

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 13, 1925, at 11:20 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 January 8th were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on January 10th were read and approved.

Mr. Hamlin then referred to the recent action of the Board in ordering circulated all evidence in connection with the service of Mr. E. S. Welch on the directorates of the National Union Bank and the Old Colony Trust Company, both of Boston, in contravention of the Board's finding that these institutions are in substantial competition, and stated that he has been advised by the Federal Reserve Agent at Boston that a new grouping of banks is being prepared under which interlocking directorates will be permitted between the National Union Bank and the Old Colony Trust Company. Mr. Hamlin stated that in view of this fact, no further action by the Board regarding Mr. Welch's service would be necessary at this time.

Mr. Hamlin then submitted draft of a letter addressed to the Chairman of the Committee on Banking and Currency of the House of Representatives, prepared in accordance with action taken by the Board at the meeting on December 22nd and commenting on the so-called McFadden National Banking bill.

Upon motion, the proposed letter was ordered circulated among the members of the Board.

1/13/25

-2-

Letter dated January 10th from the Governor of the Federal Reserve Bank of Atlanta, enclosing letter addressed to him by Randolph and Parker, the bank's Counsel suggesting a fee of \$10,000 for services in connection with the so-called Pascagoula case; Governor Wellborn advising that on January 9th a contract was consummated with Randolph and Parker on the basis of this suggestion.

Upon motion by Mr. Hamlin, the Board voted to offer no objection to the contract unless the Board's Counsel should raise some question regarding it, Mr. Miller voting "no".

Letter dated January 10th from the Chairman of the Federal Reserve Bank of Atlanta, inquiring whether the Board would have any objection to the holding of the regular March directors' meeting in New Orleans and the regular May meeting in Nashville.

Upon motion by Mr. Hamlin, it was voted to interpose no objection, Mr. Miller voting "no".

Letter dated January 8th from the Chairman of the Federal Reserve Bank of New York, advising of the re-election of Mr. Paul M. Warburg as member of the Federal Advisory Council from the 2nd Federal Reserve District for the year 1925.

Noted.

Memorandum dated January 13th from the Secretary, advising of the re-election of Mr. L. L. Rue as member of the Federal Advisory Council from the 3rd Federal Reserve District for the year 1925.

Noted.

Letter dated January 10th from the Chairman of the Federal Reserve Bank of Cleveland, advising of the election of Mr. George A. Coulton as member

1/13/25

-3-

of the Federal Advisory Council from the 4th Federal Reserve District for the year 1925.

Noted.

Letter dated January 10th from the Chairman of the Federal Reserve Bank of Kansas City, advising of officers elected to serve at the head office and branches during the year 1925, and advising further of the re-election of Mr. E. F. Swinney as Member of the Federal Advisory Council from the 10th Federal Reserve District, during the year 1925.

Noted.

Letter dated January 7th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the election of Mr. Henry S. McKee, one of the Board's appointees to the directorate of the Los Angeles Branch, as member of the Federal Advisory Council from the 12th Federal Reserve District for the year 1925.

Noted.

After discussion, Mr. Miller moved "that it is the sense of the Board that it is undesirable that the same person shall simultaneously hold the position of member of the Federal Advisory Council and that of director of a Federal Reserve bank or branch under appointment of the Board, and that the San Francisco bank be so advised".

Mr. Hamlin called attention to the fact that Mr. Oscar Wells, one of the Board's appointees to the Birmingham branch directorate, is member of the Federal Advisory Council from the 6th Federal Reserve District, and moved as an amendment to Mr. Miller's motion "that the Federal Reserve Banks of San Francisco and Atlanta be so advised".

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

1/13/25

-4-

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

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

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

Letter dated January 7th from the Chairman of the Federal Reserve Bank of San Francisco, advising that subject to the approval of the Board, the directors of that bank have fixed as "compensation and allowances" \$750 for each meeting attended in Washington by that bank's member of the Federal Advisory Council.

Upon motion by Mr. Miller, it was voted to approve compensation stated above.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 7th from the Chairman of the Federal Reserve Bank of St. Louis, advising of the election of Mr. Breckinridge Jones as member of the Federal Advisory Council from the 8th Federal Reserve District for the year 1925 and that the compensation of Mr. Jones has been fixed at \$1,000 per annum, to cover all expenses for attendance on meetings, this being the same compensation heretofore paid the Advisory Councilman from that district with the Board's approval; the Committee recommending approval.

