

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, January 30, 1925 at 11:05 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 17th were read and approved as amended.

The minutes of the meeting of the Federal Reserve Board held on January 20th were read and approved.

Mr. Platt then brought up the matters disapproved by the Board at the meeting on January 28th, namely, the application of the South Side National Bank and Trust Company of Newark, New Jersey, an organizing institution, for stock in the Federal Reserve bank and its application for permission to exercise trust powers when chartered.

Mr. Platt moved that the Board reconsider its action in disapproving these applications.
 Carried.

Mr. Hamlin then 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, effective if and when the bank is authorized by the Comptroller of the Currency to commence business and the application of the bank for permission to exercise fiduciary powers when chartered.

Mr. Hamlin's motion being put by the chair was carried, Messrs. Miller and Cunningham voting "no".

The Governor then brought up the following motion by Mr. Miller, action on which was deferred at the meeting on January 21st -

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"That it is the sense of the Board that, as in all previous projects, the Board before approving plans for the Birmingham building, submit them to a consulting architect and that for this purpose the Governor ascertain upon what terms Mr. Trowbridge will look over the plans of the Birmingham project when completed, with a view of advising the Board whether there is anything in them that should not be approved."

After discussion, the motion was unanimously adopted in the following form:

"That it is the sense of the Board that, as in all previous building projects, the Board before approving plans and specifications for the Birmingham building, submit them to a consulting architect and that for this purpose the Governor ascertain upon what terms Mr. Trowbridge will look over the plans and specifications of the Birmingham project when completed, with a view of advising the Board whether there is anything in them that should not be approved, and further that it is the opinion of the Board that a fee of \$1,000 would be sufficient for the character of services desired by the Board in this particular project."

Report of Committee on Salaries, Expenditures and Efficiency on the subject of official salaries at the Federal Reserve Bank of Dallas, as follows:

"In accordance with directions given it by the Board on December 30, 1924, Your Committee met with Messrs. Culbertson, Smith and Patrick, directors of the Federal Reserve Bank of Dallas on Tuesday, January 27th, for the purpose of affording them an opportunity of presenting the reasons governing the Board of Directors of the Bank in recommending increases in the salaries of the following officers, all of which were disapproved by the Federal Reserve Board.

	<u>Salary during 1924</u>	<u>Proposed salary during 1925</u>
Lynn P. Talley, Federal Reserve Agent	\$18,000	\$24,000
B. A. McKinney, Governor	18,000	24,000
R. R. Gilbert, Deputy Governor	9,000	10,000
R. B. Coleman, Cashier	6,000	7,200
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
E. B. Stroud, Jr., Counsel	7,000	8,400
R. L. Foulks, Auditor	4,200	4,800
Fred Harris, Manager, Houston Branch	5,500	6,200

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"At the meeting of the Committee with the Dallas directors, Messrs. Platt and Hamlin, members of the Federal Reserve Board, were also present.

The Bank's representatives stated that the purpose of their visit was to formally ask the Board to reconsider its action and approve the increases recommended by the Board of Directors of the Bank in the salaries of the officers above named. Each of the Bank's representatives stated that it was the opinion of the Board of Directors of the Bank that the institution was both efficiently and economically operated; that in their opinion the Governor and Federal Reserve Agent ranked with the leading bankers of the district; and that all of the other officers of the Bank were exceptionally well qualified in every respect to discharge their duties. The statement was made that tenders of attractive outside offers had been made to both the Governor and Chairman. Particular emphasis was laid upon the efficiency of Mr. Stroud, General Counsel of the Bank, and a number of cases cited in which his legal ability had saved the bank considerable sums of money. The statement was made that his duties for some time past had been extremely heavy. The Bank's representatives stated that their Board of Directors was fully in accord with the efforts of the Federal Reserve Board to bring about economies in the operation of the Federal reserve banks as a whole, and referred to the functional expense reports as evidence of their favorable standing as compared with other banks in the cost of conducting its various Federal reserve functions. They cited the peculiar problems which have and are in some degree confronting the Dallas Bank, and the manner in which they are being dealt with by the officers of the Bank, which, in their opinion, would seem to warrant recognition in the way of increased salaries.

The action of the Board in disapproving the salary increases of the officers of the Bank above listed was not the result of recommendations made by the Committee on Salaries, Expenditures and Efficiency. The Board as a whole took action in the case of each salary recommendation involved, and in the case of Governor McKinney apparently had a keen recognition of his exceptional ability when it voted to advise the directors of the Bank that while it could not approve their recommendation that he be paid a salary of \$24,000 per annum, it would approve of a recommendation coming from them that his salary be increased from \$18,000 to \$20,000 per annum. Your Committee has no recommendation to make and refers the matter to the Board as a whole.

