

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, July 30, 1924 at 11:15 a.m.

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

The minutes of the meeting held on July 29th were read and approved. Memorandum dated July 29th from the Board's Division of Examination with regard to letter dated July 24th from the Federal Reserve Agent at Chicago, recommending approval of the application of the Farmers State Savings Bank of Milford, Michigan, for permission to reduce its capital stock from \$50,000 to \$25,000; the Board's Division of Examination also recommending approval.

Approved.

Letter dated July 30th from the Comptroller of the Currency recommending approval of an increase from \$2700 to \$3300 per annum in the salary of National Bank Examiner H. B. Gilbert.

Approved.

Telegram dated July 29th from the Assistant Federal Reserve Agent at San Francisco advising that the Pacific Southwest Trust and Savings Bank of Los Angeles, has filed application for permission to acquire the First National Bank of Fullerton and its affiliated institution, the Fullerton Commercial and Savings Bank, and to establish branches in their premises.

Noted.

Report of the Executive Committee on letter dated July 23rd from the Federal Reserve Agent at Chicago with regard to the desire of

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the Commonwealth Federal Savings Bank of Detroit, Michigan, that the condition of membership imposed upon it by the Board that losses aggregating \$104,475.23, be charged off within a reasonable time, be changed so as to permit the losses to be eliminated by average annual payments of at least \$10,000; the Board's Committee expressing its agreement with the position taken by Mr. Heath that the condition referred to should not be broadened.

Upon motion, the recommendation of Mr. Heath, concurred in by the Executive Committee, was approved.

Memorandum dated July 25th from Mr. Platt, submitting draft of a reply to letter dated July 21st from the Commissioner of Markets and Warehouse Department, Austin, Texas, with regard to the use of cotton warehouse receipts as security for rediscounts with Federal reserve banks.

Upon motion, the form of letter proposed by Mr. Platt was approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated July 23rd from the Governor of the Federal Reserve Bank of Minneapolis, requesting approval of a salary of \$4,000 per annum for Mr. E. C. Kibbee, formerly Director of Sales of short time Government obligations and War Savings Director at the Federal Reserve Bank of Minneapolis, at a combined salary of \$7,500 per annum; the Committee recommending that before the Board passes upon the matter, Governor Young be requested to advise whether the work of handling Government obligations for member banks to which Mr. Kibbee will be assigned necessitates the employment of a special man for this purpose, and also whether or not the character of the work in itself is justified.

After discussion, the matter was referred to Mr. James for investigation on his pending visit to Minneapolis.

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The Governor then presented a telegram dated July 24th from the Federal Reserve Agent at St. Louis with regard to the application of the Arkansas National Bank of Fayetteville, Arkansas, for permission to act as trustee for Street Improvement District bond issues, under Section 11(k) of the Federal Reserve Act, the Federal Reserve Agent stating that he would not recommend that the bank be given permission to act as trustee generally, but that unless it is against the general policy, he sees no reason why it should not be given permission in this particular instance.

After discussion, Mr. James moved that the Arkansas National Bank of Fayetteville be granted general authority to act as trustee, with the understanding that the power will be exercised only in the particular instance mentioned in the application.

Carried.

Memorandum from Counsel dated July 18th with regard to the application of P. A. Dinsmore for permission to serve at the same time as Director of the College National Bank of Berkeley, California, the First National Bank of Oakland, California, and the American Bank of Oakland; Counsel concurring in the recommendation of the Assistant Federal Reserve Agent at San Francisco that the application be approved as between the First National Bank of Oakland and the College National Bank of Berkeley, but refused as between the American Bank of Oakland and the College National Bank of Berkeley.

Upon motion, the recommendations of the Assistant Federal Reserve Agent, concurred in by the Board's Counsel, were approved.

Memorandum dated July 22nd from Counsel with regard to letter dated July 18th from the Governor of the Federal Reserve Bank of New York, outlining a new arrangement for the performance and payment of notarial work required in connection with the bank's operations; Counsel stating

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that the plan is entirely consistent with the principles of law and of public policy relative to the payment of notary fees, since there is no agreement or understanding whereby the notary assigns his official fees or receives less for his notarial work than the law contemplates.

Upon motion, it was voted to interpose no objection to the new arrangement.

In his memorandum above referred to, Counsel referred to the former practice at the Federal Reserve Bank of Kansas City whereby the notary assigned his fees, which practice the Board found improper and ordered discontinued.

Upon motion, the Governor was requested to communicate with the Federal Reserve Bank of Kansas City and inquire what steps have been taken toward instituting a satisfactory arrangement in connection with their notarial work.

The Governor then presented a memorandum dated July 24th from the Board's General Counsel, bearing the approval of Mr. James, Member of the Committee on Examinations, with regard to the proposed absorption by the American Bank of San Francisco of the First National Bank of San Leandro and the Bank of San Leandro; the Board's approval of the application to take over the Bank of San Leandro having been suspended and action on the application to take over the First National Bank deferred, upon receipt by the Board on June 4th of telegraphic complaint from Counsel for the minority stockholders of the San Leandro banks as to the method by which stock control was being secured by the American Bank of San Francisco and its affiliated institutions, the First National Bank of Oakland and the American Bank of Oakland. Counsel in his memorandum recommended that the Board set a date for a hearing on the subject, at which all interested parties

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might be present, and further that the Board's Chief Examiner, who is now in San Francisco, be requested to conduct an independent investigation of the entire affair as a representative of the Board and to be present at the suggested hearing, in order to advise and assist the Board in the conduct thereof.