Approved.

-5-

Report of Committee on Examinations on letter dated January 8th from the Chairman of the Federal Reserve Bank of Cleveland, recommending approval of the application of the Union Trust Company of Cleveland for permission to establish branches at the intersection of Kinsman and Center Road, Shaker Heights Village, and on Euclid Avenue at Taylor Road, East Cleveland; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on memorandum dated January 10th from the Comptroller of the Currency, recommending approval of the application of the First National Bank of Kemp, Texas for permission to reduce its capital stock from \$75,000 to \$50,000; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 10th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of a salary of \$1500 per annum, effective January 16, 1925, for Mr. Leo Starr, elected Assistant Cashier of the Nashville Branch; the Committee recommending approval.

Approved.

Report of Committee on Branches on letter dated January 9th from the Chairman of the Federal Reserve Bank of Chicago, submitting amendments to the By-laws of the Detroit Branch providing for changes in the dates of meetings of the board of directors and the Discount Committee of the Branch; the Committee recommending approval.

Approved.

1/13/25

-6-

Report of Committee on Branches on letter dated January 5th from the Chairman of the Federal Reserve Bank of Dallas, transmitting By-laws of the El Paso and Houston Branches amended to conform to the Board's Regulations governing the appointment and service of Branch directors; the Committee recommending approval.

Approved.

Memorandum dated January 10th from Counsel with reference to the matter referred to him at the meeting on January 8th, namely, letter dated January 2nd from the Federal Reserve Agent at Atlanta, transmitting application for surrender of stock by the Commercial Bank and Trust Company of Miami, Florida, based on a reduction in the bank's capital from \$300,000 to \$200,000 which was made without the Board's approval, although one of the conditions of membership agreed to by the bank was that it would not reduce its capital without approval of the Board; Counsel submitting draft of a letter to the Federal Reserve Agent stating that the Board will defer action upon the application for surrender of stock pending receipt of an application from the bank for the Board's permission to make the reduction in capital.

Upon motion, the proposed letter was approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 10th from the Chairman of the Federal Reserve Bank of Kansas City, recommending approval of an increase from \$4260 to \$4500 per annum in the salary of Mr. G. A. Gregory, Cashier of the Omaha Branch; the Committee recommending approval of the increase which the Board at the meeting on December 23rd voted it would approve if recommended by the directors of the Kansas City bank.

Approved.

1/13/25

-7-

Report of Committee on Salaries, Expenditures and Efficiency, dated January 13th, as follows:

"In accordance with the direction of the Board, your Committee has given consideration to the recommendation of the directors of the Federal Reserve Bank of Boston that the salary of Mr. W. W. Paddock, Deputy Governor, be increased from \$16,000 to \$17,000 and the salary of William Willett, Cashier, be increased from \$10,000 to \$12,000 per annum, the Committee giving due weight to the statement made by Governor Harding at the meeting of the Federal Reserve Board on Saturday, January 10th, of the policy of the officers and directors of the bank which appears to be one of gradually reducing the number of officers and the official salary overhead -- a considerable reduction in the number of officers and dollar overhead having already been effected.

Your Committee has to recommend that the Board approve of the salary increases in question, provided the bank will fall in line with the Board's desire that it adopt a budget for the year 1925 covering all probable expenses of operating all departments of the bank. In this connection, the Governor of the Bank has advised the Board that its directors doubt the advisability of working out in detail a budget for the year 1925 as they believe that the operations of the bank can be done more economically if the bank's present policy of regulating expenses is carried out. The Secretary to the Board has advised your Committee that in conversation a few days ago with Governor Harding on the question of the adoption of a budget by his bank, the Governor stated that if the Board would renew its request that the expenses of the bank be budgeted for the year 1925, he and his directors would willingly comply with the request, although the Governor felt that their view on the desirability of such a budget would remain the same.

With reference to the suggestion coming from certain of the directors of the bank that the salary of Mr. Curtiss, Federal Reserve Agent, be increased from \$18,000 to \$20,000 per annum, your Committee recommends that no change be made in Mr. Curtiss' salary at this time. "

After discussion, Mr. Hamlin moved approval of an increase from \$16,000 to \$17,000 per annum in the salary of Mr. W. W. Paddock, Deputy Governor of the Federal Reserve Bank of Boston and an increase from \$10,000 to \$12,000 per annum in the salary of Mr. William Willett, Cashier, both effective January 1, 1925.

