

A meeting of the Federal Reserve Board was held in the office of the Vice Governor on Friday, October 24, 1924, at 11:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on October 21st were read and approved as amended.

The Secretary reported that the next meeting of the Federal Advisory Council had been definitely postponed from November 17th to November 24th.

Draft of reply to letter dated October 22nd from the Cashier of the County National Bank, Clearfield, Pa., inquiring as to the classes of securities other than United States bonds, which may be pledged by the commercial department of a bank with its trust department to secure a deposit of uninvested trust funds made in the commercial department; the proposed letter calling attention to the Board's Regulation F which is a general approval for this purpose of all securities which are readily marketable, are owned by the bank and are equal in market value to the amount of the trust funds deposited in the bank's commercial department.

Upon motion, the proposed reply was approved.

Memorandum dated October 22nd from the Secretary, recommending that State bank examiners be furnished with complimentary copies of the Federal Reserve Bulletin during the year 1925.

Approved.

Memorandum dated October 22nd from Assistant Secretary of the Treasury Dewey, suggesting that consideration be given at the forthcoming conference

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of Governors and Federal Reserve Agents to the question of the gradual retirement of national bank currency and the final retirement of greenbacks or legals.

Upon motion, the Board approved the suggestion that the above mentioned matter be considered at the conference of Governors and Federal Reserve Agents.

Report of Committee on Examinations on letter dated October 11th from the Federal Reserve Agent at Cleveland, recommending approval of the application of the Citizens Trust and Savings Bank of Columbus, Ohio, for permission to purchase the Commonwealth Savings Bank also of Columbus, for the purpose of consolidating that institution with an existing branch; the Board's Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated October 4th from the Chairman of the Federal Reserve Bank of Chicago, recommending approval by the Board of a proposal of the State Banking Department to reduce the capital stock of the Malcom Savings Bank, Malcom, Iowa, from \$50,000 to \$25,000 in connection with the reorganization of that institution; the Board's Committee also recommending approval.

After full discussion, Mr. Hamlin moved that the Chairman of the Federal Reserve Bank be advised that the Board is not prepared to take action in this matter in advance of the filing of an application by the Malcom Savings Bank for permission to make the reduction in capital referred to but that if such an application is forwarded to the Board it will be promptly considered.

Carried.

Draft of letters to the Governor of the Federal Reserve Bank of Dallas, and the Chief National Bank Examiner for the 11th Federal Reserve District,

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with regard to the eligibility for purchase by the Federal Reserve bank in the open market of acceptances of the Fort Worth Cattle Loan Company.

Upon motion, it was voted to tentatively approve the proposed letters and the Vice Governor was instructed to transmit same if after circulation among the Members, no objections were raised thereto.

Mr. Hamlin then presented a memorandum dated October 23rd from the Board's General Counsel and discussed with the Members of the Board the following matters referred to therein, on which informal action was taken as noted below.

(1) The suggestion of the Governor of the Federal Reserve Bank of Boston that the Board should retain Mr. M. C. Elliott, its former Counsel, in connection with the case brought against it by the Pascagoula National Bank.

After discussion, it was decided that no action should be taken on the suggestion for the present at least.

(2) Suggestion that authority be given to the Governor to take up with the Federal Reserve Bank of Atlanta the question of entering into a written contract covering the fee of Randolph and Parker, the bank's Counsel, in connection with the Pascagoula case.

Upon motion by Mr. Hamlin, it was voted that the Governor take this matter up with the Atlanta bank with the understanding that any contract should be submitted to the Board for its approval.

(3) Advisability of having printed the answer filed by the Federal Reserve bank in the Pascagoula case, together with certain important affidavits, the cost thereof to be pro rated among the Federal Reserve banks.

Upon motion, it was voted to approve the printing of these documents, the cost thereof to be pro rated.

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(4) Mr. Hamlin then stated that on the assumption that the Federal Reserve Bank of Atlanta would enter into a contract with Messrs. Randolph and Parker in connection with their services in the Pascagoula case, as referred to above, the question arose as to the desirability of pro rating their fee among the twelve Federal Reserve banks.

Upon motion, it was voted that the Board, as at present advised, does not favor the pro rating of any fee which may be determined for Randolph and Parker.

Letter dated October 21st from the Governor of the Federal Reserve Bank of Boston, submitting and recommending consideration at the forthcoming Governors' conference of an amendment to Section 7 of the Federal Reserve Act providing that a portion of the net earnings of the Federal Reserve banks shall be paid into a net earnings fund, under the supervision of the Federal Reserve Board, out of which the Board would apportion necessary amounts to Federal Reserve banks showing deficiencies between earnings and expenses, the balance being paid to the United States as a franchise tax.

After discussion, Mr. Hamlin moved that the Governor of the Federal Reserve Bank of Boston be advised that the Board has no objection to this matter being referred to the Governors' conference.

Thereupon ensued a discussion of the recent purchases made by the Federal Reserve Bank of New York of sterling bills, bearing the endorsement of an American bank.

After discussion, Mr. Hamlin moved that the Federal Reserve Bank of New York be directed to make a comprehensive report covering the recent resolution of the Federal Advisory Council recommending the investment of Federal Reserve bank funds in foreign bills.

Carried.

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Memorandum dated October 23rd from the Secretary, recommending that Mrs. Ruth S. Lamb, an employee of the Division of Research and Statistics, be granted an extension of sick leave with pay up to November 1, 1924.

Approved.

Letter dated October 22nd from the Federal Reserve Agent at Kansas City, requesting approval of the designation of Assistant Federal Reserve Agent Boardman and fifteen other employees of the bank as special temporary examiners to assist in a credit investigation of the Commerce Trust Company of Kansas City.

Approved.

REPORTS OF STANDING COMMITTEES:

- Dated, October 21st, 23rd, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, October 24th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, October 24th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Ordered held.
- Dated, October 24th, 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, October 24th, Recommending approval of the application of Mr. Frank L. Polk to serve at the same time as director of the National Park Bank and as trustee of the United States Trust Company both of New York City.
Approved.

The meeting adjourned at 12:20 p.m.

Approved: Edmund Platt
Vice-Governor.

Wm. R. Pugh
Secretary.