Note. The Board on December 23rd disapproved all of the above increases recommended by the directors of the Dallas Bank, and advised the Bank that it would approve, if recommended by the Directors, an increase of \$2,000 for Governor McKinney, \$600 for Cashier Coleman, \$300 for Auditor Foulks, and \$500 for Manager Harris of the Houston Branch."

Mr. James moved that the Board reaffirm its action of December 23, 1924 regarding salaries of the above named officers of the Federal Reserve Bank of Dallas,

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except in the case of E. B. Stroud, Jr., Counsel, recommendation regarding whom should come from the Law Committee.

Mr. James' motion being put by the Chair was carried, Messrs. Platt and Hamlin voting "no".

Mr. Platt then moved that the Board increase the salary of Mr. Lynn P. Talley, Federal Reserve Agent and Chairman of the Board of Directors at Dallas from \$18,000 to \$20,000 for the year 1925.

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

Governor Crissinger, "aye"

Mr. Platt, "aye"

Mr. Hamlin, "aye"

Mr. Miller, "no"

Mr. James, "no"

Mr. Cunningham, "no"

Mr. Platt then moved that the Board approve the recommendation of the directors of the Federal Reserve Bank of Dallas that the salary of Mr. E. B. Stroud, Jr., Counsel, be increased from \$7,000 to \$8,400 per annum, effective January 1, 1925.

Mr. Miller moved as a substitute for Mr. Platt's motion that the directors of the Federal Reserve Bank of Dallas be advised that the Board will approve an increase from \$7,000 to \$8,000 per annum in the salary of Mr. Stroud, effective January 1, 1925, if recommended by them.

Mr. Miller's motion being put by the Chair was carried, Governor Crissinger voting "no".

Governor Crissinger stated that he voted "no" on Mr. Miller's substitute motion because he was of the opinion that Mr. Stroud should be given the full amount of the increase recommended by the Dallas directors.

Report of Committee on Salaries, Expenditures and Efficiency dated January 29th on the subject of official salaries of the Federal Reserve Bank of St. Louis as follows:

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"In accordance with directions given it by the Board on December 30, 1924, your Committee met with Messrs. Lonsdale, Mooney, Martin and Biggs, of the Federal Reserve Bank of St. Louis, on Monday January 26th, to hear from them their reasons why the Board should approve the recommendations of the Board of Directors of the bank regarding salaries to be paid during 1925 to the following officers of the bank:

	<u>Salary, 1924</u>	<u>Proposed Salary 1925</u>
D. C. Biggs, Governor	\$25,000	\$25,000
C. M. Stewart, Asst. F. R. Agent	7,000	7,500
J. W. White, Cashier	8,000	8,500
A. H. Hail, Assistant Cashier	6,000	6,500
E. C. Adams, " "	4,500	4,750
E. J. Novy, Auditor	7,500	8,000
J. G. McConkey, Secretary and Counsel	9,000	10,000

At the meeting of the Committee with the St. Louis directors, Messrs. Platt, Hamlin, Miller and McIntosh, members of the Board, were present.

Each representative of the St. Louis bank was given an opportunity of expressing fully his views as to why the proposed salaries should be approved. No statement was made by any representative to the effect that in his opinion, or in the opinion of the other directors and officers of the bank, the bank is in any manner other than properly and efficiently manned and operated. In view of the fact that the above proposed salaries were disapproved by the Board as a result of Board action not based upon any recommendation coming from your Committee on Salaries, Expenditures and Efficiency, your Committee feels that any further consideration of the action previously taken which may be deemed warranted in the light of statements made by the representatives of the bank at the meeting referred to, should be given by the Board as a whole.

(Note:- (1) On January 30, 1925, approval of a salary for Governor Biggs was held in abeyance, and the salaries of the other officers above listed, for whom advances were recommended by the Board of Directors of the St. Louis bank, were approved at the 1924 figures subject to review by the Board after the St. Louis Committee had been afforded its hearing.

(2) Regarding the salary of Mr. McConkey, the Board on January 9, 1924, advised the bank that in its opinion "a salary not in excess of \$7,500 per annum should be paid to the incumbent of that position (Secretary and Counsel), and in reviewing salaries paid by the Federal Reserve Bank of St. Louis at the end of 1924, the Board will act accordingly." Under date of December 26, 1923, the bank was advised that the salaries of Messrs. Stewart, White, Hail, Adams and Novy for 1924 were believed to be the maximum salaries which should be paid for their respective positions.)

