

A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, June 21, 1924, at 11:00 a.m.

PRESENT: Mr. Miller, Member Executive
Committee
Mr. Hamlin
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary

Mr. Miller announced that the meeting was called for the purpose of conducting a hearing to show cause why the Farmers and Stockgrowers Bank of Montour, Idaho, should not be required to surrender its stock in the Federal Reserve Bank of San Francisco and to forfeit all rights and privileges of membership in the System.

No one appearing on behalf of the Farmers and Stockgrowers Bank, Montour, Idaho, at the said hearing before the Federal Reserve Board, that bank having waived its right to appear at the said hearing under the terms of Section 9 of the Federal Reserve Act; and it appearing to the Federal Reserve Board that the said Farmers and Stockgrowers Bank, Montour, Idaho, has failed to comply with the provisions of Section 9 of the Federal Reserve Act and the Regulations of the Federal Reserve Board made pursuant thereto, in that said bank while a member of the Federal Reserve System has reduced its capital stock from \$25,000 to \$15,000, the latter amount being less than that which would be required for the organization of a national bank in the place in which said bank is located;

Upon motion duly made and seconded the following resolution was unanimously adopted by those present:

"WHEREAS, it appears to the Federal Reserve Board, from a consideration of the evidence and information received by it, that the Farmers & Stockgrowers Bank, Montour, Idaho, has failed to comply with

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"the provisions of Section 9 of the Federal Reserve Act and that the said bank has failed to comply with the regulations of the Federal Reserve Board made pursuant to the provisions of that section,

NOW, THEREFORE, BE IT RESOLVED, that the Federal Reserve Board require and direct the Farmers & Stockgrowers Bank, Montour, Idaho, under the terms of Section 9 of the Federal Reserve Act as amended, to surrender its stock in the Federal Reserve Bank of San Francisco and to forfeit all rights and privileges of membership in the Federal Reserve System as of the date on which notice of this action on the part of the Federal Reserve Board is received by the said bank."

The Board then proceeded with its regular business.

Report of Committee on Salaries and Expenditures on letter dated June 19th from the Chairman of the Federal Reserve Bank of New York, enclosing copy of resolution adopted by the directors of that bank in 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 - approximately \$313,000 of said dividend to be paid from current earnings and the balance of approximately \$579,000 to be paid out of surplus; the Committee recommending approval of the dividend payment and recommending approval also of the suggestion of the Chief of the Board's Division of Bank Operations, in a memorandum attached to the Committee's report, that no charge should be made to surplus at this time, but that total accrued dividends should be carried as a deduction from current net earnings on the bank's balance sheet until the end of the year, when the exact amount of the charge to surplus, if any, will be determined for the fiscal period.

Upon motion, the report of the Committee on Salaries and Expenditures was made special order for the meeting on Tuesday June 24th.

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Telegram dated June 19th from the Deputy Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the action of the directors of that bank in fixing a minimum buying rate for bankers acceptances of 2%, effective immediately; together with telegraphic reply dated June 20th, sent on the initials of four members of the Board, approving the action of the San Francisco directors.

Upon motion, the 2% minimum buying rate was formally ratified.

Telegram dated June 20th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the Executive Committee on that date established a minimum buying rate for bankers acceptances of 2%; together with telegraphic reply dated June 20th, sent on the initials of four members of the Board, approving the action of the Executive Committee.

Upon motion, the 2% minimum buying rate was formally ratified.

Report of Committee on Salaries and Expenditures on letter dated June 17th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the action of the directors of that bank in 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; the Committee recommending approval.

Approved.

Bond of George A. Hope, Acting Assistant Federal Reserve Agent at the Federal Reserve Bank of St. Louis, in the amount of \$50,000.

Approved.

Memorandum dated June 20th from the Board's Fiscal Agent, submitting an estimate of the Board's expenses for the six months' period beginning

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July 1, 1924, in the amount of \$301,847.40, and advising that an assessment at the rate of ninety-one thousandths of 1% of the paid-in capital and surplus of the Federal Reserve banks, as of June 30, 1924, will produce \$302,497.65.

Upon motion, the following resolution was unanimously adopted:

"Whereas, under Section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal Reserve Banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts and employees for the half-year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half-year; and

Whereas, it appears from estimates submitted and considered that it is necessary that a fund equal to ninety-one thousandths of one per cent of the total paid-in capital stock and surplus of the Federal Reserve Banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal Reserve notes; Now, therefore,

Be it resolved, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal Reserve Banks of an amount equal to ninety-one thousandths of one per cent of the total paid-in capital and surplus of such banks as of June 30, 1924, and the Fiscal Agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board, receipts for payments made. Such assessments will be collected in two installments of one-half each; the first installment to be paid on July 1, 1924, and the second half on September 1, 1924."

Letter dated June 19th from the Secretary of the Federal Reserve Bank of New York, referring to the Board's letter of January 25th, 1924 (X-3953) and quoting a resolution adopted by the directors of that bank that it will not consider cash in transit, either or both ways, as part of the required reserves

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of member banks or take such currency into account in computing penalties for deficiencies in reserves.

Referred to the Law Committee.

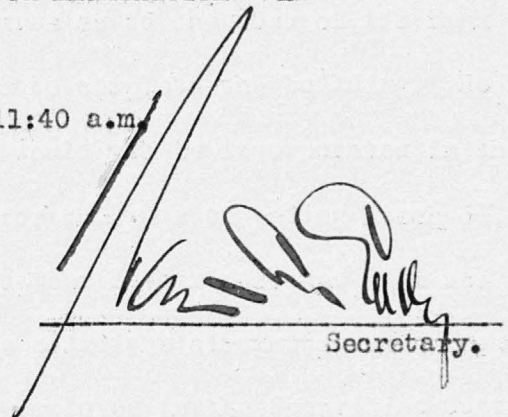
Report of examination of the Federal Reserve Bank of St. Louis and its branches made as at the close of business April 5, 1924.

Referred to the Committee on Examinations and Committee on District #8.

Report of Examination of the Federal Reserve Bank of Cleveland and its branches made as at the close of business on April 19, 1924.

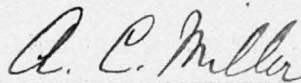
Referred to the Committee on Examinations and Committee on District #4.

The meeting adjourned at 11:40 a.m.



Secretary.

Approved:



Member, Executive Committee.