

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, January 28, 1925 at 12:00 p.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary
Mr. Wyatt, General Counsel

The Vice Governor stated that the meeting had been called for the purpose of considering the provisions of the so-called McFadden Bill, passed by the House of Representatives on January 14th, and in accordance with the action of the Board yesterday, submitted draft of a letter to Senator Carter Glass advising that the Board has not yet acted regarding the memorandum of its General Counsel containing an analysis and criticism of the Bill, which was transmitted to the Senator by the Governor of the Board under date of January 23rd, with the understanding that if the Board has any differences of opinion regarding its contents, such differences and information pertaining to the same will be promptly furnished.

The Vice Governor also submitted the following telegram, dated January 28th, addressed to the Secretary of the Board by the Comptroller of the Currency from Chicago:

"During my absence until Friday I desire to be recorded as voting against any endorsement by letter resolution or otherwise Wyatts opinion on McFadden bill in whole or in part."

Mr. Wyatt then made the following statement:

"Last evening Senator Glass requested me, through Mr. Eddy, to come to his apartment and discuss with him that portion of the McFadden Bill which would amend Section 5200 of the Revised Statutes. After consulting two members of the

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"Board, I went to Senator Glass' apartment, as requested; but, instead of entering into a discussion of the Bill, I explained to the Senator that there was a difference of opinion among the Board members with reference to the McFadden Bill and that it would be embarrassing to me to discuss it in any way and, therefore, I should like to be excused from doing so. Senator Glass told me that he did not desire any expression from the Board of its views with regard to the merits of the McFadden Bill and did not intend to quote the Board in any way. He said he only desired a tabular analysis of the proposed revision of Section 5200 along the lines of the analysis of the present law which was published in the November, 1919, Bulletin, so that he might compare the two and see what changes would be made in the existing law by the proposed amendment. I told him that such a table had already been furnished to him by Governor Crissinger, and Senator Glass said that was all that he wanted.

I gathered from this conversation that Senator Glass' letter of January 21st requesting an analysis of Section 5200 covered everything he desired. In that letter he said:

"In this connection the Board issued sometime ago a tabulated statement giving the amounts that an individual, corporation or concern might borrow from a bank under Section 5200 of the National Bank Act. I would be obliged if you will have this table extended for me so as to show how much an individual, corporation or concern would be enabled to borrow under the rewritten provisions of Section 5200 in the McFadden bill'."

Thereupon ensued a discussion as to the necessity of any further action by the Board on Senator Glass' request and the desirability of communicating to the Senator the fact that the Board has not formally considered the McFadden Bill and is not in agreement with the criticisms contained in the memorandum of its counsel.

Upon motion by Mr. Hamlin, the Vice Governor was directed by unanimous vote to address the following letter to Senator Glass:

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"Under date of January 23rd, the Governor of the Board wrote you, transmitting an opinion of the Board's General Counsel containing an analysis and criticism of the McFadden Bill in the form in which it passed the House of Representatives.

In that letter the Governor stated that 'if the Board has any differences of opinion with the Solicitor ** such differences and the information pertaining to the same will be promptly furnished to you.'

As set forth in the letter, there was no quorum of the Board present to act on the matter and it has come before the Board today for the first time. The Board, however, now understands from your telephonic advice and your letter of January 21st that the Governor was under a misapprehension as to the scope of your request and that what you desired was not the opinion of the Board with respect to the McFadden Bill or any of its provisions, but merely an analysis by Counsel of the proposed changes in Section 5200 of the Revised Statutes. The Board, therefore, assumes that no expression of its views as to the merits of the pending legislation will be expected unless and until formally asked for.

Anything in Counsel's memorandum purporting to be a statement of views should, therefore, be understood to be merely his personal opinion."

The Vice Governor then presented the matter referred back to the Law Committee at the meeting yesterday, namely, the application of the South Side National Bank and Trust Company of Newark, New Jersey, an organizing institution, for permission to exercise trust powers when chartered and the application of the bank for stock in the Federal Reserve Bank of New York.

Mr. James moved that the Board approve the application of the South Side National Bank and Trust Company of Newark for stock in the Federal Reserve Bank of New York and the application of the bank for permission to exercise trust powers when chartered.

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

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

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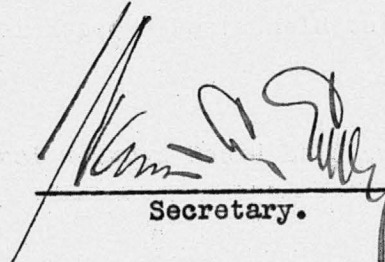
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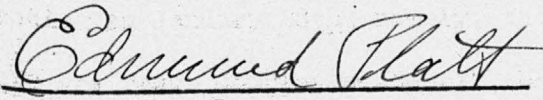
REPORTS OF STANDING COMMITTEES:

Dated January 28th Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Approved.

The meeting adjourned at 1:30 p.m.


Secretary.

Approved:


Vice Governor.