

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, February 4, 1925 at 11:30 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 February 3rd were read and approved.

At this point, Mr. McIntosh entered the meeting.

Mr. Hamlin on behalf of the Law Committee then reported on the matter referred to the Committee at the meeting yesterday, namely, the proposal submitted by Messrs. Cooper and Lobdell of the Federal Farm Loan Board to amend Section 13 (a) of the Federal Reserve Act so as to make debentures of Federal Intermediate Credit Banks eligible for rediscount by Federal Reserve banks and as collateral for loans to member banks.

Mr. Hamlin submitted a memorandum from Counsel recommending that the Board adopt the following resolution:

"Be it resolved that the Federal Reserve Board offers no objection to an amendment to the Federal Reserve Act which would permit debentures or other such obligations maturing within six months issued by Federal Intermediate Credit Banks to be used as collateral security to 15 day notes of member banks by Federal reserve banks; but the Board is opposed to any amendment to existing law which would make such debentures or other obligations, or notes of individuals secured by such debentures or other obligations, eligible for rediscount by Federal reserve banks."

Mr. Hamlin moved adoption of the above resolution.

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

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

The Governor then presented a letter addressed to him under date of February 3rd by the Acting Secretary to the President, transmitting a copy of the report of the President's Agricultural Conference, and inviting the attention of the Board particularly to that portion of the report relating to the Board and banking policy.

The Secretary read to the Board the portion of the report referred to in the letter of the Secretary.

Mr. Hamlin, on behalf of the special committee appointed at the Board meeting on January 8th to consider the recommendation of the recent Governors' Conference on the subject of Federal Reserve bank holidays, reported on a memorandum addressed to the Board under date of January 22nd by a special committee appointed by the Governors' Conference recommending that the Board reconsider its ruling on the subject of Federal Reserve bank holidays and rule instead that each Federal Reserve bank should advise the Federal Reserve Board at least ten days in advance of a prospective holiday affecting either the parent bank or any of its branches, whether the parent bank or such branches under advice of the bank's Counsel, would close or remain open on such holiday, it being understood that if the bank should close it would not participate either way in the Gold Settlement Fund clearing, but that if it should remain open it would participate both ways.

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Mr. Hamlin moved that the Board reconsider its previous action on the subject of the observation of the holidays by Federal Reserve banks.

Carried.

Mr. Hamlin then moved that the Board approve the recommendation of the Governors' Conference and rule that each Federal Reserve bank should advise the Federal Reserve Board at least ten days in advance of a prospective holiday affecting either the parent bank or any of its branches, whether the parent bank or such branches under advice of the bank's Counsel, would close or remain open on such holiday, it being understood that if the bank should close it would not participate either way in the Gold Settlement Fund clearing, but that if it should remain open it would participate both ways.

Carried.

The Vice Governor then submitted copy of letter addressed by him yesterday to the President of the Federal Advisory Council, suggesting the following topics for discussion at the next meeting of the Council:

- (1) Review of the open market operations of the Federal Reserve Banks since December 1st. What effect has the sale of government securities had on the central money markets?
- (2) Gold Exports. How long are they likely to continue? Has the tide definitely turned? Does the export of gold suggest any change in the gold policy of the Federal Reserve System?
- (3) Probable resumption of a free gold market in England. Is there solid ground under the present rate of sterling exchange? Can the pound sterling be maintained at par?
- (4) Does the business revival give promise of continuing through most of the year, and if so, does it point to money rates materially higher?
- (5) Are there present indications of inflation? If so, what should be the policy of Federal Reserve banks in meeting it?

Noted.

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Report of Committee on Salaries, Expenditures and Efficiency, referring to letter dated February 3rd from the Comptroller of the Currency and recommending approval of increases in the salaries of National Bank Examiners, as follows:

Frank S. McGarvey	- from	\$3,000	-	\$3,300
Henry Sevison	- "	2,400	-	3,000
Arthur B. Smith	- "	4,000	-	4,200
Gerald B. Hadlock	- "	4,000	-	4,200
Gale W. Crossen	- "	3,600	-	3,900
A. Burton Faris	- "	3,900	-	4,200
Joel S. McKee	- "	3,900	-	4,200

Approved.

Letter dated February 2nd from the Federal Reserve Agent at Chicago on the subject of the action of the Wapello State Savings Bank of Wapello, Iowa, in absorbing the Citizens State Bank of Wapello without prior consent of the Federal Reserve Board; the Federal Reserve Agent recommending that the Board permit this matter to lie on the table without action pending - (1) A proposed increase of \$20,000 in capital of the bank and (2) The receipt of report of another examination to be made after such increase in capital has been actually paid in.

After discussion, Mr. Platt moved that the Board approve the recommendation of the Federal Reserve Agent but that the Agent be advised that the fact that the Board has not approved the consolidation should not be used in any way in dealing with any application of the bank for rediscounts.

Carried.

Report of Committee on Salaries, Expenditures and Efficiency dated February 4th on the subject of continued membership by Federal Reserve banks

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in the American Acceptance Council, dues for which during 1925 will be \$300; the Committee reporting that nine of the Federal Reserve banks are in favor of continued membership and three against it, and recommending that the Board reiterate its previous decision that the work of the Council is still of considerable importance and make no objection to the payment of dues up to \$500 by the Federal Reserve banks; and further, that the subject be referred to the next Conference of Governors for recommendation as to what should be the definite policy of the Board in the matter.