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Mr. Platt moved that the Board reconsider action taken at the meeting on January 13, 1925 in connection with salaries of the above named officers of the Federal Reserve Bank of St. Louis.

Carried.

Mr. Platt then moved that the Board approve an increase from \$7,000 to \$7,500 per annum in the salary of C. M. Stewart, Assistant Federal Reserve Agent, effective January 1, 1925.

Mr. Platt's motion being put by the chair was lost, Messrs. Platt and Hamlin voting "aye".

Mr. Miller then moved that the Board approve a salary of \$7,000 for Mr. Stewart during the year 1925.

Carried.

Mr. Platt moved that the Board approve an increase from \$8,000 to \$8,500 per annum in the salary of Mr. J. W. White, Cashier, effective January 1, 1925.

Mr. Platt's motion being put by the chair was lost, Messrs. Platt and Hamlin voting "aye".

Mr. Miller then moved that the Board approve a salary of \$8,000 for Mr. White during the year 1925.

Carried.

Mr. Platt then moved approval of an increase from \$6,000 to \$6,500 in the salary of Mr. A. H. Haill, Assistant Cashier, effective January 1, 1925.

Mr. Platt's motion being put by the chair was lost, Messrs. Platt and Hamlin voting "aye".

Mr. Miller then moved approval of a salary of \$5,000 for Mr. Haill during the year 1925.

Carried.

Mr. Platt moved approval of an increase from \$4500 to \$4750 in the salary of E. C. Adams, Assistant Cashier, effective January 1, 1925.

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Mr. Platt's motion being put by the chair was carried the members voting as follows:

Mr. Platt, "aye"
Mr. Hamlin, "aye"
Mr. Miller, "aye"
Mr. James, "no"
Mr. Cunningham, "no"
Mr. Crissinger, "not voting"

Mr. Platt moved approval of an increase from \$7500 to \$8000 in the salary of E. J. Novy, auditor, effective January 1, 1925.

Mr. Platt's motion being put by the chair was lost, Messrs. Platt and Hamlin voting "aye".

Mr. Miller then moved approval of a salary of \$7500 for Mr. Novy during the year 1925.

Carried.

Mr. Miller moved approval of a salary of \$9,000 for Mr. J. G. McConkey, Secretary and Counsel, during the year 1925.

Carried.

Mr. Hamlin moved approval of a salary of \$25,000 for D. C. Biggs, Governor, during the year 1925.

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

Mr. Miller, "no"
Mr. James, "no"
Mr. Cunningham, "no"
Mr. Platt, "aye"
Mr. Hamlin, "aye"
Governor Crissinger, "not voting"

Mr. Miller then moved that the Federal Reserve Bank of St. Louis be advised that the Board will approve a salary of not in excess of \$20,000 for Governor Biggs during the year 1925 if recommended by the directors of the bank.

Carried.

Mr. Miller stated that he was absent from Washington at the meeting of the Board held July 19, 1921 when the increase in Mr. Bigg's salary from \$20,000 to \$25,000 was approved by

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the Board. He stated, however, that he had been present shortly before when Mr. Biggs appeared informally in the Governor's office with reference to an increase in his salary, which he reported was favorably regarded by the directors of his bank.

Mr. Miller stated that before leaving Washington on July 4th he told the then Governor of the Board that he was opposed to the increase sought in Mr. Bigg's salary and that if the question of such increase came up at a meeting at which he were present he would vote against it. For this reason, said Mr. Miller, his present action in moving that the Board not approve a salary in excess of \$20,000 for Mr. Biggs during 1925 is consistent with his previous attitude in the matter.

// Memorandum from Counsel dated January 29th on the subject "Letter to General Accounting Office re Certain Suspended Items of Board's Fiscal Agent".

Ordered circulated.

Letter dated January 20th from the Federal Reserve Agent at San Francisco, referring to the informal suggestion made at the recent Joint Conference that it might be desirable to have a Federal Reserve Agents' Conference during the spring of 1925. Thereupon ensued a discussion from which it appeared to be the sense of the Board that while two conferences of Federal Reserve Agents each year were not necessary, it would be desirable for the Board to hold one separate conference with the Agents and that for this purpose it might be desirable to call the Federal Reserve Agents to Washington several days in advance of the usual fall meeting of Governors and Chairmen, in order that the Agents may discuss matters of interest with the Board independently of the Governors.

