

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, June 19, 1924, at 11:05 a.m.

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

PRESENT ALSO: Mr. Eugene Meyer, Managing Director of the War Finance Corporation.

Mr. Meyer discussed with the members of the Board a plan for the organization of a corporation to take over from some twenty or twenty-five member banks in the state of Idaho, paper rediscounted with the Salt Lake City branch of the Federal Reserve Bank of San Francisco, upon the security of which the War Finance Corporation proposes to make loans to the new corporation. Mr. Meyer explained to the members of the Board that difficulty was being encountered in raising the \$300,000 capital desired for the new corporation but that this difficulty could be avoided if the Federal Reserve Bank of San Francisco would agree to accept a possible first loss on such paper up to about \$150,000. Mr. Meyer stated that if the Federal Reserve bank would do this the War Finance Corporation would be willing to loan the new organization about \$2,000,000 and that as a result confidence in the Idaho member banks, which is at the present time impaired by their large rediscounts with the Federal Reserve bank, would be restored. After discussion of the matter Mr. Meyer stated he was leaving in a few days for San Francisco and he was advised of the view of the Board that the matter should be taken up with the Federal Reserve Bank of San Francisco and its Salt Lake City branch.

At this point, Mr. Meyer left the meeting.

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Letter dated June 16th from the Comptroller of the Currency, advising of the resignation of Miss Lulee Ernest, Clerk-counter in the Federal Reserve Issue and Redemption Division, effective June 15, 1924.

Accepted.

Letter dated June 17th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the directors of the bank have voted to elect H. C. Frazer, Chief Clerk at the Havana Agency, as Acting Assistant Manager of the agency without change in salary.

Noted.

Report of Committee on Salaries and Expenditures on letter dated June 14th from the Chairman of the Federal Reserve Bank of Cleveland, transmitting detailed information with regard to the action of the directors of that bank in voting to appoint Mr. B. O. Buckstaff as Manager of the Personnel Department at a salary of \$3600 per annum; the Committee recommending approval of the salary proposed.

Approved.

Report of Committee on Salaries and Expenditures on letter dated June 13th from the Governor of the Federal Reserve Bank of Minneapolis, requesting approval of the action of the directors of that bank in declaring a semi-annual dividend at the rate of 6% per annum on the paid-in capital stock of the bank,

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payable June 30, 1924; the Committee recommending approval.

Approved.

Letter dated June 18th from the Chairman of the Federal Reserve Bank of New York, requesting approval of the action of the directors of that bank in establishing a 2% minimum purchase rate on bankers acceptances and a 2 1/2% minimum purchase rate on trade acceptances.

Approved.

Telegram dated June 18th from the Governor of the Federal Reserve Bank of Chicago, requesting approval of the action of the Executive Committee of that bank in establishing a 2% minimum purchase rate on bankers acceptances.

Approved.

Telegram dated June 18th from the Chairman of the Federal Reserve Bank of St. Louis, requesting approval of the establishment of a 2% minimum purchase rate on bankers acceptances.

Approved.

Mr. James then moved that the Board reconsider action taken at the meeting on June 17th, in disapproving the recommendation of the directors of the Federal Reserve Bank of Atlanta for a 2% minimum purchase rate on bankers acceptances and in approving instead a minimum rate of 2 1/2%, the lowest then in effect.

Carried.

Mr. James then moved that the Board approve for the Federal Reserve Bank of Atlanta a 2% minimum purchase rate on bankers acceptances.

Carried.



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Letter dated June 18th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting approval of the action of the directors of that bank in voting to establish a 2% minimum purchase rate on bankers acceptances and advising the Board of the attitude of the directors of the bank that an investment in government bonds to an amount equal to the capital and surplus of the bank would be right in principle, give assurance of sufficient earnings to pay dividends and operating expenses, and reduce competition with member banks in the money market.

Upon motion it was voted to approve for the Philadelphia bank a 2% minimum purchase rate on bankers acceptances.

Mr. Hamlin then moved that the question of increased investments in government bonds be referred to the Open Market Investment Committee for the Federal Reserve System for report.

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

- Governor Crissinger, "no"
- Mr. Miller, "no"
- Mr. Cunningham, "no"
- Mr. Hamlin, "aye"
- Mr. James, "aye"

Mr. Hamlin then moved that the matter be referred to the Board's Committee on Discount and Open Market Policy.

Carried.

Letter dated June 17th from the Chairman of the Federal Reserve Bank of Chicago, with regard to the recent reduction in the discount rate of the bank.

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Noted and referred to the Committee on Discount and Open Market Policy.

Draft of reply, prepared by Counsel, to letter dated June 10th from the Federal Reserve Agent at San Francisco, with regard to the application of the Italian-American Bank of San Francisco to accept for the purpose of creating dollar exchange, recently approved by the Board, and inquiring as to the necessity for such application in view of the conditions of membership imposed at the time of the bank's admission to the System; the proposed reply stating that the condition of membership relates primarily to the amounts of drafts of various kinds which may be accepted, but that the provisions of law and the Board's regulations require that permission to accept must be secured from the Board.

Upon motion, the proposed letter was approved.

Report of Committee on Branches on the matter referred to it at the meeting on January 26th, namely, letter dated January 22nd from the Governor of the Federal Reserve Bank of Richmond, with regard to the erection of a building to house the Baltimore branch; the Committee pointing out that Congressional authority for a building is necessary and that the question so far as the Board is concerned is closed, and stating further that the Committee is not altogether satisfied with the building site owned in Baltimore.

Upon motion, the report of the Committee on Branches was accepted and a copy ordered transmitted to the Federal Reserve Bank of Richmond.

The Governor then presented the matter ordered circulated at the meeting on June 10th, namely, letter dated June 6th from the Governor of the Federal Reserve Bank of New York, with regard to the manner of apportioning further purchases of government securities and of bills between the Federal

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Reserve banks.

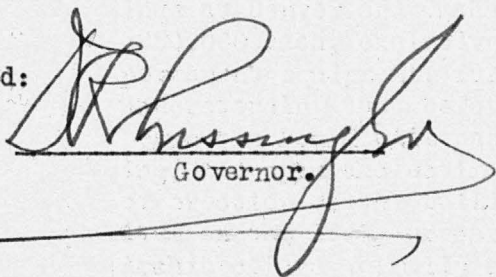
Upon motion the matter was referred to the Board's  
Division of Bank Operations for report.

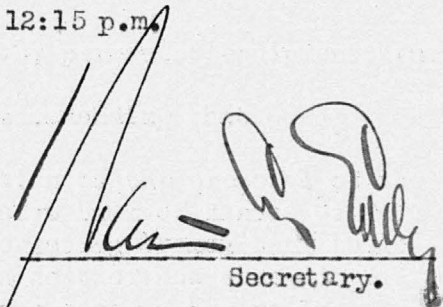
REPORTS OF STANDING COMMITTEES:

Dated, June 18th, Recommending changes in stock at Federal Reserve Banks,  
as set forth in the Auxiliary Minute Book of this date.  
Approved.

The meeting adjourned at 12:15 p.m.

Approved:

  
Governor.

  
Secretary.