

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 6, 1925, at 11:30 a.m.

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

The Secretary called attention to the accumulation of minutes which have not been read and approved by the Board and stated that in two of the sets one of the Members of the Board desired to make a statement in explanation of votes recorded.

Mr. James moved that the Board adopt the policy that all Members be given authority to revise any statement made for the minutes within twenty-four hours of the time of the meeting and that any later statements must be entered in the minutes of the meeting of the day on which the statements are made.

Carried.

The minutes of the meeting of the Federal Reserve Board held on December 18th were then read and approved.

The Secretary then submitted the minutes of the meeting of the Federal Reserve Board held on December 23rd containing sixty odd pages which the Board ordered circulated among the Members for approval, in lieu of the usual reading.

The minutes of the meeting of the Federal Reserve Board held on December 30th and 31st were then read and approved.

The minutes of the meeting of the Federal Reserve Board held on January 3rd were read and approved.

The Governor stated that the Governor of the Federal Reserve Bank of

1/6/25

-2-

Boston desired to appear before the Board on Saturday, January 10th, and inquired whether this date would be convenient for the other members, none of whom raised any objection to a meeting on that date.

Letter dated December 4th from the Chairman of the Federal Reserve Bank of Richmond, advising of the re-election of Mr. Charles E. Rieman as Class A Director of the Bank and Mr. Edmund Strudwick as Class B Director, both for terms of three years beginning January 1, 1925.

Noted.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 3rd from the Comptroller of the Currency, recommending approval of an increase from \$2700 to \$3,000 per annum in the salary of National Bank Examiner F. L. King; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 3rd from the Comptroller of the Currency, recommending approval of an increase from \$2700 to \$3,000 per annum in the salary of National Bank Examiner J. L. Sanders; the Committee also recommending approval.

Approved.

Memorandum dated January 6th from the Chief Examiner, recommending that the designation of Messrs. John F. Prah1 and R. B. Wiltse be changed from Assistant Federal Reserve Examiner to Federal Reserve Examiner, effective January 6, 1925.

Approved.

1/6/25

-3-

The Secretary then stated that the Director of the Division of Research and Statistics had requested authority to abolish the office of Statistician and to designate the present incumbent, Mr. E. A. Goldenweiser, as Assistant Director of the Division of Research and Statistics.

Approved, effective as of this date.

Letter dated December 29th from the Assistant Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank on November 22, 1924 closed its branch at Kerman, California, transferring the business and assets of the branch to the newly organized First National Bank in Kerman.

Noted.

Letter dated December 29th from the Assistant Federal Reserve Agent at San Francisco, advising that the Pacific Southwest Trust and Savings Bank on December 23, 1924 closed its branch at Atascadero, California, transferring the business of the branch to the San Luis Obispo Branch.

Noted.

Letter dated January 5th from Mr. A. B. Trowbridge, stating that he has been requested by a firm of architects in Birmingham to furnish them with any data he may have which would help them in the preparation of plans for the building to house the Birmingham Branch, and inquiring whether he should proceed to take up this matter with the architects or should await specific instructions from the Board before proceeding with problems of this kind.

Referred to the Committee on Salaries, Expenditures and Efficiency.

1/6/25

-4-

Report of Committee on Examinations on letter dated December 30th from the Federal Reserve Agent at Boston, advising that the Rhode Island Hospital Trust Company of Providence desires to open at Woonsocket one of the seven branches the establishment of which was approved by the Board on January 30, 1924, and stating that in his opinion it will not be necessary for the Trust Company to receive further approval of the Board in carrying through its plans; Mr. Platt stating it is his understanding that in view of the fact that the six months' clause was not applied in the case of the application of the Rhode Island Hospital Trust Company to establish the seven branches referred to, the branches may be opened from time to time, as the applicant elects, provided advice is given to the Board as and where each branch is opened, but Mr. James reserving the right to vote against the establishment of the branches without further action by the Board.

After discussion, it was voted to be the sense of the Board that the seven branches of the Rhode Island Hospital Trust Company may be established without further action by the Board, Mr. James voting "no".

