

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, June 25, 1924, at 11:05 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on June 24th were read and approved.

Telegram dated June 25th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting approval of the action of the directors of that bank in establishing a rediscount rate of $3\frac{1}{2}\%$ on paper of over ninety days and up to nine months' maturities; the Board having previously approved a $3\frac{1}{2}\%$ rate on paper maturing within ninety days.

Upon motion the action of the directors of the Philadelphia bank was approved.

Telegram dated June 23rd from the Chairman of the Federal Reserve Bank of Boston, requesting approval of the action of the Executive Committee of that bank in establishing a 2% minimum buying rate on bills and bankers acceptances; together with a telegraphic reply made on the same date on the initials of members of the Board approving such action.

Upon motion the minimum buying rate was formally ratified.

Letter dated June 25th from the Acting Comptroller of the Currency, advising of the resignation of Miss Clara M. Reddington, money counter in the Issue and Redemption Division, effective June 24, 1924.

Accepted.

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Letter dated June 25th from the Acting Comptroller of the Currency, requesting approval of the appointment of Miss Frances L. Danks as money counter in the Issue and Redemption Division for a period of ninety days, at a salary of \$1020 per annum, effective June 25th.

Approved.

Letter dated June 17th from the Federal Reserve Agent at San Francisco, advising of the withdrawal by the Security Trust and Savings Bank of its application to establish a branch at Glendale Boulevard and Seneca Avenue, Los Angeles, which was approved by the Board on May 12th.

Noted.

Memorandum dated June 23rd from the Board's Chief Examiner, advising of the resignation, effective July 7, 1924, of Mr. J. B. Atkins, Assistant Federal Reserve Examiner, and requesting permission to fill the vacancy thus created at a salary not to exceed \$2400 per annum.

Upon motion, the resignation of Mr. Atkins was accepted and authority to employ a successor was granted.

Report of Committee on Salaries and Expenditures on letter dated June 20th from the Secretary of the Federal Reserve Bank of Cleveland, requesting approval of increases for Messrs. J. M. Miller and C. C. Halloran, employees of the bank; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on 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 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

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Report of Committee on Salaries and Expenditures on letter dated June 19th from the Chairman of the Federal Reserve Bank of St. Louis, 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.

Report of Committee on Salaries and Expenditures on letter dated June 21st from the Chairman of the Federal Reserve Bank of Kansas City, 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.

Report of Committee on Salaries and Expenditures on letter dated June 20th from the Chairman of the Federal Reserve Bank of Dallas, 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.

Report of Committee on Salaries and Expenditures on letter dated June 19th from the Chairman of the Federal Reserve Bank of St. Louis, advising of the resignation of Mr. John J. Heflin, Manager of the Memphis branch and requesting approval of the following appointments, effective July 1, 1924, made necessary thereby:

V. S. Fuqua, Manager, - \$5,000 per annum
 S. K. Belcher, Cashier, - \$4,000 per annum
 C. E. Martin, Assistant Cashier, - \$3300 per annum

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The Board's Committee in its report recommended approval of the foregoing appointments.

Approved.

Draft of letter dated June 23rd to the Federal Reserve Agent at Chicago, advising that the Farmers State Savings Bank of Milford, Michigan, which has made application for surrender of stock, based on a reduction in capital of \$25,000, should file formal application with the Board for permission to make such reduction.

Mr. James moved that in communicating with the Federal Reserve Agent at Chicago his attention be called to the fact that permission to reduce capital of the Milford bank should have been secured before he transmitted its application for surrender of stock.

Carried.

At this point, Mr. Cunningham entered the meeting.

Report of Committee on Salaries and Expenditures on letter dated June 20th from the Chairman of the Federal Reserve Bank of New York, requesting approval of the appointment of Mr. Ray M. Gidney as Comptroller at Large, to take care of the Bank Relations work of the New York bank, at a salary of \$12,000 per annum; the Board's Committee, with the exception of Mr. Miller, recommending approval.

Mr. James moved approval of the salary recommended.

