmitting copy of a letter sent to state banks in Michigan by the Commissioner of Banking with regard to the Board's Regulation H, Series of 1924.

Noted.

Letter dated June 3rd from the Assistant Federal Reserve Agent at Chicago, transmitting advertising matter issued by the Peoples Reserve System, Inc., Chicago, Illinois, and copy of a letter from the Cashier of the Irving Park National Bank of Chicago complaining against the name of the corporation.

Referred to the Law Committee for the preparation of letters bringing the name of the corporation to the attention of the Attorney General and the Postmaster General.

Memorandum dated June 4th from the Deputy Comptroller of the Currency, quoting from a recent report of examination of the Central State National Bank of Memphis, Tennessee, information with respect to the practice of Memphis banks in permitting withdrawals from savings deposits without presentation of pass books.

Referred to the Law Committee.

Memorandum dated June 5th from the Committee on Currency, recommending that the Board adopt the following policy recommended by the recent Governors Conference:

"That Federal reserve banks be permitted to make shipments to member banks of an adjacent district upon the application and approval of the Federal reserve bank of the district in which such member bank is situated.

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"The Board recognizes that there are many objections to this procedure as a practice, both theoretical and practical, and, therefore, the use of the plan should be resorted to only in special cases of emergency, or in isolated cases where for geographical or other reasons it is peculiarly desirable to do so, and then only upon the request by one Federal reserve bank of another".

Upon motion, the recommendation of the Committee on Currency was adopted.

Report of Committee on Salaries and Expenditures on letter dated June 3rd from the Chairman of the Federal Reserve Bank of New York, requesting approval of the appointment of Charles L. Sakon, elevator mechanic, at a salary of \$2600 per annum; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated May 28th from the Federal Reserve Agent at San Francisco, requesting authority to make certain charge offs for depreciation on bank building at the end of June and to set up certain reserves for probable losses; the Committee recommending approval of a form of letter to all Federal Reserve banks on the subject "Payment of Dividends on June 30, 1924", and advising that the books of the Federal Reserve banks will not be closed on June 30th nor will any reserves be set up at that time to take care of depreciation, to cover losses or for other purposes.

Upon motion, the proposed letter was approved.

At this point, the Secretary of the Treasury entered the meeting and took the chair.

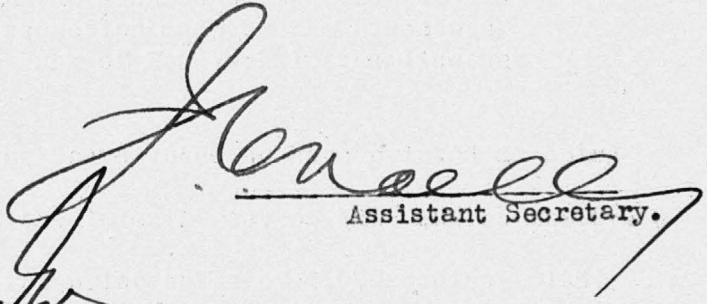
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Following a general discussion of the matter of appointing a Federal Reserve Agent at Minneapolis to succeed Mr. John H. Rich, deceased, it was voted that further consideration thereof be postponed until the meeting on Tuesday, June 17th.

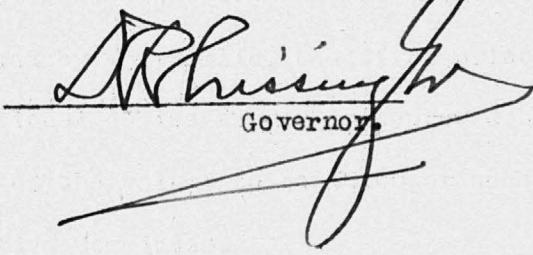
REPORTS OF STANDING COMMITTEES:

- Dated, June 5th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, June 6th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, June 6th, 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 12:50 p.m.


Assistant Secretary.

Approved:


Governor.