Carried.

Mr. Hamlin then moved that the salary of Mr. F. H. Curtiss, Federal Reserve Agent at Boston be increased from \$18,000 to \$20,000 per annum, effective January 1, 1925.

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

1/13/25

-8-

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

Report of Committee on Salaries, Expenditures and Efficiency dated January
January 10th, as follows:

"As requested by the Board in a telegram to the Chairman of the Philadelphia Bank, under date of January 8th, the Executive Committee of the Bank (Messrs. Austin, Norris, Cosgrove, Wayne and Cannon) today met with the Board's Salary Committee for the purpose of discussing the action taken by the Board at its meeting on December 23rd in referring back to the Board of Directors of the Bank for reconsideration and adjustment their proposals for salaries to be paid to officers of the bank, including the Federal Reserve Agent's Department, during the year 1925.

Your Committee advised the representatives of the Philadelphia Bank that from a study of the functional expense reports, the Committee is of the opinion that the Bank is over-manned in both the official and clerical staffs; that in the opinion of the Committee there are approximately 2 more assistant cashiers than needed and 69 too many employees. None of the representatives of the Philadelphia bank would admit of an over-manned condition, although Mr. Austin stated that the Bank was at the present time carrying on its payroll 4 employees who had been active in the work of the Auditing Department, whose services in that department are not now required. He stated that these 4 men were being carried until places would be found for them in some other unit of the bank's organization, and that he believed they could be so placed within the next two or three months as a result of resignations occurring in some of the units. The Governor and Federal Reserve Agent stated that they would immediately undertake a survey of the several departments of the bank which your Committee stated in its opinion were over-manned, with a view of reducing within six months the personnel of these departments, if such reductions could be brought about without impairing the efficiency of the bank's operations. They also agreed to determine within a six months' period whether or not it would be possible to eliminate at least one assistant cashier. They stated that a possible change in the procedure of the auditing department might result in a further reduction of the auditing force.

The Committee discussed with the representatives the over-manned and over-elaborate organization in the Agent's Department, and the steps which are being taken by the Board to bring about curtailment of the organization and its output. The Governor of the Bank then pointed

"out very properly that the matter was one between the Board and the Agent, and not the direct concern of the bank officials, except insofar as it involved the bank's carrying the overhead of the Agent's Department.

In view of the foregoing, your Committee recommends approval, with one exception, of the salaries which the directors of the Philadelphia Bank propose to pay to the officers of the Bank for the year 1925, the exception being that of Arthur E. Post, Assistant Federal Reserve Agent, for whom an increase from \$8,000 to \$9,000 per annum was recommended. The Committee recommends that Mr. Post's salary be approved at the rate of \$8,000 per annum for the year 1925. The only proposal coming from the directors for an increase in the salary of an officer was that made by them in the case of Mr. Post. All other official salaries are at the same rate as obtained during the year 1924."

Upon motion by Mr. Hamlin, it was voted to adopt the recommendations of the Committee and approve salaries for officers of the Federal Reserve Bank of Philadelphia for the year 1925 as follows:

George W. Norris, Governor	-	\$25,000
Wm. H. Hutt, Deputy Governor	-	15,000
Wm. A. Dyer, Cashier & Secretary	-	12,000
C. A. McIlhenny, Asst. Cashier	-	9,000
W. J. Davis, " "	-	9,000
James M. Toy, " "	-	7,500
R. M. Miller, Jr. " "	-	7,500
F. W. LaBold, " "	-	7,500
Samuel R. Earl, " "	-	7,500
Wm. G. McCreedy, Comptroller	-	6,000
Arthur E. Post, Asst. F.R. Agent	-	8,000
W. I. Rutter, Jr. Auditor	-	4,000 "

Report of Committee on Salaries, Expenditures and Efficiency dated January 13th, as follows:

"In accordance with directions issued by the Board, the Federal Reserve Agent at Richmond arranged for members of the Executive Committee of the Richmond Bank to meet with the Board's Committee on Salaries, Expenditures and Efficiency for discussion of the action taken by the Board in the matter of the recommendations submitted by the Richmond bank for salaries to be paid to officers of that institution for the year 1925. The meeting was held yesterday and the Richmond Bank was represented by Messrs. Delano, Graham, Hoxton and Seay. Your Committee pointed out to the representatives of the Richmond Bank the several departments of the institution which in

1/13/25

-10-

"its opinion were over-manned and the output of which was less than the output of similar departments in other banks in which there were a less number of employees. As to the administrative group of the bank, your Committee stated that in its opinion the services of one Deputy Governor could be dispensed with. It pointed out to the Richmond Directors that certain other reserve banks of comparable size were being operated with one Deputy Governor, whereas the setup of the Richmond organization seemed to require the services of two.

