

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, November 19, 1924, at 11:05 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on November 13th were read.

After discussion, the motion adopted by the Board with reference to the application for the establishment of a branch of the Federal Reserve Bank of Richmond was reconsidered and, upon motion by Mr. Miller, unanimously adopted in the following form:

"Whereas, the Board has before it a petition of the Federal Reserve Bank of Richmond for authority to establish a branch in the southwestern portion of the Fifth District;
Be it Resolved, that the Board on some future date grant a hearing to the Directors of the Federal Reserve Bank of Richmond to show cause why a branch should be established.

The minutes of the meeting of November 13th were then approved.

The minutes of the meeting of the Board held on November 17th were read and approved.

At this point the Board's Counsel, Mr. Wyatt, entered the meeting and advised the Board that suit was being brought to test the exercise of trust powers by national banks in the District of Columbia authorized by the Board to exercise such powers but having a capital of less than \$1,000,000, the amount required by the code of the District of Columbia of state banks, trust companies and corporations exercising such powers. Mr. Wyatt stated that these permits had been granted under an

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opinion rendered by the Board's former Counsel, Mr. M. C. Elliott, to the effect that the Board was not restricted by this limitation because the District of Columbia is not a state, and that counsel for the national bank in the above mentioned suit desired a copy of Mr. Elliott's opinion referred to.

Upon motion by Mr. Hamlin, the Board's Counsel was authorized to furnish counsel for the national bank with a copy of the opinion desired.

Letter dated November 14th from the Acting Comptroller, requesting approval of a salary of \$2700 per annum for National Bank Examiner Frank W. Krippel, to be assigned to the Sixth Federal Reserve District.

Mr. Miller moved that hereafter all recommendations of the Comptroller of the Currency for salaries of national bank examiners take the usual course of all expenditures that the law requires to be approved by the Federal Reserve Board and go to the Board's Committee on Salaries, Expenditures and Efficiency for review and recommendation.

Carried.

In accordance with this action, the above letter from the Acting Comptroller was referred to the Committee on Salaries, Expenditures and Efficiency.

Letter dated November 11th from Mr. Chas. H. Hodges, requesting that he be not considered for reappointment as a director of the Detroit Branch of the Federal Reserve Bank of Chicago at the expiration of his present term on December 31, 1924.

Referred to Committee on District #7.

Report of Committee on Examinations on memorandum dated November 14th from the Acting Comptroller of the Currency recommending approval of a reduction from \$35,000 to \$25,000 in the capital of the Hugo National Bank, Hugo, Colorado, with the understanding that \$12,000 secured through this reduction in capital and a small reduction in surplus will be utilized as

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a fund to keep the assets of the bank free from any criticisable matters; the Board's Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated November 10th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of the application of the Bank of Sausalito, Sausalito, California, for permission to establish a branch de novo at Belvedere-Tiburon; the Board's Committee also recommending approval.

Approved.

Letter dated November 13th from the Assistant Federal Reserve Agent at Cleveland, advising that the Washington Bank and Savings Company of Cincinnati, Ohio, whose application for admission to the Federal Reserve System was approved by the Board on August 22, 1924, has definitely decided to postpone membership; together with a memorandum, dated November 15th, approved by the Secretary, recommending that the case be considered closed and that the Federal Reserve Agent at Cleveland be instructed to so advise the bank and to state that should the bank decide to renew its application at some future date, a new application will be required.

Upon motion, the above recommendations were approved.

Letter dated November 7th from the Federal Reserve Agent at San Francisco, enclosing copy of a letter from the Vice President of the Pacific Southwest Trust and Savings Bank, advising that the question of the establishment of a branch at Long Beach, California, approved by the Board on October 17, 1922, is having their careful consideration.

Mr. Miller moved that the Board should be notified before this branch is established.

Carried.

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Draft of letter to all Federal Reserve Agents requesting them to send to the Board before December 15th the names of those whom they desire to be appointed as Assistant Federal Reserve Agents, both at head offices and branches.