The Secretary then reported that the Federal Reserve Agent at Chicago in a telephone conversation with Mr. Cunningham yesterday had advised that he was embarrassed by the failure of the Board to reappoint Mr. W. F. McLallen as Assistant Federal Reserve Agent during 1925, and had requested that the Board, for the time being, withhold advice of this action. The Secretary then submitted the following telegram sent to Mr. Heath yesterday on the initials of the Members of the Board:

"Referring your telephone conversation this morning with Cunningham, Board's action was taken in light of facts before it, all of which you are familiar with. If you desire to present to Board additional facts and reasons

1/6/25

-5-

"which in your opinion might justify Board reconsidering, you may advise party concerned his appointment has been disapproved and that you will ask Board to reconsider. Meanwhile he must not serve in official capacity for Federal Reserve Agent, and he should understand reconsideration by Board, if decided upon, will not necessarily mean reversal of action already taken."

Upon motion, the above telegram was formally approved.

Report of Committee on Examinations on letter dated December 27th from the Federal Reserve Agent at St. Louis, transmitting and recommending approval of the application of the Shaw State Bank of St. Louis, an outlying institution, for a reduction in its reserve requirements from 10% of demand deposits and 3% of time deposits to 7% of demand deposits and 3% of time deposits, under the provisions of Section 19 of the Federal Reserve Act; the Committee also recommending approval.

Approved.

Letter dated January 3rd from the Federal Reserve Agent at Atlanta, quoting a resolution adopted by the directors of that Bank providing that, if the Federal Reserve Board interposes no objection, beginning January 15th, 1925, that Bank in the absence of specific instructions will not handle by direct sending, checks drawn on any bank which may have failed to make remittances for cash letters for a length of time deemed by the officers of the Bank to be unwarranted or unreasonable and that when such checks, drawn on such bank, are received, the immediate endorser shall be promptly notified by appropriate wire.

After discussion, Mr. James moved that the Board interpose no objection to the Federal Reserve Bank of Atlanta putting into effect the provisions of the above resolution.

Carried.

1/6/25

-6-

13

Memorandum dated December 23rd from Counsel, on the subject of the revocation of the permit granted Mr. O. M. Souden to serve at the same time as director of The United States National Bank and the Hibernia Savings Bank, both of Los Angeles, the latter institution having since been absorbed by the California Bank of Los Angeles; Counsel stating that because of the extensive branches of the California bank and the similarity of the statements of that bank and the United States National Bank, it is believed they are in substantial competition and recommending that the permit granted Mr. Souden to serve these institutions be revoked.

During the discussion which followed, Mr. Hamlin stated that from information coming to him it was quite likely that Congress would soon pass the bill recommended by the Board to amend the Clayton Act so as to permit continuation of service by interlocking directors whose banks have come into substantial competition since the directors were granted permission to serve them.

Mr. Platt then moved that in view of the pending legislation the Board take no action to revoke the permit of Mr. Souden.

Carried.

Memorandum dated December 23rd from Counsel on the subject "Joint Stock Land Banks as Banks Within the Meaning of the Clayton Act"; Counsel stating that in his opinion the Board has been correct in its previous ruling that joint stock land banks must necessarily be considered banks and come within the prohibitions of the Clayton Anti-Trust Act.

Ordered circulated and docketed for consideration at the next meeting of the Board.

Memorandum from Counsel on letter dated December 12th from the Secretary of the Federal Reserve Bank of Chicago, inquiring whether the charter of that

1/6/25

-7-

Bank expires twenty years from November 14, 1914 (the date of the certificate of the Comptroller of the Currency authorizing the Bank to transact business) or whether the twenty years run from the date of the organization certificate executed by five member banks as required in the second paragraph of Section 4 of the Federal Reserve Act; Counsel stating that an examination of Section 4 of the Act indicates very clearly that a Federal Reserve bank is authorized to have succession for a period of twenty years from the date upon which its organization certificate was filed with the Comptroller of the Currency but that he has been advised informally by the Office of the Comptroller that they have no record of the date upon which the filing of the certificates actually took place.

