

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, November 20, 1924 at 11:10 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on November 19th were read and approved.

Letter dated November 19th from Congressman Burton of Ohio, referring to his letter of October 31st to the Secretary of the Treasury regarding a protest lodged with him against the appointment of Mr. Oscar Newton as Chairman of the Board of Directors and Federal Reserve Agent at Atlanta, and advising that he has been unable to ascertain the grounds for the protest and fears it was on political grounds.

Noted.

Memorandum dated November 19th from the Director of the Division of Research and Statistics, recommending the temporary appointment of Mr. T. E. Gregory to conduct a study of the London money market at a salary of \$2,000 for the period he is engaged in this work and an allotment of \$450 for clerical and stenographic assistance for Mr. Gregory on a visit to London during the first six months of 1925.

Approved.

At this point Mr. Cunningham entered the meeting.

Letter dated November 19th from the Federal Reserve Agent at Philadelphia requesting the designation of Assistants to Examiners of three employees of the bank named therein.

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Approved.

Telegram dated November 19th from the Governor of the Federal Reserve Bank of Kansas City, advising that he will be in Washington on November 21st with his bank's architect and Consulting Architect Trowbridge to present to the Board bids accepted by the Kansas City directors for buildings at Omaha and Denver.

Noted.

Letter dated November 19th from the Under Secretary of the Treasury, requesting a short statement of the powers of the Federal Reserve banks with regard to the extension of agricultural credits, including a brief outline of the purpose and use of the Federal Reserve banks.

Referred to the Secretary for the preparation of a reply.

Letter dated November 19th, addressed to the Secretary by the Associate Editor of The Bankers Monthly of Chicago, requesting an article descriptive of the accomplishments of the Federal Reserve System during its period of operation. Mr. Miller stated that he had received similar requests from the Editor of the Bankers Magazine of New York City and from Dr. J. P. Young, Secretary of the United States Commission of Gold and Silver Inquiry.

After discussion it was voted that the Board could not undertake the preparation of these articles at this time.

Memoandum from Assistant Counsel dated November 18th, with regard to letter addressed to the Comptroller of the Currency under date of November 6th by the Commissioner of Banking of the State of Texas, calling attention to the fact that certain national banks in that state are acting in fiduciary capacities under permits granted by the Board without complying with the

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state law which requires state institutions exercising trust powers to deposit certain securities with the State Treasurer; Counsel stating that under Section 11 K of the Federal Reserve Act these National banks must deposit such securities and recommending that the Comptroller of the Currency be furnished with a list of such banks in order that he may take such action as may be necessary to see that the provisions of Section 11 K are complied with.

Upon motion, the recommendations of Counsel were approved.

Draft of reply to letter dated November 5th from the President of the Blackstone Canal National Bank of Providence, R. I., inquiring whether a national bank which has no deposits that are classed as time deposits may make loans on unencumbered farm lands and real estate under the provisions of Section 24 of the Federal Reserve Act; the proposed reply stating that Section 24 merely limits the aggregate sum which a National bank may loan upon real estate, that is, up to 25% of capital and surplus or to one-third of time deposits, whichever may be the greater, and was not intended to restrict loans on real estate only to those banks having time deposits.

Upon motion, the proposed letter was approved and a copy ordered transmitted to all Federal Reserve banks for their information.

A special committee appointed at the meeting on November 10th then reported on the matter referred to it, namely, a letter dated November 8th from the Chairman of the Federal Reserve Bank of Atlanta transmitting (1) A resolution adopted by the directors of that bank, requesting reconsideration of the Board's decision that the fee of the bank's Counsel, Randolph

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and Parker, in the case brought against it by the Pascagoula National Bank and court costs assessed against the Federal Reserve bank should not be pro-rated among the twelve Federal Reserve banks, but should be borne by the Atlanta bank itself, and (2) Copy of a letter addressed to the Governor of the Bank by Randolph and Parker, suggesting a fee of \$10,000 for their services in connection with the case.

Mr. Hamlin moved that the Federal Reserve Bank of Atlanta bear the expense of the fees of its own counsel but that the fees of special counsel be pro-rated among the other eleven Federal Reserve banks.

Mr. James stated that as this suit was brought against the Federal Reserve Board by a National bank, supported by a national organization, and as the prosecution of the suit is participated in by banks all over the United States through contribution, it seems that the Federal Reserve System is involved to a greater extent than the Federal Reserve Bank of Atlanta and that it would be proper for the Board to assume entire charge of the defense of the suit and pro rate among the twelve Federal Reserve banks all of the expenses thereof.

