

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, June 10, 1924, at 11:05 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on June 6th were read and approved.

Report of Law Committee on matter referred to it at the meeting on June 5th, namely, letter dated June 4th from Chairman of the Committee on Banking and Currency of the House of Representatives, enclosing a copy of H. R. 9344, a bill to amend Section 8 of the Clayton Act; the Committee submitting a memorandum from Counsel stating that the letter does not require any action by the Board.

Noted.

Telegram dated June 6th from the Federal Reserve Agent at San Francisco, stating that he recommends approval of the application of the Italian-American Bank of San Francisco for permission to accept drafts for the purpose of creating dollar exchange, which application was transmitted with his letter of May 28th.

Upon motion the application of the Italian-American Bank was approved.

Draft of letter to the Federal Reserve Agent at Dallas with regard to his practice of holding paper discounted for suspended banks as collateral security for Federal Reserve notes.

Approved.

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Report of Committee on Salaries and Expenditures on letter dated June 6th from the Secretary of the Federal Reserve Bank of Cleveland, requesting approval of a salary of \$3600 per annum for Mr. B. O. Buckstaff to be employed as Manager of the Personnel Department of the bank; the Committee recommending that the Chairman of the Board of Directors of the Cleveland bank, as the Board's representative, be requested to advise the Board more fully as to the character and necessity of Mr. Buckstaff's employment.

Upon motion, the recommendation of the Committee on Salaries and Expenditures was adopted.

Telegram dated June 6th from the Federal Reserve Agent at San Francisco, replying to the Board's telegram of the same date on the subject of publicity to the recent rate reduction of the bank.

Noted.

Letter dated June 4th from the Governor of the Federal Reserve Bank of Minneapolis, requesting reconsideration by the Board of its action in disapproving a recommendation of the directors of that bank that Judge Ueland, Counsel for the bank, be granted a leave of absence for ninety days, with full pay, and in granting instead a leave of thirty days; the letter stating that the directors voted to grant Judge Ueland ninety days because during his ten years' employment with the bank he has never taken the regular vacation.

After discussion, Mr. Platt moved that Governor Young be informed that in view of the fact Judge Ueland has not taken his regular vacations, the Board will make an exception in his case and approve a leave of ninety days with full pay, but does not look with favor upon a proposition of cumulative leave.

Carried.

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Letter dated June 6th from the Governor of the Federal Reserve Bank of New York, submitting for the Board's consideration a resume of the matter discussed by him at the meeting on June 6th, namely, the plan of the Open Market Investment Committee for apportioning purchases of short time government securities for account of various Federal Reserve banks on the basis of their earnings' requirements.

Ordered circulated and docketed for a future meeting.

Report of Committee on Branches on the matter referred to the recent Conference of Governors, namely, "Policy of the Board in the matter of the Establishment of Branches of Federal Reserve banks".

Ordered circulated.

At this point, Mr. Dawes entered the meeting.

The Governor then presented the matter ordered circulated at the meeting on June 4th, namely, report of the Committee of Governors appointed by the Board in March, 1923 to consider the question of abolishing the non-cash collection function of the Federal Reserve banks; together with an analysis of the report prepared by the Board's Chief Examiner.

Mr. Hamlin moved that a copy of the Chief Examiner's analysis be sent to each member of the Committee for such comment as he may care to make.

Carried.

Letter dated June 10th from the Under Secretary of the Treasury advising that, due to the failure of the Treasury's deficiency bill to pass before the close of the last session of Congress, the Department has no funds available for the purpose of defraying up to July 1st the cost to Federal

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Reserve banks of receiving unfit currency and paying out new currency, and that as a result the Treasury has been obliged to withdraw temporarily the authorization to the Federal Reserve banks to carry on such transactions for it; the letter further stating that unless the Federal Reserve banks are willing to assume this expense shipments of new currency to them will cease until July 1, 1924.

Mr. Hamlin moved that the Law Committee prepare a reply to Mr. Winston, acknowledging receipt of his letter, putting an end to the fiscal agency relations between the Federal Reserve banks and the Treasury regarding shipments of currency, and stating that the Board presumes he has notified the banks of the termination of that agency.

Carried.

Report of Committee on Examinations on memorandum dated June 6th from the Comptroller of the Currency, recommending approval, subject to conditions, of the application of the First National Bank of Hartington, Nebraska, for permission to reduce its capital stock from \$100,000 to \$60,000; the Board's Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June 6th from the Secretary of the Federal Reserve Bank of Cleveland, enclosing copy of a resolution adopted by the directors of that bank declaring a dividend for the six months' period ending June 30, 1924, at the rate of 6% per annum on the paid-in capital stock of the bank, payable June 30, 1924; the Committee recommending approval of the dividend resolution.

Approved.