Approved.

Memorandum dated November 18th from the Secretary with regard to letter dated October 23rd from the Governor of the Federal Reserve Bank of Minneapolis suggesting that the daily gold fund clearing wires of the Helena Branch be sent to the Board at Government rates over commercial wires direct from Helena rather than at Government rates over commercial wires from Helena to Minneapolis and over leased wire from Minneapolis to Washington as at present; the Secretary stating that while the added cost would be slight and practical operating difficulties might develop, he sees no objection to permitting a thirty day trial of the plan, but pointing out that to secure the government rate it would be necessary for the Board to absorb the cost of the commercial wires from Helena to Washington just as it now absorbs the cost from Helena to Minneapolis.

After discussion as to the desirability of the Board's absorbing the cost of such telegrams, however sent, Mr. Miller moved that the matter be referred to the Committee on Salaries, Expenditures and Efficiency with power.

Carried.

The Governor then brought to the attention of the Board telegram addressed to the Secretary of State by Mr. Henry C. Breck, Assistant Federal Reserve Agent at San Francisco, tendering his acceptance of a position as executive assistant to Mr. S. P. Gilbert, Agent General for the Reparation Payments at Berlin.

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After discussion, the Secretary was instructed to request the resignation of Mr. Breck as Assistant Federal Reserve Agent, effective when he leaves the Federal Reserve Bank of San Francisco to accept the position above referred to, and to ascertain the status of Mr. Shepard Morgan, Assistant Federal Reserve Agent at New York, who it is understood has accepted a similar position.

Letter dated November 13th from the Secretary of the Federal Reserve Bank of Atlanta, requesting approval of the action of the directors of that bank in voting to contribute not to exceed \$500 to the Atlanta Chapter of the American Institute of Banking.

Referred to the Committee on Salaries, Expenditures and Efficiency.

Report of Committee on District #5 on the matter referred to it at the meeting on November 10th, namely, letter dated November 8th from the Governor of the Federal Reserve Bank of Richmond, requesting approval of the action of the directors of that bank in voting to authorize the Executive Committee to purchase property in the rear of the bank building for use as a storage building and garage, at a cost of \$45,000; the Board's Committee recommending that the Board interpose no objection to the purchase.

Upon motion, the recommendation of the Committee was approved.

The Secretary then inquired whether the Board desires to renew its subscription to Moody's Investors Service, 1925 edition, consisting of four volumes.

After discussion, the Board approved the purchase of this service.

Memorandum dated November 15th from Mr. James advising that the Chairman of the recent Federal Reserve Agents' Conference had requested

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him to bring to the Board's attention the following resolution of the Conference:

"RESOLVED, that the program outlined by the Open Market Committee and approved by the Federal Reserve Board, should, in the judgment of this Conference, cover the period of the few weeks immediately ahead, and is one with which it is in full sympathy.

This Conference see no reason for an immediate increase in discount rates".

Noted.

Memorandum dated November 15th from Mr. James transmitting an opinion of the Board's General Counsel on the subject of permitting country banks to deduct items in process of collection from gross demand deposits and stating that the present situation results in an injustice to country banks and should be changed as soon as a scientific plan can be worked out and enacted into law; Mr. James in his memorandum recommending that this opinion of Counsel "be submitted to the Law Committee with instructions that it undertake the necessary procedure for correcting the unjust situation referred to".

Referred to the Law Committee.

Mr. Platt, Chairman of the Committee on Examinations, then reported on the matter referred to the Committee on October 29th, namely letter dated October 27th from the Chairman of the Federal Reserve Bank of Chicago on the subject of the delay in securing reports of examination of state member banks in Michigan. Mr. Platt submitted correspondence on the subject with the Chairman of the Federal Reserve Bank of Minneapolis and stated that he had discussed this matter with Messrs. Heath and Mitchell while they were here in Washington attending the recent Conference of Federal Reserve Agents, and does not think there is any immediate necessity for Federal Reserve examinations

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of Michigan member banks.