From statements made by and the general attitude of the Governor of the Bank, it appeared that the Directors of the Richmond Bank were unwilling to recognize the criticisms or suggestions coming from the Board as to the general set-up and expense of maintaining the bank's organization. The Governor of the Bank was very emphatic in stating that the bank is well and economically managed and that under no circumstances would he at this time recede from this position. He also stated that any reduction in the personnel of the bank at this time would be brought about only over his vigorous protest, and that those responsible for any such reduction would have to assume full responsibility in the event of resultant impairment in the bank's organization. The attitude of Messrs. Hoxton, Delano and Graham was receptive to the suggestions made by the Board's Committee, and while expressing themselves as being unable to accept at this time the statement that the bank was over-officered and over-manned, stated that they intended to immediately institute an investigation to determine why certain functions of the bank required a larger staff of employees than the same functions at certain of the other reserve banks. They stated that on completion of such an investigation they would report their findings to the Board and any adjustments in the staff which might be deemed necessary would then be made - this action to take place on or before July 1st next.

It appeared that neither Mr. Delano or Mr. Graham had previously had an opportunity of inspecting and studying the quarterly functional expense reports of the Richmond Bank in comparison with the reports of the other reserve banks, and the suggestion was made by Mr. Delano that it would be helpful to the members of their board if copies of the Board's functional expense reports could be sent to them regularly. This your Committee recommends be done in the case of Richmond, and that consideration be given by the Board to the advisability of sending copies of the reports regularly to each of the directors of the other reserve banks.

In view of the evident willingness of the directors of the Richmond Bank to cooperate with the Board in its program of economy and efficiency, as expressed by Messrs. Delano and Graham, and to take vigorous and active steps to assure themselves that the operations of the Richmond Bank are conducted as economically and efficiently as are the operations at any of the other reserve banks,

1/13/25

-11-

"your Committee recommends that the Board approve of the salaries of the officers of the Richmond Bank and Branch for 1925 as recommended by the Board of Directors thereof in the salary schedules accompanying the bank's letter to the Board of December 11, 1924. This involves an increase in the salary of Hugh Leach, Auditor, from \$5,000 to \$6,000 per annum, and an increase from \$6,600 to \$7,000 per annum in the salary of E. G. Grady, Cashier of the Baltimore Branch.

Upon motion, it was voted to adopt the recommendations of the Committee and to approve salaries for officers of the Federal Reserve Bank of Richmond and its Baltimore Branch for the year 1925, as follows:

Head Office

J. G. Fry, Asst. F. R. Agt.	-	\$7,500
G. J. Seay, Governor	-	20,000
Chas. A. Peple, Dep. Governor	-	15,000
R. H. Broaddus, " "	-	10,000
J. S. Walden, Jr., Controller	-	10,000
G. H. Keesee, Cashier	-	8,000
A. S. Johnstone, Mgr. Personnel and Service	-	6,000
C. V. Blackburn, Asst. Cashier	-	4,500
W. W. Dillard, " "	-	4,800
Thos. Marshall, Jr. " "	-	5,000
G. S. Sloan, " "	-	5,000
Edw. Waller, Jr. " "	-	5,000
J. T. Garrett, Mgr. Bank Relations	-	5,400
Hugh Leach, Auditor	-	6,000
M. G. Wallace, Counsel	-	6,000

Baltimore Branch

A. H. Dudley, Manager,	-	10,000
E. G. Grady, Cashier	-	7,000
T. I. Hays, Asst. Cashier	-	4,200
M. F. Reese, " "	-	4,200
Henry Schutz, Auditor	-	3,300

Report of Committee on Salaries, Expenditures and Efficiency dated January 13th, as follows:

"Your Committee recommends approval of salaries of all officers of the Federal Reserve Bank of St. Louis and its branches at the same figures that obtained during the year 1924, with the exception

"of the salary of the Governor. The Committee recommends further that approval of a salary for the Governor of the bank be held in abeyance and that the salaries of those officers for whom advances were recommended by the board of directors of the St. Louis bank, effective January 1, 1925, be approved subject to review by the Board when the Executive Committee or an appropriate committee representing the board of directors of the Federal Reserve Bank of St. Louis shall have appeared before the Board in accordance with the request made in Chairman Martin's telegram of January 12th.

