

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, December 2, 1924, at 11:15 a.m.

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

The reading of the minutes of the meeting of the Federal Reserve Board held on November 21st was dispensed with.

The minutes of the meeting of the Federal Reserve Board held on November 25th were read and approved.

Letter dated November 26th from Congressman Theodore E. Burton, referring to his previous communications to the Board and transmitting letter addressed to him by Mr. Frank A. Doughman of Atlanta, protesting against the appointment of Mr. Oscar Newton as Class "C" Director and Chairman of the Federal Reserve Bank of Atlanta.

Referred to Committee on District #6.

Telegram dated November 28th from the Deputy Governor of the Federal Reserve Bank of New York advising of changes in the bank's buying rates on bankers acceptances, effective as of that date.

Noted.

Memorandum dated December 1st, approved by the Secretary, recommending that stock in the Federal Reserve Bank of San Francisco in the name of the Jefferson County National Bank of Rigby, Idaho, which went into voluntary liquidation in June 1923, be cancelled but that the proceeds be placed in the Federal Reserve bank's expense account until the Comptroller of the

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Currency has received and approved the required resolution of the shareholders formally placing the bank in liquidation.

Upon motion, the above recommendation was approved.

Letter dated November 28th from the Comptroller of the Currency, recommending approval of an increase from \$2,250 to \$3,000 per annum in the salary of Assistant National Bank Examiner Charles P. Weigand, during the period of a thirty day appointment as National Bank Examiner, ending December 31, 1924.

Upon motion, the above recommendation, which was approved by the Executive Committee on November 28th, was formally approved by the Board.

Letter dated November 2nd from Nathan Lubar, submitting his resignation as messenger in the Board's Telegraph Office, effective December 15, 1924.

Accepted.

Report of Committee on Salaries, Expenditures and Efficiency on the matter referred to it at the meeting on November 25th, namely, recommendation of the Federal Reserve Agent at San Francisco that Mr. Harry Allan Sproul be appointed Assistant Federal Reserve Agent, effective December 1st, to succeed Mr. Henry C. Breck, resigned, and that Mr. Sproul's salary be increased from \$4,000 to \$5,000 per annum, effective January 1, 1925; the Committee also recommending approval.

Approved, Mr. Miller voting "no".

Report of Committee on Examinations on memorandum dated November 25th from the Acting Comptroller of the Currency, recommending approval, subject to conditions, of the application of the First National Bank of Edgewood, Texas, for permission to reduce its capital stock from \$50,000 to \$25,000; the Committee also recommending approval.

Approved.

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Report of Committee on Examinations on memoranda dated November 22nd from the Acting Comptroller of the Currency, recommending approval of the application of the First National Bank of Tahlequah, Okla., for permission to reduce its capital stock from \$80,000 to \$50,000, and the application of the Liberty National Bank of Tahlequah for permission to reduce its capital stock from \$50,000 to \$40,000 per annum; the Committee recommending approval of both applications.

Approved.

Report of Committee on Examinations on matter referred to it at the meeting on November 25th, namely, telegram dated November 22nd from the Assistant Federal Reserve Agent at San Francisco inquiring whether Oakland, Berkeley and Alameda, the corporate limits of which are separated from the city of San Francisco by San Francisco Bay, are considered contiguous to San Francisco; Mr. Platt stating that it is his understanding that these municipalities are regarded as contiguous, and Mr. James recommending that the matter should be considered at a meeting of the full Board.

After discussion, Mr. Miller moved that the Board rule that the cities of Oakland, Berkeley and Alameda are contiguous to the city of San Francisco.

Carried, Governor Crissinger voting "no".

Report of Committee on Examinations on letter dated November 25th from the Assistant Federal Reserve Agent at San Francisco, transmitting and recommending approval of the application of the American Bank of San Francisco for permission to establish three de novo branches in the city of Oakland; Mr. Platt, Chairman of the Committee, recommending approval.

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After discussion, Mr. Hamlin moved that the Board approve the application.

Mr. Hamlin's motion being put by the chair the members voted as follows:

Mr. Platt, "aye"
 Mr. Hamlin, "aye"
 Mr. Miller, "aye"
 Governor Crissinger, "no"
 Mr. James, "no"
 Mr. Cunningham, "no"

The Chairman then stated that the motion was lost on a tie and the application stood disapproved.

Report of Law Committee, submitting draft of reply to letter dated November 24th from the Chairman of the Federal Reserve Bank of Chicago, regarding the application of the Livestock National Bank of Sioux City, Iowa, for permission to exercise trust powers; the proposed reply stating that it will be satisfactory to the Board for the Federal Reserve bank to suggest to the applicant that it request that formal consideration of the application be postponed until another examination has been made.