Mr. Miller moved that the Governor prepare a letter to Mr. Perrin on the basis of the above discussion for submission to the Board at the next meeting.

Carried.

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Memorandum dated January 28th from the Secretary, submitting the resignation of Mr. Joseph A. Shafer, clerk-typist on the night force of the Gold Settlement Division, effective January 22nd, and recommending that Mr. Raymond E. Lavoie be appointed, effective at once to fill the vacancy, with compensation at the rate of \$1.50 per evening.

Upon motion, it was voted to accept Mr. Shafer's resignation and to approve the appointment of Mr. Lavoie.

Report of Committee on Examinations on the matter referred to it at the meeting on January 27th, namely, letter dated January 20th from the Federal Reserve Agent at St. Louis, transmitting and recommending approval of the application of the Lindell Trust Company, St. Louis, an outlying bank, for a reduction of its reserve requirements on demand deposits from 10% to 7%, under the provisions of Section 19 of the Federal Reserve Act; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on memorandum dated January 27th from the Acting Comptroller of the Currency, recommending approval of the application of the First National Bank of Washtucna, Washington, for permission to reduce its capital stock from \$50,000 to \$25,000, on condition that all funds released by the reduction are, with the unanimous consent of stockholders, retained by the bank; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated January 27th from the Chairman of the Federal Reserve Bank of Chicago, transmitting and recommend-

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ing approval of the application of the Auburn State Bank, Auburn, Illinois, for approval of its action of August 13, 1924 in absorbing the liabilities of the Farmers State Bank of Auburn, a non-member bank, without prior consent of the Board; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated January 24th from the Federal Reserve Agent at Atlanta, transmitting and recommending approval of the application of the Commercial Bank and Trust Company, Miami, Florida, for approval of its action in reducing its capital stock from \$300,000 to \$200,000 without first securing the Board's consent; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated January 23rd from the Federal Reserve Agent at Richmond, transmitting and recommending approval of the application of the State and City Bank and Trust Company of Richmond for permission to absorb the Broad Street Bank of Richmond with its two branches, and to operate branches of its own in the premises thereof; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated January 12th from the Federal Reserve Agent at Dallas, with regard to assessing against member banks in the 11th Federal Reserve District the cost of examinations made by the Federal Reserve banks during the year 1924; the Committee recommending that the Dallas bank be instructed to proceed to levy the assessment on the

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banks examined during the year 1924 and further that the Board appoint a committee to go into the question of a uniform policy in the matter of assessing costs of examinations of member banks.

Upon motion, the recommendations of the Committee were approved.

Report of Committee on Examinations on letter dated January 20th from the Chairman of the Federal Reserve Bank of Chicago with further reference to the action of the Wapello State Savings Bank, Wapello, Iowa, in absorbing the Citizens State Bank of Wapello, a non-member bank, without the Board's approval; the Committee reporting that it seems unnecessary for the Board to take any action in the matter other than to acknowledge Mr. Heath's letter and to await developments.

After discussion, Mr. Miller moved that the Board note the above letter and await recommendation from the Federal Reserve Agent on the basis of reports of examinations of the institutions concerned being made by examiners of the Federal Reserve bank.

Carried.

Memorandum dated January 29th from Counsel on letter dated January 28th from the Vice President of the International Banking Corporation of New York, requesting approval of the service by Mr. Gordon S. Rentschler as director and Vice President of the National City Bank of New York and director of the International Banking Corporation, and service by Mr. G. E. Gregory as director, Vice President and Comptroller of the National City Bank and director and Comptroller of the International Banking Corporation; Counsel stating there is no legal reason why these applications should not be approved.

Approved.

Memorandum dated January 28th from Counsel, referring to letter dated January 10th from the Federal Reserve Agent at Boston, transmitting a classification of banks in Providence, Rhode Island, to be used in determining sub-

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stantial competition between such institutions in considering applications under the Clayton Act; Counsel recommending that the Board adopt the following resolution:

"WHEREAS, Mr. Curtiss, Federal Reserve Agent of the Federal Reserve Bank of Boston, has submitted to the Federal Reserve Board a classification of the banks in the city of Providence, Rhode Island which he suggests may be used in determining the question whether or not substantial competition exists between such banks in considering applications under the Clayton Anti-Trust Act;

BE IT RESOLVED, that the Federal Reserve Board will use the said classification of banks in Providence, Rhode Island, as evidence tending to show whether or not such banks are in substantial competition, but it will use such classification as evidence only and will not be guided solely thereby; it will take into consideration any other pertinent facts and circumstances which may be present in each case under consideration."

