

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, September 26, 1924, at 11:20 a.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary.

The minutes of the meetings of the Federal Reserve Board held on September 18th and September 22nd were read and approved.

Letter dated September 24th from the Comptroller of the Currency recommending approval of an increase from \$2700 to \$3,000 per annum for National Bank Examiner Loren T. Swenson.

Approved.

Letter dated September 24th from the Comptroller of the Currency, requesting approval of a salary of \$3,000 per annum for National Bank Examiner A. J. White, to be assigned to the Fourth Federal Reserve District.

Approved.

Letter dated September 24th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner H. S. Lyon, to be assigned to the Second Federal Reserve District.

Approved.

Letter dated September 18th from the Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank has located in temporary quarters at 1577 West Thirty-ninth Street the branch approved by the Board for establishment at Thirty-ninth Street and Western Avenue, Los Angeles.

Noted.

9/26/24

-2-

Letter dated September 23rd from the Assistant Federal Reserve Agent at Cleveland, advising that the Guardian Savings and Trust Company will be unable to complete the building to house its branch at Coventry and Lancashire Roads, Cleveland within the usual period of six months and recommending that the Bank be granted an extension of time in which to open the branch.

Upon motion, it was voted to grant an extension of time for the period necessary to complete the building to house the branch.

The Secretary then stated that several branches of California state member banks approved by the Board a year or more ago have not yet been established and inquired what action, if any, the Board wished to take regarding these branches.

Upon motion, the Secretary was instructed to request the Federal Reserve Agent at San Francisco to furnish the Board with information as to the status of plans for the establishment of the branches in question.

Report of Committee on Examinations on letter dated September 17th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of the application of the Pacific Southwest Trust and Savings Bank of Los Angeles for permission to establish a branch de novo at Bagley and Washington Streets, Los Angeles; the Board's Committee also recommending approval.

Approved.

Report of Committee on Examinations on the matter referred to it at the meeting on September 22nd, namely, letter dated September 18th from the Chairman of the Federal Reserve Bank of Chicago transmitting further in-

9/26/24

-3-

formation with regard to the action of the Kaspar State Bank of Chicago, a member bank, in consolidating with the American State Bank of Chicago, a non-member, without first securing the Board's approval; the Committee recommending that the consolidation be ratified.

Upon motion, the recommendation of the Committee on Examinations was approved.

Draft of reply to letter dated September 24th from Mr. O. H. Cheney of New York, with regard to his serving on the directorates of the Pacific Bank, the American Exchange National Bank and the American Trust Company, all of New York City, and the Scarsdale National Bank of Scarsdale, N.Y.; the proposed letter stating that in view of the contemplated consolidation of the American Exchange National Bank and the Pacific Bank the Board will take no administrative action at this time but that if the consolidation is not effected at or before the annual elections of directors in January 1925, he should make such other arrangements as may be necessary to bring himself within the terms of the law.

Upon motion, the proposed letter was approved.

Letter dated September 23rd from the Federal Reserve Agent at San Francisco, advising that the Security State Bank of Ashton, Idaho, has reduced its capital from \$50,000 to \$25,000, and inquiring whether the bank should have secured the Board's permission, even though no such condition of membership was imposed upon it at the time it was admitted to the System.

Referred to Counsel.

Telegram dated September 25th from the Governor of the Federal

9/26/24

-4-

Reserve Bank of Dallas, advising that application has been filed with the Insurance Commissioner of Texas to organize a life insurance company in Dallas under the title "Federal Reserve Life Insurance Company" and inquiring what action, if any, the Board feels should be taken.

Upon motion, it was voted that protest should be filed against the use of this name and that Governor McKinney's telegram be referred to Counsel for the preparation of a reply.

Letter dated September 24th from Deputy Governor Kenzel of the Federal Reserve Bank of New York, referring to a telephone conversation with Governor Crissinger on that date, and advising of the purchase from the International Acceptance Bank, as of September 25th, of \$100,000 prime sterling bankers' bills, to be endorsed both by the International Acceptance Bank and by English bankers; payment to be made immediately against the security of a deposit with the Federal Reserve Bank of a like amount of United States government bonds by the International Acceptance Bank.

Noted.

Letter dated September 23rd from the Comptroller of the Currency, transmitting information with regard to defalcations in national banks in the Second Federal Reserve District which are members of the "Witham System".

Ordered circulated.

Letter dated September 23rd from the Comptroller of the Currency, replying to the Board's letter of September 15th with regard to the application for fiduciary powers of the First National Bank of Amityville, N.Y.

9/26/24

-5-

Ordered circulated.

