

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, February 17, 1925, at 11:05 a.m.

PRESENT: Governor Crissinger

Mr. Platt

Mr. Hamlin

Mr. Miller

Mr. James

Mr. Cunningham

Mr. Eddy, Secretary

PRESENT ALSO: Dr. Stewart, Director of the Division of Research and Statistics.

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

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 16th from the Comptroller of the Currency, recommending approval of a salary of \$2700 per annum for National Bank Examiner Albert F. Harwood to be assigned to the First Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 16th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner Paul L. Hotchkin to be assigned to the Second Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 16th from the Comptroller of the Currency, recommending approval of a salary of \$2700 per annum for National Bank Examiner Aloysius W. Green to be assigned to the First Federal Reserve District; the Committee also recommending approval.

Approved.

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Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 16th from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner William P. Stillman to be assigned to the Second Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 16th from the Comptroller of the Currency, recommending approval of an increase from \$3600 to \$4200 per annum in the salary of National Bank Examiner William W. Maloney and an increase from \$2700 to \$3,000 per annum in the salary of National Bank Examiner Robert H. Matson; the Committee also recommending approval.

Approved.

Memorandum dated February 14th from the Chief of the Division of Bank Operations, transmitting and recommending acceptance of the resignation of Miss Dorothy Stoddard, junior technical clerk, effective February 28, 1925, and requesting authority to employ another clerk, if necessary, at an annual salary of not to exceed \$1500.

Upon motion, the resignation of Miss Stoddard was accepted and authority for the employment of a successor was granted.

Letter dated February 10th from the Secretary of the Open Market Investment Committee, enclosing a statement of revised percentages of participation of Federal Reserve banks during the month of February in System purchases of government securities and bankers acceptances.

Ordered circulated.

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Report of Committee on Examinations on letter dated February 10th from the Federal Reserve Agent at St. Louis, transmitting and recommending approval of the application of the Twelfth Street National Bank of St. Louis 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.

Report of Committee on Examinations on letter dated February 9th from the Federal Reserve Agent at Cleveland, transmitting and recommending approval of an application of the Citizens Trust and Savings Bank, Columbus, Ohio, for permission to establish a branch at Cleveland Avenue and Mock Road in the city of Columbus; the Committee also recommending approval.

Approved.

Letter dated February 13th from the Vice President of the International Banking Corporation, New York City, advising of their intention to open a branch of the Corporation in the city of Osaka, Japan, some time in April.

Noted.

Letter dated February 10th from the Chairman of the Federal Reserve Bank of Philadelphia, inquiring if there would be any objection on the part of the Board to his leaving the bank about February 24th for an absence until the first of April.

Upon motion, it was voted to interpose no objection providing the Governor is expected to be at the bank during the period of the Chairman's absence.

Report of Committee on Salaries, Expenditures and Efficiency dated

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February 16th, recommending approval of the action of the board of directors of the Federal Reserve Bank of Atlanta at their meeting on January 9th in voting to approve compensation at the rate of \$10 per meeting for members of the Building Committee of the Birmingham Branch not receiving a regular salary from the Branch.

Approved, Mr. Miller voting "no".

Report of Committee on Salaries, Expenditures and Efficiency, recommending approval of the following salaries for officers and employees of the Federal Reserve Bank of Dallas, submitted in letter dated February 11th from the Chairman of the bank:

Effective January 1, 1925

B. A. McKinney, Governor	-	\$20,000
R. B. Coleman, Cashier	-	6,600
E. B. Stroud, Jr., Counsel	-	8,000
R. L. Foulks, Auditor	-	4,500
Fred Harris, Managing Director, Houston Branch	-	6,000
C. L. Childers, Member Bank Relations Department	-	2,700

Effective February 1, 1925

L. W. White, Insolvent Banks Department	-	3,300
R. H. Alexander, Insolvent Banks Department	-	3,000

Approved.

Memorandum dated February 14th from the Committee on Salaries, Expenditures and Efficiency, suggesting that the Federal Reserve Bank of Richmond be requested to furnish the Board with the following information in connection with its request for authority to establish a branch in the southwestern portion of its district:-

- (1) The character of branch which is proposed, giving in more or less detail just what functions and activities the branch will be expected to perform.

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(2) A budget covering the cost of installation of the branch and an estimate setting out in as complete detail as may be possible the number of employees required, the cost of operating the branch and the amount of permanent investment required.

(3) An estimate of the reduction in expense and the number of employees at the home office which would follow the establishment of the proposed new branch.

Upon motion, the suggestion of the Committee was approved.

Memorandum dated February 16th from the Assistant Secretary, approved by the Committee on Branches, recommending approval of By-laws of the Helena Branch of the Federal Reserve Bank of Minneapolis amended to conform to the Board's regulations governing the appointment of branch bank directors.

Approved.