Adopted.

Memorandum dated January 26th from Counsel with reference to letter of January 23rd from the Deputy Governor of the Federal Reserve Bank of New York, regarding the refusal of the Federal Reserve Bank of Atlanta to handle as cash items checks drawn on banks in its district which do not remit in a satisfactory manner; Counsel stating that under the terms of Section 16 of the Federal Reserve Act and the regulations of the Board no Federal Reserve bank can properly refuse to handle as cash items any checks drawn on a member bank.

Ordered circulated and referred back to the Law Committee.

Memorandum from Counsel dated January 27th reporting the results of a conference with representatives of the National Bank of Baltimore and the Commerce Trust Company of Baltimore on the question of substantial competition

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between these institutions in connection with the Clayton Act application of Mr. Allen L. Carter which was refused as between these two institutions, but approved as to the National Bank of Baltimore and the Century Trust Company of Baltimore.

After discussion, Mr. Platt moved that the Board reconsider its action of December 30, 1924.

Carried.

Mr. Cunningham then moved that the Board approve the application of Mr. Carter to serve at the same time as director of the National Bank of Baltimore, the Century Trust Company and the Commerce Trust Company, all of Baltimore, Md.

Carried.

Draft of reply to letter dated January 21st from the Standard Electric Machinery Company of Baltimore, Md., regarding the use of trade acceptances for installment sales of electrical machinery and apparatus.

Approved.

Letter dated December 29th from Mr. L. H. Potzler of Washington, inquiring as to the present rate of discount of 90-day commercial paper in the 5th Federal Reserve District in connection with a loan desired on his adjusted service certificate.

Referred to Counsel for preparation of a reply.

REPORTS OF STANDING COMMITTEES:

Dated, January 27th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, January 30th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

30th, Approved.

30th,

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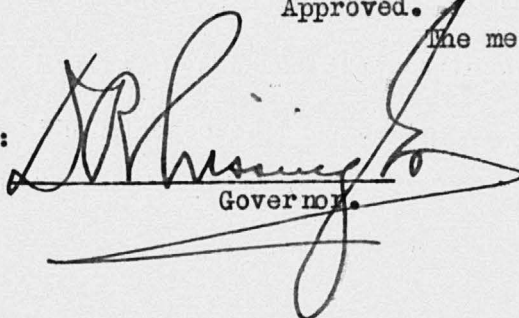
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REPORTS OF STANDING COMMITTEES: (Cont'd)

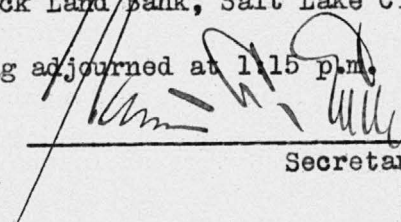
- Dated, January 30th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Ordered held.
- Dated, January 30th, Recommending action on applications for admission of state banks, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, January 28th, Recommending approval of the application of Mr. August Heckscher to serve at the same time as director of the Liberty National Bank and of the Empire Trust Company, both of New York City.
Approved.
- Dated, January 28th, Recommending approval of the application of Mr. C. W. Orwig to serve at the same time as director of the Commonwealth Trust Company, Pittsburgh, Pa. and of the First National Bank, Turtle Creek, Pa.
Approved.
- Dated, January 27th, Recommending approval of the application of Mr. John I. Beggs to serve at the same time as director of the Grand & Sixth National Bank, of the First Wisconsin National Bank, Milwaukee and of the First National Bank, St. Louis, Mo.
Approved.
- Dated, January 26th, Recommending approval of the application of Mr. Paul N. Myers to serve at the same time as director of the Merchants National Bank, as director of the Merchants Trust and Savings Bank, as director of the Grand Avenue State Bank, all of St. Paul, Minn.
Approved.
- Dated, January 29th, Recommending approval of the application of Mr. Edward H. Williams to serve at the same time as director and officer of the Marine National Bank, Milwaukee, Wis., and as director of the Holton Street State Bank, Milwaukee, Wisconsin.
Approved.
- Dated, January 29th, Recommending approval of the application of Mr. W. W. Armstrong to serve at the same time as director and officer of the National Copper Bank of Salt Lake City, Utah, as director and officer of the First National Bank, Park City, Utah, and as director and officer of the Pacific Coast Joint Stock Land Bank, Salt Lake City, Utah.
Approved.

The meeting adjourned at 1:15 p.m.

Approved:



Governor.



Secretary.