Upon motion, the proposed letter was approved.

Report of Law Committee on letter dated November 19th from the Federal Reserve Agent at Boston, transmitting and recommending approval of the application of the Union Trust Company of Ellsworth, Maine for permission to establish a trust department; the Committee recommending approval.

Approved.

Letter dated November 28th from the Chairman of the Federal Reserve Bank of New York, advising that beginning December 1st meetings of the Board of Directors of the bank will be held each Thursday and of the Executive Committee each Monday.

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Noted.

The Governor then presented the matter approved on initials on November 29th, namely, application of the Home Bank of St. Matthews, South Carolina, for permission to absorb the Farmers Bank and Trust Company of St. Matthews; approval of said application having been recommended by the Federal Reserve Agent at Richmond in his letter of November 24th.

Upon motion, the application was formally approved.

Letter dated November 21st from the Chairman of the Federal Reserve Bank of St. Louis, advising that Mr. W. C. Montgomery, director of the Louisville Branch, has been appointed Chairman of the Road Commission of Kentucky, and inquiring whether this appointment makes Mr. Montgomery ineligible to serve as a Branch Director.

After discussion, Mr. James moved that reply be made to the above letter, advising that Mr. Montgomery will be ineligible for reappointment as a director of the Louisville branch.

Carried.

Discussion then ensued as to the scope of the Board's circular letter of December 27, 1915, advising that in the opinion of the Board persons holding political or public office or acting as members of political party committees, can not consistently with the spirit and underlying principles of the Federal Reserve Act, serve as directors or officers of Federal Reserve banks.

Mr. Hamlin moved that the circular be referred to the Law Committee with directions to report back a new draft thereof.

Carried.

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Mr. Miller then moved that the Committee in amending the circular extend its scope so as to include candidates for political office and to make it clear that it pertains to directors, officers and employees of branches as well as head offices.

Mr. Miller's motion being put by the chair was lost, the members voting as follows:

Governor Crissinger, "aye"
Mr. Miller, "aye"
Mr. Cunningham, "aye"
Mr. Platt, "no"
Mr. Hamlin, "no"
Mr. James, "no"

The Committee on Research and Statistics then reported on the matter referred to it at the meeting on November 25th and submitted an amendment to the principles adopted by the Board governing research, statistical and publication activities of the Federal Reserve banks and the Federal Reserve Board, providing that the Federal Reserve banks by April 1, 1925 are to arrange to make a charge sufficient to cover costs for copies of monthly letters delivered in bulk for distribution and that the question of imposing a charge for single copies shall be deferred for further consideration.

Upon motion, the amendment submitted by the Committee was approved and the principles stand adopted in the following revised form:

"Scope and Purpose. - The purpose of the work of the research and statistical divisions of the Federal reserve banks and the Board is to collect and digest information bearing on the problems with which the Federal Reserve System is concerned, either as a matter

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"of current operation or as the basis of Federal reserve policies.

All such work is to be under the general supervision of the Federal Reserve Board acting through its Division of Research and Statistics.

While research studies and scientific investigations may be undertaken on the initiative of the Federal Reserve banks or of the Federal Reserve Board, the Federal Reserve banks, before any expense is incurred for their prosecution, are to secure the approval of the Federal Reserve Board. It is not intended, however, that approval be awaited before studies of small scope are undertaken which involve no considerable expense. In conducting such studies, the Director of the Board's Division of Research and Statistics may make assignments to one or more of the Federal reserve banks of such portions as may seem desirable.

Publications. - Beginning with January, 1925, the monthly publications of the Federal reserve banks are not to exceed eight pages, as a standard, but during 1925, which may be considered a year of readjustment, the number of pages is not to exceed twelve.

Free distribution of such publications as a matter of course shall be made only to member banks, to other Federal reserve banks, to the Federal Reserve Board, and to firms reporting statistical information, non-member par list banks, and to such others as may be determined through the Board's Division of Research and Statistics in contact with a committee of the agents to be entitled to it. The Federal Reserve banks by April 1, 1925, are to arrange to make a charge sufficient to cover costs for copies delivered in bulk for distribution. The question of imposing a charge for single copies shall be deferred for further consideration.

The monthly reviews, published by the Federal Reserve Agents, are to be under the general editorial supervision of the Director of Research and Statistics of the Federal Reserve Board, who is responsible to the Board for the proper conduct of the research, statistical, and publication activities undertaken by the Board and authorized for the several banks."

Letter dated November 25th from Mr. A. B. Trowbridge, Consulting Architect, submitting a statement amounting to \$1500, to cover partial fee for his services in connection with the buildings being erected to house the Denver and Omaha branches of the Federal Reserve Bank of Kansas City.