Mr. James' motion being put by the chair was carried, the members voting as follows:

Mr. Platt, "aye"
 Mr. Hamlin, "aye"
 Mr. James, "aye"
 Mr. Miller, "no"
 Mr. Cunningham, "no"
 Governor Crissinger, "not voting"

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Letter dated June 19th from the Chairman of the Federal Reserve Bank of York, advising that Mr. A. B. Trowbridge, Consulting Architect for the Board and the Federal Reserve Bank of New York, has tendered his resignation to the bank, effective June 30th, and requesting approval of the appointment of Mr. O. W. TenEyck, at present employed by the Board and bank as assistant to the Consulting Architect, in the capacity of Building Superintendent at a salary of \$7500 per annum; the Committee recommending approval.

Approved.

Letter dated June 16th from Mr. A. B. Trowbridge, Consulting Architect, suggesting that after July 1st an arrangement be made whereby he would receive a salary of \$3,000 per annum, plus an expense allowance of \$3,000 per annum.

Mr. Hamlin moved that Mr. Trowbridge be advised that the Board favors a flat fee basis and that if the Board after June 30th has occasion to employ his services it will enter into a contract to cover same at the time.

Mr. Miller moved as a substitute for Mr. Hamlin's motion that the Board abolish the office of Consulting Architect, effective July 1, 1924.

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

Mr. Miller, "aye"
 Mr. James, "aye"
 Mr. Cunningham, "aye"
 Mr. Platt, "no"
 Mr. Hamlin, "no"
 Governor Crissinger, "not voting"

Mr. Miller then moved that Mr. Trowbridge be advised that the office has been discontinued as of July 1 and that while the Board expects to have occasion to consult him in future it will compensate him for such services on an agreed basis for each specific project..

Carried.

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Report of Committee on Branches on the matter referred to it on the meeting of June 16th, namely, letter dated June 4th from the Chairman of the Federal Reserve Bank of San Francisco, referring to the Board's Regulations relative to directors of Branch Federal Reserve banks and inquiring as to that paragraph which provides that managers shall be directors of the branches; the Committee stating that the point raised by Mr. Perrin does not warrant a change in the Regulation at this time.

Noted.

Report of Committee on Discount and Open Market Policy on the matter referred to it at the meeting on June 19th, namely, letter dated June 18th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting approval of an investment by that bank in government bonds of a sum equal to the capital and surplus of the bank; the Committee's report reading as follows:

"The Discount and Open Market Policy Committee at its meeting on June 24th adopted the following:

The Committee has given consideration to the request made by the Philadelphia Federal Reserve Bank in its letter of June 18th asking for authority to invest in government bonds a sum equal to its capital and surplus, in order to give the bank 'assurance of sufficient earnings to pay dividend and operating expenses and really make it very much less of a competitor with member banks in the money market'.

Without committing the Board on a question of principle, the Committee is of the opinion that authority to make such investments as the Reserve Bank of Philadelphia asks would at this time be undesirable. It therefore recommends that the authority asked for be not granted.

The Committee suggests that the question as to Federal reserve banks investing their capital and surplus in whole or in part in government securities be scheduled for consideration at the autumn conference of Governors and Federal Reserve Agents."

After discussion Mr. Platt moved adoption of the Committee's recommendation that the authority asked for be not granted.

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

- Mr. Platt, "aye"
- Mr. Miller, "aye"
- Mr. Cunningham, "aye"
- Mr. Hamlin, "no"
- Mr. James, "no"
- Governor Crissinger, "not voting"

Mr. Hamlin stated that he voted "no" as he had grave doubt as to the power of the Board to make any such ruling.

Mr. Platt stated that he voted for the recommendation on the theory that it is probably undesirable to make such investments at this time, but that he thinks Congress distinctly contemplated investments by Federal Reserve banks in government bonds and that the time will come when it might be advisable for the banks to buy such bonds to some extent.

Mr. Platt then moved approval of the Committee's suggestion that the question of Federal Reserve banks investing their capital and surplus in whole or in part in government securities be scheduled for consideration at the autumn conference of Governors and Federal Reserve Agents.

Carried.

