

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, August 14, 1924, at 11:00 a.m.

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

The minutes of the meetings of the Executive Committee held on August 7th were read and approved.

The Governor presented a telegram dated August 9th from the Secretary of the Federal Reserve Bank of Cleveland, together with a letter of confirmation dated August 9th, requesting approval of the action of the Directors of that bank in voting to reduce the rediscount rate of the bank from 4% to $3\frac{1}{2}\%$ on paper of all classes and all maturities.

Upon motion, it was voted to approve a $3\frac{1}{2}\%$ rate for the Federal Reserve Bank of Cleveland, effective tomorrow.

The Governor then presented a letter dated August 12th from the Undersecretary of the Treasury, enclosing a designation by the President of Mr. Platt to act as Vice Governor of the Board for the period from August 10, 1924 to August 10, 1925, or until otherwise notified.

Noted.

Report of Special Committee consisting of Messrs. Cunningham and James, dated August 6th, recommending the appointment of Mr. John R. Mitchell as Class C Director and as Chairman of the Board of Directors and Federal Reserve Agent of the Federal Reserve Bank of Minneapolis; the Committee suggesting that in deference to Mr. Mitchell's wishes, the appointment be

8/14/24

-2-

made effective September 1, 1924, and that announcement be deferred until that time.

Upon motion, this matter was made special order for a meeting to be held on Thursday, August 21st.

Letter dated August 6th from Mr. James on the matter referred to him at the meeting on July 30th, namely, the proposal of the Federal Reserve Bank of Minneapolis to retain in its employ for the purpose of handling government securities for member banks, at a salary of \$4,000 per annum, Mr. E. C. Kibbee, formerly Director of Sales of short time Government obligations and War Savings Director, at a combined salary of \$7,500 per annum; Mr. James stating that as a result of his investigation he is prepared to recommend that the Board approve the salary and arrangement proposed.

Approved.

Report of Committee on Examinations on letter dated August 6th from the Federal Reserve Agent at Richmond, recommending approval of the application of the Atlantic Exchange Bank and Trust Company of Baltimore for permission to open an additional branch (teller's window) at 467 North Gay Street, Baltimore, Maryland; the Board's Committee also recommending approval.

Approved.

Memorandum dated August 11th from the Assistant Secretary, concurred in by the Committee on Salaries, Expenditures and Efficiency, with regard to the matter considered at the meeting of the Executive Committee on July 24th, namely, circular letter issued by the Federal Reserve Bank of Atlanta offering to reimburse member banks for the cost of telegrams sent by them to correspondent member banks ordering transfer of funds through the Atlanta

8/14/24

-3-

Bank or its branches; the Assistant Secretary stating that the Members of the Committee on Voluntary Services, to whom the matter was referred, are unfavorable to the practice and recommending approval of a form of letter to the Atlanta Bank directing that the practice be discontinued immediately, and further that all other Federal reserve banks be advised of the Board's action in the matter.

Upon motion, the recommendations of the Assistant Secretary, concurred in by the Committee on Salaries, Expenditures and Efficiency, were approved.

Memorandum dated August 11th from the Acting Comptroller of the Currency, with regard to the matter referred to him at the meeting on July 18th, namely, the application for trust powers of the Merchants and Planters National Bank of Gaffney, South Carolina; the Acting Comptroller recommending that the application be acted upon favorably.

Upon motion, it was voted to approve the application.

Memorandum dated August 11th from the Acting Comptroller of the Currency, with regard to the matter referred to him at the meeting on May 2nd, namely, the application of Mr. F. A. Verdon for permission to continue as director of five small banks located on Staten Island, New York, three national and two state; the Acting Comptroller stating that he believes the situation warrants withholding enforcement of the law in this case and so recommending.

Upon motion, it was voted to refer the matter to Counsel.

Memorandum from the Assistant Secretary calling attention to the absorption of the Progressive State Bank of Winfield, Kansas, a non-member bank, by the State Bank of Winfield, a member bank; the Assistant Secretary

8/14/24

-4-

63

calling attention to the fact that under Regulation H the Board's approval should have been secured before this absorption was effected.

Referred to Law Committee.

Memorandum from the Assistant Secretary, concurred in by the Committee on Salaries, Expenditures and Efficiency and the Chairman of the Committee on Research and Statistics, recommending approval of an expenditure of \$1700 for the compilation during 1924 of statistical data for the Division of Research and Statistics under the direction of the American Consul General at London, and recommending approval also of disbursements made in 1923 which exceeded the unexpended balance from the 1922 account in the amount of \$446.70.

Approved.

Memorandum from the Board's Assistant Counsel with regard to the application filed by Shearman and Sterling, Attorneys for the National City Bank of New York, asking permission of the Board to transfer the main office of the Italian branch of the Bank from the city of Genoa to the city of Milan; the Assistant Counsel stating that there is no legal reason why the application should not be granted.