Your Committee further recommends that the date for a hearing with the St. Louis committee be fixed on or after January 26th. This request is made because of the contemplated absence of the Chairman of the Board's Committee on Salaries, Expenditures and Efficiency during the week of January 18th."

Upon motion, it was voted to adopt the recommendations of the Committee and to approve salaries for officers of the Federal Reserve Bank of St. Louis and its Branches as follows, the salaries of Messrs. White, Hall, Adams, Novy, Stewart and McConkey, subject to review at a later date:

Head Office

C. M. Stewart, Asst. F. R. Agent,	-	\$7,000
O. M. Attebery, Dep. Governor,	-	15,000
J. W. White, Cashier,	-	8,000
A. H. Hall, Asst. Cashier,	-	6,000
J. W. Rinkleff, " "	-	5,700
W. H. Glasgow, " "	-	5,500
S. F. Gilmore, " "	-	5,000
E. C. Adams, " "	-	4,500
F. N. Hall, " "	-	4,500
E. J. Novy, Auditor	-	7,500
H. L. Trafton, Asst. Auditor	-	3,240
E. I. Nowotny, " "	-	2,500
Jas. G. McConkey, Sec'y & Counsel	-	9,000

Little Rock Branch

A. F. Bailey, Manager,	-	7,000
M. H. Long, Cashier	-	4,200
F. A. Coe, Asst. Cashier	-	3,000

Louisville Branch

W. P. Kincheloe, Manager	-	7,500
John T. Moore, Cashier	-	5,000

Louisville Branch (Cont'd)

Earl R. Muir, Asst. Cashier	- \$3,600
Lee A. Moore, " Auditor	- 2,580

Memphis Branch

V. S. Fuqua, Manager	- 5,000
S. K. Belcher, Cashier	- 4,000
C. E. Martin, Asst. Cashier	- 3,300

Report of Committee on Salaries, Expenditures and Efficiency dated January 12th, as follows:

"The Board is advised by the Chairman of the Federal Reserve Bank of Dallas that at a meeting of the Directors of the Bank on January 7th a committee of directors composed of three members of the Bank's Executive Committee, who are not officers of the bank, were appointed as a special committee to proceed to Washington to confer with the Board relative to the Board's action on the Directors' recommendations for salaries of certain officers of the bank for the year 1925. The Board is asked to fix a date for such meeting.

The officers of the bank whose salaries are involved are:

<u>GROUP 1.</u>	<u>Present</u> <u>Salary</u>	<u>Proposed</u> <u>Salary</u>
B. A. McKinney, Governor	\$18,000	\$24,000
R. B. Coleman, Cashier	6,000	7,200
R. L. Foulks, Auditor	4,200	4,800
Fred Harris, Manager Houston Branch	5,500	6,200

The Board has not approved any salaries for these officers, as it felt that while they were entitled to some increase, none of them were entitled to the full amount recommended by the directors of the bank.

GROUP 2.

R. R. Gilbert, Deputy Governor	9,000	10,000
E. B. Stroud, Jr., Counsel	7,000	8,400
W. O. Ford, Assistant Cashier	4,500	5,000
J. L. Hermann, Assistant Cashier	4,000	4,200
E. B. Austin, Assistant Cashier	4,000	4,200

All of the proposed increases for the officers of this group were disapproved and salaries fixed by the Board at the figure in each case which obtained during 1924.

1/13/25

-14-

"In view of the fact that the Board has ruled that a Federal reserve bank cannot make a salary payment to an officer until an annual salary rate has first been approved by the Federal Reserve Board, the officers listed in Group 1 are without salary status, and cannot receive a salary payment on January 15, the first pay day of the bank in 1925.

Your Committee therefore recommends that the Chairman of the Board of Directors of the Dallas Bank be advised that the Board's Committee on Salaries, Expenditures and Efficiency will meet with the special committee of directors above referred to any day of this week agreeable to said special committee, and that the Board approve of the officers in Group 1 being paid at the salary rate at which they were compensated during 1924, with the understanding that the salaries of these officers will be again considered by the Board following the meeting of the special committee of directors with the Board's Salary Committee.