After discussion, it was voted to refer the above matter to the Law Committee for the preparation of a form of resolution to be adopted by the Board regarding the matter.

Letter dated December 20th from the Federal Reserve Agent at Philadelphia referring to previous correspondence with the Board regarding irregularities of Mr. L. L. Maloney, Vice President and Treasurer of the Security Trust and Safe Deposit Company of Wilmington, Delaware and stating he is advised that Mr. Maloney, who earlier in the year was dropped from the official staff of the Bank, will be reinstated as an officer at the annual meeting of the Bank on January 7, 1925.

After discussion, the Secretary was instructed to confer regarding this matter with the Department of Justice to which the reported irregularities of Mr. Maloney were previously reported.

Letter dated January 3rd from the Federal Reserve Agent at Chicago, advising of the failure of the First State and Savings Bank of Howell, Michigan

1/6/25

-8-

to file report of condition called for as of October 10, 1924, notwithstanding that the matter has frequently been brought to their attention and stating that he on that date addressed a letter to the President of the Bank calling attention to the provision of Section 9 of the Federal Reserve Act for a penalty of \$100 a day for each day a bank fails to transmit such report.

Upon motion, the above letter was referred to the Committee on Examinations with instructions to take the subject thereof up with the Federal Reserve Agent on the occasion of his proposed visit to Washington in the near future.

Mr. Hamlin then referred to the hearing conducted by the Board on March 20, 1924 in connection with the action of Mr. E. S. Welch in serving on the boards of directors of the National Union Bank and Old Colony Trust Company, both of Boston, in contravention of the Board's ruling that these two institutions are in substantial competition and stated that the Board in the near future should decide whether or not it will file suit against the National Union Bank of Boston to enforce compliance with Section 8 of the Clayton Anti-Trust Act.

Upon motion, it was voted that all evidence in connection with this matter be circulated among the Members of the Board for their information before any action is taken by the Board.

Mr. James then called attention to several items of unfinished business which have been on the Board's docket for a year or more and requested that some action be taken by the Board on these matters.

Upon motion by Mr. Hamlin, the Secretary was directed to take up with the Chairmen of the various Committees to which these matters have been referred the question of submitting reports for action by the Board.

1/6/25

-9-

The Governor then submitted report of examination of the International Acceptance Bank, Inc. of New York, made as at the close of business September 5, 1924.

Referred to the Committee on Examinations.

Report of Examination of the Federal Reserve Bank of Chicago and its Detroit Branch, made as at the close of business June 14, 1924.

Referred to the Committee on Examinations and Committee on District #7.

Report of Examination of the Federal Reserve Bank of San Francisco and its branches, made as at the close of business July 12, 1924.

Referred to the Committee on Examinations and Committee on District #12.

Report of Examination of the Federal Reserve Bank of Richmond and its Baltimore Branch, made as at the close of business September 20, 1924.

Referred to the Committee on Examinations and Committee on District #5.

REPORTS OF STANDING COMMITTEES:

Dated, January 5th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

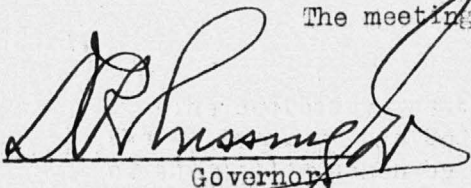
Approved.

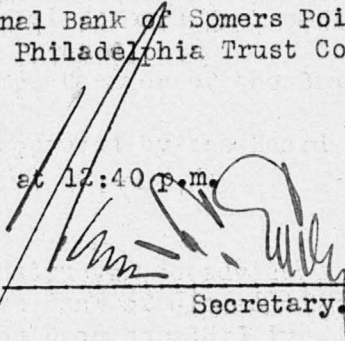
Dated, January 6th, Recommending approval of the application of Mr. George Goll to serve at the same time as Director and Vice President of the First National Bank of Somers Point, N.J. and as Director of the North Philadelphia Trust Company, Philadelphia, Pa.

Approved.

The meeting adjourned at 12:40 p.m.

Approved:


Governor


Secretary