Report of Committee on Discount and Open Market Policy on the matter referred to it at the meeting yesterday, namely, letter dated June 6th from the Governor of the Federal Reserve Bank of New York, suggesting the apportionment of government securities and bills between the Federal Reserve banks on the basis of earnings' requirements; the Committee's report reading as follows:

"The Discount and Open Market Policy Committee at its meeting on June 24th adopted the following recommendation to the Federal Reserve Board:

The Board has given further consideration to the basis of apportionment of future purchases of government securities for the open market investment account of the Federal Reserve banks,

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"as outlined in a letter to the Board dated June 6th from the Chairman of the Governor's Open-market Committee. The Board's Committee sees no present occasion for the Board's recommending a change of this basis of apportionment. It does, however, recommend that the Board ask the Governor's Open-market Committee to consider at each of its meetings the question of an equitable basis of apportionment of government security purchases in the light of existing conditions and the situation at each of the reserve banks.

"The Committee has also given consideration to the suggestion that a reapportionment of government security holdings of Federal reserve banks showing earnings for the first six months of 1924 in excess of expenses and dividend requirements be made in favor of those banks which have shown a deficit during the period, and it is the opinion of the Committee that it would be inadvisable at this time to propose to the Open-market Committee any such reapportionment."

Mr. Platt moved adoption of the Committee's report.

Carried, Mr. James voting "no".

The Governor then presented the matter considered at the meeting on June 21st, namely, 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 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 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

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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.

Approved.

Mr. Hamlin submitted the following resolution, upon which he did not request immediate action:

"RESOLVED, That in the opinion of the Federal Reserve Board, the Federal Reserve banks should, as far as possible, without unduly disturbing market conditions, use their open market powers for the purpose of making earnings sufficient to pay their expenses and dividends; that the availability of the surplus for making up deficits in earnings, as ruled by the Attorney General, should not deter Federal Reserve banks from making every reasonable effort to secure their necessary earnings, nor from making strenuous efforts along the lines of retrenchment in expenditures."

Draft of telegraphic reply to telegram dated June 24th from the Federal Reserve Agent at San Francisco, advising that the American Bank of San Francisco is ready and anxious to consummate plans for the merger of the First National bank of San Leandro and the Bank of San Leandro, and requesting an early decision in the matter by the Board; the proposed reply stating that the Board will make no final decision until after it has received an expected report in the matter from the Chief National Bank Examiner of the Twelfth District.

Upon motion the proposed telegram was approved.

REPORTS OF STANDING COMMITTEES:

- Dated, June 25th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
- 25th, Approved.
- 25th, Approved.
- Dated, June 25th, 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.

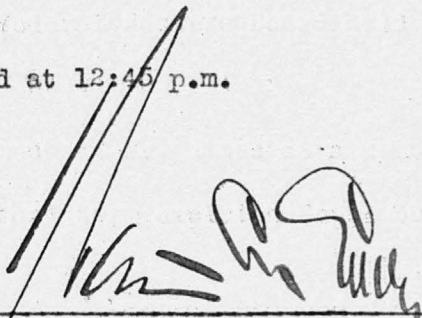
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REPORTS OF STANDING COMMITTEES (Cont'd)

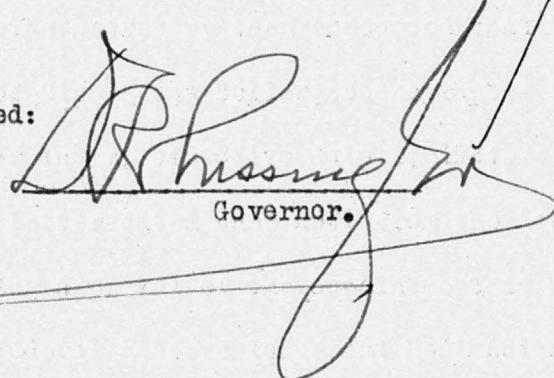
Dated, June 25th, Recommending approval of the application of Mr. E. E. Connelly to serve at the same time as director of the First National Bank, Milltown, N.J. as director of the National Bank of New Jersey, New Brunswick, N.J.

Approved.

The meeting adjourned at 12:45 p.m.


Secretary.

Approved:


Governor.