

A meeting of the Federal Reserve Board was held in the office of the Governor on Thursday, October 9, 1924, at 11:05 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on October 7th were read and approved.

The Governor then presented the application for fiduciary powers of the Fairmont National Bank, Fairmont, Minnesota; the Federal Reserve Agent at Minneapolis recommending that the application be held pending the next examination, but the Board's Committee recommending that Mr. Mitchell be advised that the Board thinks the showing of improvement made by the bank entitles it to consideration, and requested to advise the Board whether any further information as to the condition of the bank since the last examination is available.

Upon motion, the recommendation of the Board's Committee was approved and the Secretary was instructed to communicate with the Federal Reserve Agent at Minneapolis accordingly.

Letter dated October 8th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner Harry J. Aden, to be assigned to the 10th Federal Reserve District.

Approved.

Letter dated October 8th from the Comptroller of the Currency, recommending approval of a salary of \$3600 per annum for National Bank Examiner Charles E. Powell, to be assigned to the 4th Federal Reserve District.

Approved.

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Memorandum dated October 1st from the Comptroller of the Currency, recommending approval of a reduction in the capital stock of the Winters National Bank of Dayton, Ohio, from \$1,000,000 to \$750,000, on condition that no money be returned to the shareholders, that the entire amount of the reduction be used for the purpose of taking out all doubtful assets, and that such assets be trusted for the benefit of shareholders at date of reduction; together with telegram dated October 8th from the Federal Reserve Agent at Cleveland recommending approval of the reduction.

Approved.

Letter dated October 7th from the Chairman of the Federal Reserve Bank of Chicago, reporting on the result of the recent exhibit at the convention of the American Bankers Association and stating that a similar exhibit will be made at the Illinois Products Exposition, which opens on October 9th, at an expense of approximately \$150.

Noted.

Memorandum from the Chief of the Division of Bank Operations, concurred in by the Secretary of the Board recommending that the following explanation be made in the weekly statement of recent purchases of sterling bills made by the Federal Reserve Bank of New York through the Bank of England:

"On September 18 the Federal Reserve Bank of New York used a portion of the small balance which has been kept on deposit with the Bank of England for a number of years to purchase prime sterling bills in the London market. The amount of such bills held, \$227,000, is included in the statement with other bills bought in open market."

Approved.

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The Governor then submitted and requested approval by the Board of the following telegram to all Federal Reserve banks:

"In several Federal Reserve Districts Columbus Day will be celebrated on October 13th, that day having been declared legal holiday in said districts. All banks and branches are expected to be guided by rulings of Board contained in letters X-4122, X-4128 and X-4154. All Federal reserve banks and direct settling branches are expected to participate in Gold Settlement Fund October 13th."

Upon motion, the proposed telegram was approved.

Draft of reply to letter dated September 23rd from the Federal Reserve Agent at San Francisco, inquiring whether the action of the Security State Bank of Ashton, Idaho, in reducing its capital stock from \$50,000 to \$25,000 should have been taken without first securing the Board's approval under the provisions of Regulation "H" and should be considered a change in the general character of the assets of the bank under its general condition of membership; the proposed reply stating that the Board does not believe that its Regulations can be considered applicable to state member banks and trust companies which were admitted prior to the effective date of these regulations, unless such conditions were expressly imposed upon the institutions at the time of their admission, and further that the Board does not believe a reduction in capital could be considered a change in the general character of the assets of the bank.

Upon motion, it was voted to approve the proposed letter on condition that the statements contained therein are consistent with the position previously taken by the Board.

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Mr. James then read the following letter addressed by him to the Federal Reserve Agent at Atlanta:

"To me has been delegated the very unpleasant task of advising you that the Federal Reserve Board has definitely decided to make a change in the Chairman and Federal Reserve Agent at the Atlanta Bank on January 1, 1925, it being the unanimous opinion of the members of the Board that harmonious and efficient management of the Atlanta Bank makes this procedure necessary.

Each and every member of the Board sincerely regrets the situation and has expressed the kindest feeling, a profound respect and the highest regard for you personally. You may be assured that the welfare of the Atlanta Bank and the sense of duty and responsibility resting upon the Board in relation thereto, is entirely responsible for the conclusion reached.

At the request of the Atlanta District Committee, no official action has been taken and this communication is being sent to you at this time in order that you may have the opportunity of taking the initiative in retiring."

Mr. James then stated that Mr. Platt and himself have planned to visit the Federal Reserve Bank of Richmond on Monday and recommended that the Secretary of the Board be authorized to accompany them on the trip.

Upon motion, Mr. Eddy was authorized to make the trip to Richmond.

Mr. James then stated that a delegation of employees of the Board had called on him, as Chairman of the Committee on Salaries, Expenditures and Efficiency, and had requested that the Board again consider the matter on which action was deferred at the meeting on June 3rd, namely, that the official working hours of the employees of the Board be made from 9:00 a.m. to 5:00 p.m. each day with Saturday half holiday throughout the year, rather than from 9:00 a.m. to 4:30 p.m. with only the usual summer half holiday on Saturday as at present. Mr. James called attention to the fact that the Federal Reserve banks and most commercial banks observe the Saturday half holiday the year around.

After discussion, it was voted to refer this matter to the Executive Committee with power and with the request that officials of the Treasury Department be consulted.

The Secretary then reported on the matter referred to him at the meeting on September 26th, and stated that while in Chicago he had investigated the statement of the Cashier of the National Bank of Commerce in Chicago that he had been advised by officials of the Federal Reserve Bank of Chicago, in connection with 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, and that the officers of the Federal Reserve bank had denied making any such statement.

The Secretary also stated that he had discussed with the officers of the Chicago bank the question of the expense to them of absorbing the cost of shipping standard silver dollars and that while they were of the opinion that the replacement of bills by standard silver dollars would effect a saving to their bank of approximately \$9,000 a month, he recommended that no action be taken by the Board in the matter until the Treasury Department has completed its program and has discussed same at the forthcoming Conference of Governors and Federal Reserve Agents.

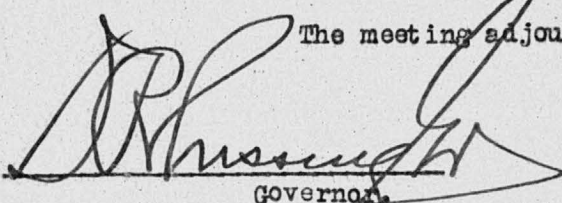
Upon motion, it was voted that the Board should take no action until after the Conference.

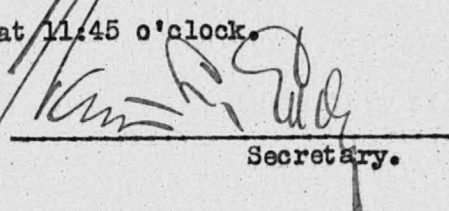
REPORTS OF STANDING COMMITTEES:

Dated, October 7th, Recommending changes in stock at Federal Reserve Banks,
8th, as set forth in the Auxiliary Minute Book of this date.
Approved.

The meeting adjourned at 11:45 o'clock.

Approved:


Governor.


Secretary.