Mr. James then moved, as a substitute for Mr. Hamlin's motion that because of the conditions stated above, the Board authorize the levying of an assessment against all Federal Reserve banks to include and cover all expenses of the litigation.

After discussion, Mr. James, by unanimous consent, moved that action on both motions before the Board be deferred until such time as the Board has an opportunity of consulting with Messrs. Baker and Wyatt.

Carried, Mr. Miller voting "no".

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Mr. Miller then stated that he wished to record the following motion to be voted on by the Board at the same time as the above motions of Messrs. Hamlin and James were acted upon:

"That the letter dated November 8th from the Chairman of the Federal Reserve Bank of Atlanta, regarding fees of the bank's Counsel in the case brought against it by the Pascagoula National Bank, be replied to along the following lines -

"It is the sense of the Federal Reserve Board that a fee of not in excess of \$5,000 will be proper compensation for the incidental services necessary to be performed by Randolph and Parker, Counsel for the Federal Reserve Bank of Atlanta, in connection with the defense of the suit brought against the bank by the Pascagoula National Bank and that such fee will be paid by the Federal Reserve Bank of Atlanta and not pro-rated among the twelve Federal Reserve banks."

The Governor then stated that the above motions would be made special order for a date to be fixed later.

The Governor then brought up the special order business for this morning's meeting, namely, consideration of the introduction of a proposed bill to incorporate the Federal Reserve Pension Fund.

After discussion of the proposed bill, during which Mr. Miller presented a proposed amendment to restrict the benefits of the pensions to participants having salaries not in excess of \$5,000 or to \$5,000 only of salaries in excess of that amount, Mr. Hamlin moved that the question be postponed for a meeting of the entire Board.

Mr. Hamlin's motion being put by the chair was carried.

Mr. Miller then called attention to the sharp increase in the holdings of bankers acceptances purchased through the Open Market Investment Committee and stated that in his opinion the Federal Reserve buying rate on these ac-

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ceptances is too low.

Thereupon it was voted that the weekly reports of the Open Market Investment Committee and the daily letters of the Federal Reserve Bank of New York include hereafter the actual rates at which acceptances of different maturities have been bought.

REPORTS OF STANDING COMMITTEES:

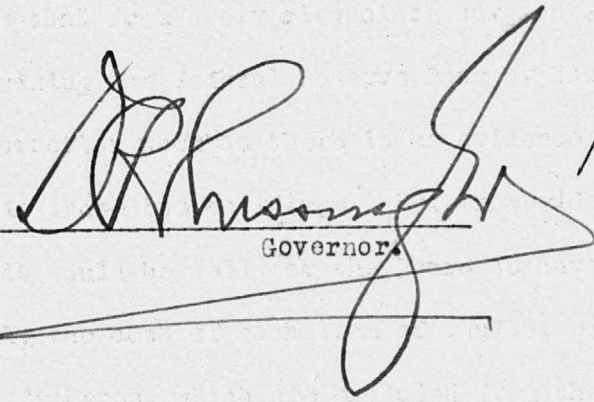
Dated, November 20th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.  
Approved.

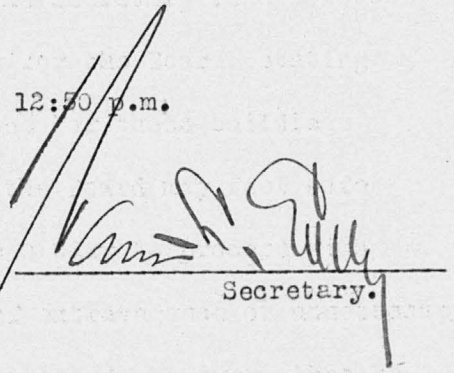
Dated, November 20th, Recommending approval of the application of Mr. H. H. Wilkinson to serve at the same time as Vice President and Director of the Continental National Bank of Ft. Worth, Texas and as Director of the Commercial National Bank, Sherman, Texas.  
Approved.

Dated, November 20th, Recommending approval of the application of Mr. C. P. Webster to serve at the same time as Director of the Swarthmore National Bank, Swarthmore, Pa. as Director of the Marcus Hook National Bank, Marcus Hook, Pa. and as President of the Delaware County National Bank of Chester, Pa.  
Approved.

The meeting adjourned at 12:50 p.m.

Approved:

  
Governor.

  
Secretary.