Upon motion, the following was ordered spread upon the minutes:

"The National City Bank of New York, having on or about May 18, 1916, filed an application with this Board for the purpose of obtaining authority to establish an Italian Branch, with its main office in the city of Genoa, in the Kingdom of Italy, and with sub-branches, agencies or offices in each of the Cities of Turin, Milan, Venice, Florence, Rome, Naples and Palermo, all in the said Kingdom,

"or in any of the said places, and the said application having been granted by an order of this Board dated May 25, 1916, and the said Bank having on July 30, 1924 filed an application supplementary to the said application of May 18, 1916, asking for an order amendatory to the said order of May 25, 1916, authorizing it to transfer the main office of its Italian Branch from the city of Genoa, in the Kingdom of Italy, to the City of Milan, in the Kingdom of Italy, and to continue to maintain or to establish sub-branches, agencies or offices in the Cities of Genoa, Rome, Florence, Palermo, Naples, Turin and Venice, all in the Kingdom of Italy, or in any of the said places as may seem advisable to the Board of Directors of said Bank; and the said supplementary application having been considered; and it appearing to the Board that the said supplementary application is properly made under the laws of the United States of America and should be granted, NOW, therefore, it is

ORDERED, that the said supplementary application be and it hereby is approved, and that the said Bank be and it hereby is authorized to transfer the main office of its Italian Branch from the City of Genoa, in the Kingdom of Italy, to the City of Milan, in the Kingdom of Italy, and to continue to maintain or to establish sub-branches, agencies or offices in the Cities of Genoa, Rome, Florence, Palermo, Naples, Turin and Venice, all in the Kingdom of Italy, or in any of the said places as may seem advisable to the Board of Directors of the said Bank."

Draft of reply to letter dated August 1st from the Assistant Federal Reserve Agent at San Francisco, with regard to the cost of examination reports of Oregon State member banks; the proposed letter stating that the Board would have no objection to the Federal Reserve Bank reimbursing the Oregon Banking Department for the actual cost of preparing copies of these reports.

Approved.

Letter dated August 8th from the Secretary of the Open Market Investment Committee for the Federal Reserve System, enclosing a schedule of revised ratios of participation of Federal reserve banks in system purchases of Government securities during August, based on earning requirements.

8/14/24

-6-

Ordered circulated.

Letter dated August 9th from the Governor of the Federal Reserve Bank of Kansas City, requesting an opinion as to whether deposits of Indian funds may be regarded as time deposits and reserve thereon calculated accordingly.

Referred to the Law Committee.

Letter dated August 8th from Mr. Philip S. Pugh, of Crowley, Louisiana, enclosing copy of a petition addressed to the New Orleans Branch of the Federal Reserve Bank of Atlanta, with regard to assistance for the Bank of Iota, Louisiana, a member bank now closed.

Referred to the Law Committee.

Thereupon ensued a discussion of the status of the case of the Pascagoula National Bank versus the Federal Reserve Bank of Atlanta, et al, and the question of employing special counsel to defend the same.

Mr. Miller moved that the Governor be authorized to ascertain whether and on what terms Mr. Monte Lemann of the firm of Monroe and Lemann, New Orleans, will undertake to defend the case of the Pascagoula National Bank against the Federal Reserve Bank of Atlanta et al, that the Governor arrange to have the same counsel defend the suit on behalf of both the Board and the Federal Reserve Bank of Atlanta, and that all costs incident to handling the litigation be pro rated among the twelve Federal reserve banks since the suit relates to a question of principles of common concern to the whole Federal Reserve System.

Mr. Miller added that his motive in moving that the suit against the Board and the Federal Reserve Bank of Atlanta be handled by the same counsel was in the interest of an economical and expeditious handling of everything that might arise in connection with the suit.

Mr. Miller's motion being put by the chair was carried, Mr. Hamlin voting "no".

Mr. Hamlin moved that the Governor be authorized to have Mr. Lemann come to Washington for consultation.
Carried.

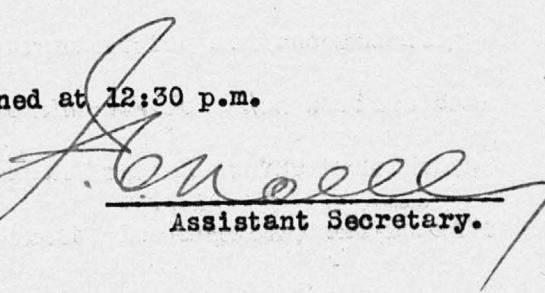
8/14/24

-7-

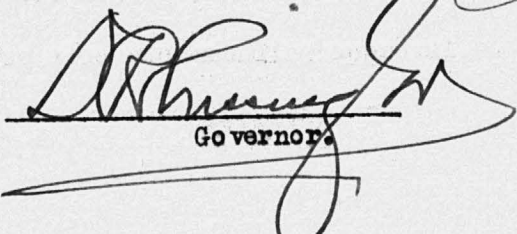
REPORTS OF STANDING COMMITTEES:

- Dated August 8-13 Recommending changes in stock at Federal reserve banks as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated August 14th Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated August 8th Recommending approval of the application of Mr. Adolph N. Eisele to serve at the same time as director of the Lincoln National Bank of Newark, N. J., and as director of the Washington Trust Company of Newark, N. J.
Approved.
- Dated August 8th Recommending approval of the application of Mr. Louis V. Aronson to serve at the same time as director and officer of the Lincoln National Bank of Newark, N.J., and as director of the Washington Trust Company of Newark, N.J.
Approved.
- Dated August 8th Recommending approval of the application of Mr. William Buermann to serve at the same time as director and officer of the Lincoln National Bank, Newark, N.J., and as director and officer of the Clinton Trust Co. of Newark, N.J.
Approved.
- Dated August 11th Recommending approval of the application of Mr. Frank Howe to serve at the same time as director and president of the Manufacturers National Bank of Troy, N.Y., and as director of the Empire Trust Co. of New York City.
Approved.
- Dated August 11th Recommending approval of the application of Mr. George D. Edwards to serve at the same time as director of the First National Bank of Turtle Creek, Pa. and as officer and director of the Commonwealth Trust Co. of Pittsburgh, Pa.
Approved.

The meeting adjourned at 12:30 p.m.


Assistant Secretary.

Approved:


Governor.