As to the salaries of the officers included in Group 2, these men now have a salary status and can receive salary payment on January 15 at the rate already approved by the Board. It may be that at the forthcoming conference with the special committee reasons will be developed which may lead your committee to recommend reconsideration of certain of these salaries.

Your Committee further recommends that the date for a hearing with the Dallas committee be fixed after January 26th. This request is made because of the contemplated absence of the Chairman of the Board's Committee on Salaries, Expenditures and Efficiency during the week of January 18th."

Upon motion, it was voted to adopt the recommendations of the Committee and to approve the payment of existing salaries, as stated below, to the following officers of the bank, subject to review at a later date:

B. A. McKinney, Governor,	-	\$18,000
R. B. Coleman, Cashier,	-	6,000
R. L. Foulks, Auditor,	-	4,200
Fred Harris, Manager Houston Branch	-	5,500

Report of Committee on Salaries, Expenditures and Efficiency on letter dated January 7th from the Chairman of the Federal Reserve Bank of San Francisco, transmitting recommendation of a special salary committee of the bank, recommending that the salary of Mr. F. H. Holman, General Auditor, be increased from \$5,700 to \$6,000 per annum; the salary of Mr. C. D. Phillips, Assistant Cashier from \$5220 to \$5700 and the salary of Mr. L. C. Meyer, Assistant Cashier, Los Angeles Branch, from \$3180 to \$3600, effective January 1,

1/13/25

1925 and stating that the special salary committee will review the organization of the bank for the purpose of reducing expenses and increasing the efficiency of the organization; the Board's Committee also recommending approval.

Approved.

Memorandum from Counsel dated January 9th on a letter dated December 30th from the Governor of the Federal Reserve Bank of Minneapolis, regarding surrender of stock by the First National Bank of Taylor, North Dakota, absorbed by a state bank which has since nationalized and is now operating under the name of Security National Bank; Counsel stating that while the First National Bank of Taylor is apparently in liquidation the Comptroller of the Currency has no official record of such liquidation and stating further that under the provisions of the Federal Reserve Act the Board can not legally follow a suggestion of its Division of Examination that the Board consider an application of a liquidating agent as an informal notice of liquidation and accordingly permit the Federal Reserve Agent to cancel stock and place any amount that may be due to the liquidating agent in suspense account until formal notice of liquidation is issued by the Comptroller of the Currency.

After discussion it was voted to refer this matter to the Comptroller of the Currency for advice as to whether the First National Bank of Taylor may be considered to be in liquidation.

The Law Committee then submitted draft of reply to letter dated January 7th from Senator William J. Harris, with regard to the eligibility of notes based on calcium arsenate stored in Federal warehouses; the proposed reply stating that the eligibility of promissory notes for rediscount by

1/13/25

-16-

Federal Reserve banks does not depend upon the existence or character of collateral security but upon the use of the proceeds thereof and that if the proceeds of such notes have been used for commercial or agricultural purposes the notes would be eligible for rediscount by a Federal Reserve bank as commercial paper with maturity up to 90 days or as agricultural paper with maturity up to nine months according to the use made of the proceeds.

Upon motion, the proposed letter was approved.

Memorandum dated January 12th from the Secretary requesting instructions as to the disposition of the proposed ruling by the Board on the subject of the limitation of gold held as security for Federal Reserve notes, which was laid on the table at the meeting on July 22, 1924 and has since been carried on the Board's docket of Unfinished Business.

Upon motion, the Secretary was instructed to remove this matter from the Board's docket and place it in the files.

Memorandum from the Secretary dated January 12th, requesting instructions as to the disposition of the report of the Committee on Branches on the subject of principles governing the establishment and continuance of branches of Federal Reserve banks, which was laid on the table by the Board on June 18, 1924 and has since been carried on the Board's docket of Unfinished Business.

Upon motion, the Secretary was instructed to remove this matter from the Board's docket and place it in the files.

1/13/25

-17-

The Law Committee then reported that no further action by the Board was necessary on the letter dated January 15th from the Governor of the Federal Reserve Bank of New York on the subject of acceptance transactions of the National Park Bank of New York, referred to the Committee at the meeting on January 15, 1924, or on the letter dated January 7th from the Governor of the Federal Reserve Bank of San Francisco on the subject of the acceptance by the National Bank of Commerce of Seattle, Washington, of drafts of the Yokohama Specie Bank, which was referred to the Committee on January 19, 1924.