The Governor also submitted a memorandum, dated July 26th, from Mr. Platt, Chairman of the Committee on Examinations, stating that while he sees no reason why the Board should longer refuse to grant the permit for the merger of the two banks at San Leandro and their conversion into a branch, he has no particular objection to further inquiry by the Board's Chief Examiner.

After discussion, Mr. Miller moved that the Board approve the plan of the American Bank of San Francisco to acquire the First National Bank of San Leandro.

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

Governor Crissinger "no"
Mr. James "no"
Mr. Cunningham "no"
Mr. Miller "aye"

After further discussion, Mr. James moved that the Federal Reserve Agent at San Francisco be requested to explain to the Board why the examination of the American Bank of San Francisco and its affiliated institutions, conducted by Examiner Moore of the Federal Reserve Bank and the report thereon, transmitted to the Board under date of April 8th, failed to disclose certain facts later brought to the attention of the Board, among others, that cashier's checks of the First National Bank of Oakland were drawn under date of February 6th in favor of Messrs. Hale and Cary, officers of the San Leandro Banks, as a bonus for the sale of stock in the institutions.

Mr. James' motion being put by the chair was carried.

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Report of Committee on Salaries, Expenditures and Efficiency on matter referred to it at the meeting yesterday, namely, letter dated July 25th from the Secretary of the Federal Reserve Bank of New York requesting approval of the action of the Executive Committee of that Bank in voting to grant to Deputy Governor George L. Harrison, leave of absence at full salary until September 1, 1924, on account of illness; the Committee recommending approval.

Approved.

The Committee on Salaries, Expenditures and Efficiency then submitted a report dated July 30th, concurred in by the Committee on Research and Statistics as follows:

WHEREAS, the Committee on Salaries, Expenditures and Efficiency has been, and is, making surveys of the salaries, expenditures and efficiency in the Federal Reserve Banks and in the Board's staff with a view of bringing about many reductions in expenses and more economical operation of the System, and

WHEREAS, the Committee is at the present time devoting its time and attention to the study of those activities coming directly under the Federal reserve agents' jurisdiction, which study is largely prompted by a sentiment seemingly prevalent among the banks that the Federal Reserve Board should put its own house in order prior to offering extensive criticisms of the expenditures, etc. in bank operations, and

WHEREAS, the Committee in its study finds there is a lack of a well-defined policy in the System with regard to the research, statistical and publication activities of both the Federal Reserve Board and of the Federal Reserve Banks,

NOW, THEREFORE, BE IT RESOLVED, -

(a) That the research, statistical and publication activities of the Federal Reserve Banks and of the Federal Reserve Board be reorganized, co-ordinated and placed under unified direction and control.

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"(b) That the Committee on Research and Statistics prepare a plan designed to secure such co-ordination and control.

(c) That expenditures for research, statistical and publication activities shall be budgeted beginning with the year 1925 and that the Committees on Research and Statistics, and on Salaries, Expenditures and Efficiency shall jointly prepare for the approval of the Board such budget.

(Signed) Geo. R. James, Chairman

E. H. Cunningham

Committee on Salaries, Expenditures and Efficiency.

P.S. The Federal Reserve Board's Committee on Research and Statistics concurs with the Committee on Salaries, Expenditures and Efficiency in recommending that the Board adopt the above named resolution.

(Signed) A. C. Miller, Chairman

E. H. Cunningham

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Upon motion, the resolution recommended by the Committees was unanimously adopted.

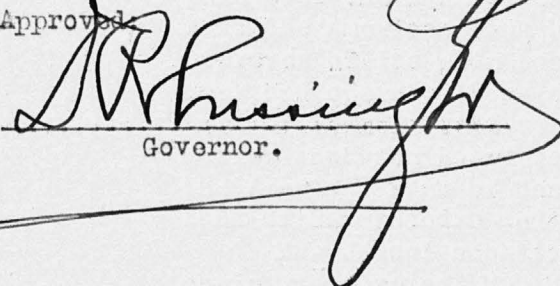
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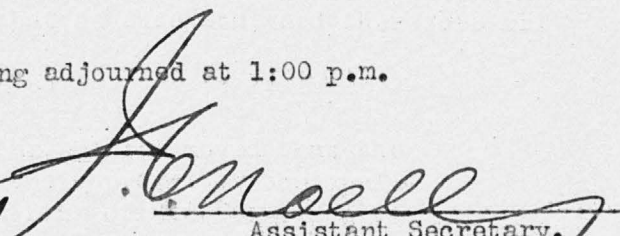
Dated July 29th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 1:00 p.m.

Approved


Governor.


Assistant Secretary.