Upon motion by Mr. Hamlin, it was voted to approve the recommendations of the Committee with the understanding that the question of whether or not they will actually continue membership is to be left to individual Federal Reserve banks.

Upon motion by Mr. Hamlin, it was also voted that the question of the advisability and propriety of payments by Federal Reserve banks to the American Acceptance Council be referred to the Federal Advisory Council for consideration.

Report of Committee on Salaries, Expenditures and Efficiency dated February 3rd on the subject of membership by Federal Reserve banks in the American Bankers Association; the Committee recommending that the subject be referred to the next Conference of Governors for recommendation and that it be transmitted promptly to the banks in order that the Governors may secure opinions from their Boards of Directors prior to the Conference.

Upon motion by Mr. Miller, the recommendations of the Committee were approved.

Upon motion by Mr. Miller, it was also voted that the question of membership by Federal Reserve banks in the American Bankers Association be referred to the Federal Advisory Council for consideration.

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Mr. Hamlin then referred to the matter held over at the meeting on December 17th, namely, the request of the recent Governors' Conference that the Board express its opinion on the question of principle involved in adopting inter-bank self-insurance plans for both fidelity and life insurance.

Mr. Hamlin moved that the Federal Reserve Board approve the principle of inter-bank fidelity self-insurance with the understanding that authority of Congress must first be obtained before it is made operative and further that the question of inter-bank life self-insurance, which is raised in the Governors' report on the proposed Federal Reserve Pension Fund, be finally passed on when that report is acted on by the Board.

Carried.

Memorandum dated February 4th from Counsel with regard to the application of Mr. E. K. Thurmond for permission to serve at the same time as director of the American National Bank, Oklahoma City, First National Bank, Sayre, Okla., and First National Bank, Carter, Okla., Counsel calling attention to the fact that Mr. Thurmond is also a director of the Oklahoma City branch of the Federal Reserve Bank of Kansas City, but stating that in his opinion the Board may permit him to serve the three national banks and at the same time permit him to continue to serve the branch of the Federal Reserve bank.

Upon motion it was voted to approve the application of Mr. Thurmond to serve the American National Bank of Oklahoma City, the First National Bank of Sayre and the First National Bank of Carter.

Memorandum from Counsel dated February 3rd approved by the Law Committee, recommending that the Board reconsider action taken on December 30th

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in voting to approve applications of Messrs. Frederick H. Gottlieb and John C. Taliaferro to serve at the same time as directors of the National Bank of Baltimore and the Century Trust Company, both of Baltimore, but to refuse their applications to serve also as directors of the Calvert Bank of Baltimore; Counsel stating that as a result of a hearing on the subject on February 3rd the Calvert Trust Company is not believed to be in substantial competition with the National Bank of Baltimore.

Upon motion it was voted to reconsider action of December 30th and to approve the applications of Messrs. Gottlieb and Taliaferro to serve at the same time as directors of the National Bank of Baltimore, the Century Trust Company and the Calvert Trust Company, all of Baltimore, Md.

Memorandum from Counsel, submitting draft of letter to the Under Secretary of the Treasury, transmitting a formal memorandum on the subject of liability of Federal Reserve banks for paying counterfeit war savings stamps as fiscal agents of the Treasury, prepared for submission to the Attorney General in accordance with action taken by the Board on January 19th.

Approved.

REPORTS OF STANDING COMMITTEES:

Dated, February 3rd, Recommending changes in stock at Federal Reserve bank, as set forth in the Auxiliary Minute Book of this date.

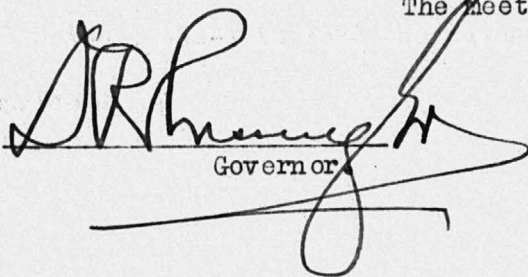
Approved.

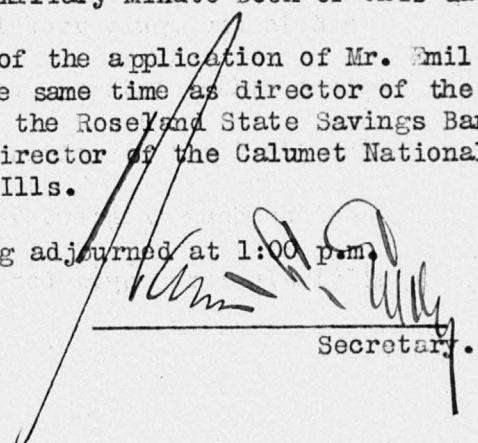
Dated, February 4th, Recommending approval of the application of Mr. Emil G. Seip to serve at the same time as director of the Foreman National Bank, the Roseland State Savings Bank and as President and director of the Calumet National Bank, all of Chicago, Ills.

Approved.

The meeting adjourned at 1:00 p.m.

Approved:

  
Governor

  
Secretary