Upon motion, the Secretary was instructed to remove these items from the Board's docket of Unfinished Business and to place all papers regarding them in the files.

Mr. Platt, Chairman of the Committee on Examinations then referred to the several letters from the Bank of Italy of San Francisco, regarding applications for branches at El Centro, Santa Ana, San Fernando, Hollywood, Newhall, Venice and Arcadia which have been referred to the Committee on Examinations from time to time, and stated that the Committee could at any time submit reports on these matters.

The Governor then stated that consideration of the Committee's reports would be made special order business for the meeting on Monday, January 19th.

REPORTS OF STANDING COMMITTEES:

Dated, January 8th, Recommending changes in stock at Federal Reserve
10th, Banks, as set forth in the Auxiliary Minute Book
13th, of this date.

Approved.

Dated, January 13th, Recommending action on applications for fiduciary
13th, powers as set forth in the Auxiliary Minute Book
13th, of this date.

Approved.

1/13/25

-18-

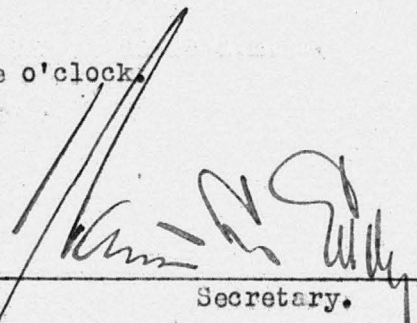
REPORTS OF STANDING COMMITTEES (Cont'd)

- Dated, January 13th, Recommending approval of the application of Mr. Charles Krupka to serve at the same time as director of the and Vice President of the Kaspar American State Bank of Chicago, Ill. and as director and Vice President of the First National Bank, Cicero, Ill.
Approved.
- Dated, January 13th, Recommending approval of the application of Dr. Matthias E. Lorenz to serve at the same time as director of the Kaspar American State Bank of Chicago, Ills. and as Director of the First National Bank of Cicero, Ills.
Approved.
- Dated, January 13th, Recommending approval of the application of Mr. J. Peschel to serve at the same time as director of the Kaspar American State Bank of Chicago, Ill. and as director of the First National Bank of Cicero, Ills.
Approved.
- Dated, January 13th, Recommending approval of the application of Mr. James J. Storrow to serve at the same time as member of private Banking firm of Lee, Higginson and Company, Boston and as director of the First National Bank, Boston, Mass.
Approved.
- Dated, January 13th, Recommending approval of the application of Mr. Henry Hornblower to serve at the same time as member of firm of Hornblower & Weeks and as director of the First National Bank, Boston, Mass.
Approved.
- Dated, January 13th, Recommending approval of the application of Mr. Emil F. Smrz, to serve at the same time as Cashier and Director of the Kaspar American State Bank, Chicago, Ills. and as director of the First National Bank, Cicero, Ills.
Approved.
- Dated, January 13th, Recommending approval of the application of Mr. Otto Kaspar, to serve at the same time as President and Director of the Kaspar American State Bank of Chicago, Ills. and as President and Director of the First National Bank of Cicero, Ills.
Approved.
- Dated, January 13th, Recommending approval of the application of Mr. Frederick A. Verdon to serve at the same time as Director and Vice President of the Richmond Borough National Bank, Stapleton, N.Y. and as Director of the Tottenville National Bank, Tottenville, N.Y., and as President and director of the West New Brighton Bank of West New Brighton, N.Y.
Approved.

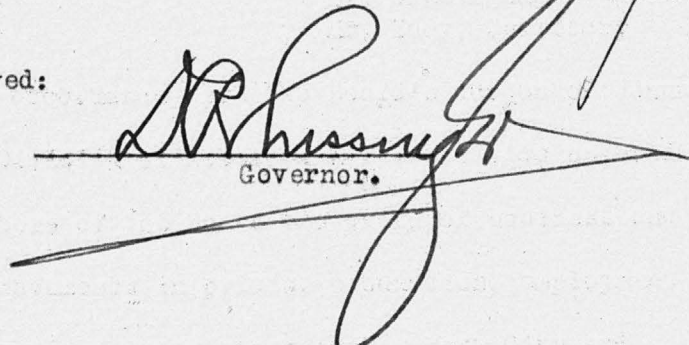
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-19-

The meeting adjourned at one o'clock.


Secretary.

Approved:


Governor.