Report of Committee on Examinations on letter dated September 12th from the Chairman of the Federal Reserve Bank of San Francisco, transmitting the application of the Mercantile Trust Company, San Francisco, for permission to purchase the Bank of Burlingame and establish branches in Burlingame, California, which is outside of the territory defined by the Board as contiguous to the city of San Francisco; Mr. Platt stating that he believes the Board could grant this application without any real inconsistency, and Mr. James recommending that the application be denied in accordance with the recommendation of the Executive Committee of the San Francisco Bank.

After discussion, it was voted to defer action on this application pending the return of Mr. Miller.

Letter dated September 18th from the Department of State, transmitting a communication from the Minister of Costa Rica requesting the Department's approval of an arrangement whereby the Federal Reserve Bank of New York would receive and hold for the International Bank of Costa Rica bonds to be pledged by the National City Bank of New York as security for a gold reserve deposit by the International bank.

Upon motion, the Secretary was instructed to prepare a letter to the Department of State giving full information with regard to the proposed arrangement and inquiring whether the Department would recommend approval.

Memorandum dated September 23rd from Counsel with regard to matter referred to him at the meeting on August 19th, namely, suggestion of the Assistant Secretary of the Treasury that the Federal

Reserve banks bear the expense of shipping out standard silver dollars which the Treasury desires to put in general circulation; Counsel stating that in his opinion Federal Reserve banks have legal authority to absorb such charges, but that there is a question of policy involved which the Board might wish to have discussed at the forthcoming Governors' Conference.

After discussion, it was voted that the Secretary discuss this matter with operating officials of the Federal Reserve banks when he visits Chicago next week, and that he secure figures as to the actual expense which will be incurred by the Federal Reserve banks in the absorption of such charges.

The Vice Governor then stated that the Chairman of the Federal Reserve Bank of Boston had called him over the telephone regarding the request of that bank for permission to reimburse employees for the cost of courses taken in the American Institute of Banking during the school year 1924-25, action on which was deferred at the Board meeting on September 22nd, pending discussion of the subject of expenditures for welfare work at the forthcoming Conference of Governors and Federal Reserve Agents. Mr. Platt stated that the Boston bank desired action on its request because of the fact that registrations in the Institute would be closed within the next few days.

After some discussion, Mr. Hamlin made the following motion:

"That the Board reconsider its action of September 22nd and approve the request of the Federal Reserve Bank of Boston for permission to reimburse employees of the bank who qualify to take the examinations in any of the educational courses given by the Boston Chapter of the American Institute of Banking during the school year 1924-25 for the amounts paid by such employees for the fees for such courses, but that the Board reaffirm action taken at said meeting in voting to defer consideration of the proposal of the bank to appropriate \$2,500 for the work of the bank's Federal Reserve Society, pending discussion as to the advisability

9/26/24

-7-

"and legality of such contributions by the Federal reserve banks at the forthcoming conference of Governors and Federal Reserve Agents."

The foregoing motion was voted upon with the understanding that any member might change his vote, after he had an opportunity of giving it further consideration. The vote was recorded as follows:

Mr. Platt, "aye"
 Mr. Hamlin, "aye"
 Mr. James, "no"
 Mr. Cunningham, "no"

Mr. James then presented a letter addressed to Deputy Comptroller McIntosh under date of August 29th by the Cashier of the National Bank of Commerce in Chicago, stating that officers of the Federal Reserve Bank of Chicago had expressed the opinion, regarding his application for permission to serve as a director of several state and national banks, that "if pressure is brought to bear at headquarters in Washington", he might secure relief.

After discussion, the Secretary was instructed to take this matter up with the officers of the Federal Reserve Bank of Chicago on the occasion of his visit there.

REPORTS OF STANDING COMMITTEES:

- Dated, September 23rd, 26th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
 Approved.
- Dated, September 26th, 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.
- Dated, September 25th, Recommending approval of the application of Mr. B. P. Van Benthuyzen to serve at the same time as Vice President of the Nassau National Bank and as Director of the Atlantic State Bank, both of Brooklyn, N.Y.
 Approved.

9/26/24

-8-

REPORTS OF STANDING COMMITTEES:

Dated, September 22nd, Recommending approval of the application of Mr. Joseph Pulvermacher to serve at the same time as Officer of the Chase National Bank of New York City and as Director of the Madison State Bank, also of New York City.

Approved.

Dated, September 26th, Recommending approval of the application of Mr. Clarence W. Campbell to serve at the same time as director and officer of the Jefferson County National Bank, Watertown, N.Y. and also of the First National Bank, Dexter, N.Y.

Approved.

Dated, September 26th, Recommending approval of the application of Mr. L. W. Robey to serve at the same time as director and President of the Overbrook National Bank of Philadelphia, Philadelphia, Pa. and as director of the Parkway Trust Company, Philadelphia, Pa.

Approved.

The meeting adjourned at 12:30 p.m.

Approved:

Edmund Platt
Vice-Governor.

Samuel R. Wiley
Secretary.