After discussion, all correspondence on the subject was ordered circulated.

Memorandum dated September 30th from the Assistant Counsel, submitting draft of a bill, proposed by the Attorney General, to provide for the punishment of banking crimes in the District of Columbia.

Upon motion, the suggestions contained in the bill submitted by the Assistant Counsel were approved.

Mr. Platt stated that while he would not vote in the negative on the above matter, he did not approve of some of the provisions of the proposed bill.

Draft of letter to the Chairman of the Committee on Banking and Currency of the House of Representatives, requesting the reintroduction of H.R. 9344 or the introduction of a similar bill amending Section 8 of the Clayton Anti-trust Act.

Approved, Mr. Miller voting "no".

The Governor then stated that the American Bankers' Association Committee on the abolishment of non-cash collections by Federal reserve banks wished to appear before the Board on December 4th or 5th.

The members of the Board expressed no objection to a hearing on either of the above dates.

Mr. Hamlin submitted a memorandum dated November 14th from the Board's General Counsel transmitting the resignation of Mr. E. W. Freeman, Assistant Counsel, effective December 31, 1924, and recommending that Mr. Freeman be granted leave of absence with pay from December 15th to 31st.

Upon motion, the Board voted to accept Mr. Freeman's resignation and to grant the leave recommended for him.

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Mr. Miller then referred to the action of the recent Governors' Conference in recommending that the Board reconsider that portion of its regulations governing the appointment of directors of branch Federal reserve banks which requires that each branch board shall consist of seven members and allow the number of directors to be determined by conditions in the various districts.

After discussion, the Secretary was instructed to ascertain the increased cost to the Federal reserve banks of the proposed addition to the number of branch directors.

REPORTS OF STANDING COMMITTEES:

- Dated, November 13th, 15th, 19th, Recommending changes in stock at Federal reserve banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, November 19th, 19th, 19th, 19th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, November 19th, 19th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Held.
- Dated, November 19th, Recommending approval of the application of Messrs. Henry C. Van Schaack and S. N. Hicks to serve at the same time as Directors of the Denver National Bank and the Central Savings Bank & Trust Company, both of Denver, Colo.
Approved.
- Dated, November 19th, Recommending approval of the application of Mr. Michael Gallagher to serve at the same time as President and Director of the Peoples National Bank of Mt. Pleasant, Ohio, and as Director of the Midland Bank of Cleveland, O.
Approved.
- Dated, November 19th, Recommending approval of the application of Mr. G. T. Thompson to serve at the same time as Director and Vice President of the Commercial National Bank of Muskogee,

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Okla., as Director of the First National Bank of Hulbert, Okla., and as Director of the Citizens National Bank of Fort Gibson, Okla.

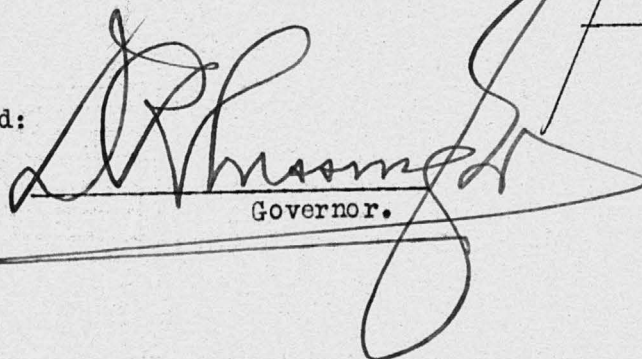
Approved.

Dated, November 19th, Recommending approval of the application of Mr. Gordon Hollis to serve at the same time as Director and Officer of the Broadway National Bank, as Director and Officer of the Drovers National Bank, and as Director and Officer of the Central Savings Bank and Trust Company, all of Denver, Colo.

Approved.

The meeting adjourned at 1:10 p.m.

Approved:



Governor.



Secretary.