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Referred to Committee on Salaries, Expenditures and Efficiency.

Report of Committee on Agricultural Credits on matter referred to it at the meeting on November 25th, namely, statement on the subject "Relation of the Federal Reserve System to Agriculture", prepared for submission to the Agricultural Commission through the Under Secretary of the Treasury.

After discussion this statement was referred back to the Committee with power.

Draft of letter to the Assistant Cashier of the National Bank of America, Pittsburgh, Pa., on the subject of the exercise of fiduciary powers by national banks in Pennsylvania; the letter stating among other things that it appears that national banks desiring to exercise fiduciary powers in Pennsylvania may voluntarily submit to examination by State authorities although they can not be compelled to do so.

Upon motion, the proposed letter was approved.

The Governor then referred to the special order business for today's meeting, namely, the appointment of Class "C" directors of Federal Reserve banks and directors of Branch Federal Reserve banks, which was thereupon postponed until tomorrow's meeting.

Mr. Miller then offered the following resolution which if adopted by the Board he stated should be communicated to the Federal Reserve Bank of New York over the telephone at the time of the next meeting of the directors of the banks:

"The Federal Reserve Board holds it to be necessary in the present situation of the money market that the open market rate of the Federal Reserve System should be sufficiently above the level of market rates to be effective.

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"The Board is of the opinion that Federal Reserve Bank rates on all classes of open market investments admissible to purchase by Federal Reserve Banks should in present circumstances be not less than 1/4 of 1 per cent above the actual current (sales) rates on such classes of investments. The Federal Reserve Board would like an expression of views and a recommendation of the Federal Reserve Bank of New York on the subject of a revision of its open market rates in order to bring about a better adjustment of such rates to the trend of rates in the money market and in order to make its rates effective."

After discussion, action on the above motion was postponed until tomorrow's meeting.

REPORTS OF STANDING COMMITTEES:

- Dated, November 26th, 28th, 29th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.
- Dated, December 2nd, Approved.
- Dated, December 2nd, 2nd, 2nd, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
- Dated, December 2nd, Approved.
- Dated, December 1st, Recommending approval of the application of Mr. D. N. Fink to serve at the same time as President and Director of the Commercial National Bank, Muskogee, Okla. as President and Director of the Citizens National Bank of Ft. Gibson, Okla., and as Vice President and Director of the First National Bank of Porter, Okla.
- Dated, November 28th, Approved.
- Dated, November 28th, Recommending approval of the application of Mr. F. E. Kenaston to serve at the same time as director of the Northwestern National Bank, Minneapolis, Minn., and as director of the Security National Bank of West Minneapolis, Hopkins, Minn.
- Dated, November 28th, Approved.
- Dated, November 28th, Recommending approval of the application of M r. H. W. Rowley to serve at the same time as director of the First National Bank, Seattle, Wash., and as director of the Midland National Bank, Billings, Montana.
- Dated, November 28th, Approved.

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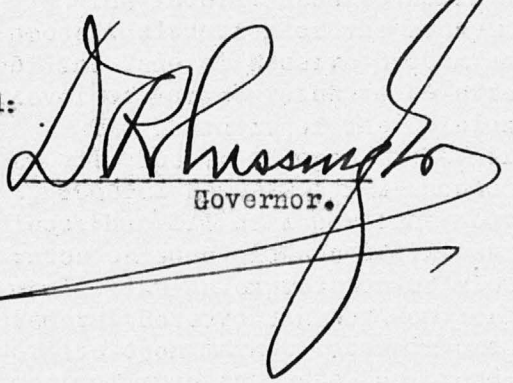
REPORTS OF STANDING COMMITTEES: (Cont'd)

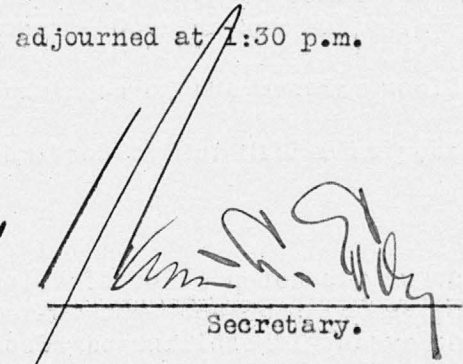
Dated, November 28th, Recommending approval of the application of Mr. Andrew Horn to serve at the same time as director of the Drovers National Bank, and as officer of the Central Savings Bank and Trust Company, both of Denver, Colorado.

Approved.

The meeting adjourned at 1:30 p.m.

Approved:


Governor.


Secretary.