Copy of letter dated February 11th to Mr. Milton D. Ailes, President of the Riggs National Bank of Washington, D. C. prepared by the Secretary in accordance with action taken at the Board meeting on February 10th, advising that the Board can not at this time answer the question relating to transactions in Russian rouble exchange in 1919 raised in a letter addressed to Mr. Ailes under date of January 31st by Shearman and Sterling, Counsel for the National City Bank of New York.

Upon motion, the above letter which was approved on initials of the members on February 11th was formally ratified.

Memorandum from the Secretary with regard to letter dated February 9th from the Chairman of the Governors' Leased Wire Committee, submitting proposed amendments to the Board's regulations governing the use of the leased wires; the Secretary recommending approval of the amendments suggested by the Committee.

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Referred to the Executive Committee with power.

Memorandum dated February 10th from the Secretary, approved by the Committee on Examinations, on letter dated February 6th from the Federal Reserve Agent at Atlanta, requesting that the Managing Director of the New Orleans Branch be furnished with copies of reports of examination of national banks in the New Orleans territory for his confidential use and to be retained in his confidential file; the Secretary recommending that the matter be referred to the Comptroller of the Currency and that he be asked to advise the Board whether or not, in his opinion, as a practical operating detail there is any objection to the Managing Director of a full powered Federal Reserve Branch Bank keeping in his files for his own information and guidance in passing upon applications of national banks for reserve credit, copies of the reports of examination of national banks located in the territory served by the branch.

Upon motion, the recommendation of the Secretary was approved.

The Governor then stated that the next order of business would be consideration of the eleventh Annual Report of the Board covering operations for the year 1924, copies of which in galley form were previously handed the individual members of the Board. Thereupon ensued a discussion of the various chapters of the Report during which several minor revisions were suggested to the Director of the Division of Research and Statistics for incorporation in the report.

The Director inquired as to whether or not the Board wished him to edit those sections of the report prepared by General Counsel and submitted through the Law Committee.

Upon motion, it was voted that the Director of the Division of Research and Statistics should edit the entire report and that there be referred back to the Law Committee for editing, in conjunction with the Director, that section relating to the administration of the Clayton Act.

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Mr. Hamlin then moved approval of the report with the revisions suggested by the Board and with the understanding that it will be released for publication on a date to be fixed by the Governor.

Carried.

Mr. James then submitted the following memorandum dated February 11th:-

"For the purpose of getting information upon which to base my judgment on matters relating to "Sales or Repurchase Agreements made by Federal Reserve Banks", I respectfully submit the following questions:

- (1) What is the legal status of the so-called sales or repurchase agreements through which acceptances are bought and sold by Federal Reserve Banks?
- (2) Has not the Comptroller of the Currency ruled that in the case of National banks making such sales under repurchase agreement the transactions should be considered and treated as loans?
- (3) Why should some "Recognized Dealers" in making report of condition to the Federal Reserve Board show "acceptances pledged as security for Loans due Federal Reserve Bank" if these transactions are legally sales? (For instance, see "Report of Condition of the First National Corporation as of December 31, 1924").
- (4) Does not the buying and selling of acceptances under repurchase agreement with corporations affiliated with member banks enable these member banks to provide funds from the Federal Reserve Banks for the use and benefit of their customers without showing direct liability, other than possibly the liability as acceptor?
- (5) Are not the rates, as a rule, more favorable under this method of borrowing than by straight rediscount?
- (6) Just what is meant by "Recognized Dealers"?
- (7) What are the qualifications requisite to obtain this designation or distinction?
- (8) By whom and by what authority is the designation made?
- (9) Is there any list of "Recognized Dealers" that is available for public inspection or information?
- (10) Can producers of staple commodities sell direct to Federal Reserve Banks (either on straight sale or under repurchase

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"agreements) bankers' acceptances based upon such commodities either individually or collectively through cooperative marketing associations?

- (11) Cannot the preferential rates that are applied on bankers' acceptances be made available to producers in some way?"

After discussion of the questions raised by Mr. James, the Secretary was directed to furnish each member of the Board with a copy of the memorandum and it was voted that a special meeting to consider the subject of repurchase agreements should be held on some future date to be fixed by the Governor.

The suggestion was also made that copies of the memorandum be sent to the Governors of the Federal Reserve Banks of New York and Boston, and that arrangements be made to have Mr. Harrison, Deputy Governor of the Federal Reserve Bank of New York and the Board's Counsel present at the meeting of the Board at which the questions are to be considered for consultation regarding such legal questions as may arise in connection with the discussion.

REPORTS OF STANDING COMMITTEES:

- Dated, February 10th, 11th, 13th, 14th, 16th, 17th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, February 16th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, February 11th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, January 27th, Recommending approval of the application of Mr. Robert Baird to serve at the same time as director of the Grand and Sixth National Bank, Milwaukee, Wis., as director of the First Wisconsin National Bank, Milwaukee, Wis., and as director of the First National Bank, Wauwatosa, Wis.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, February 9th, Recommending approval of the application of Mr. J. W. Butler to serve at the same time as Vice President and director of the United States National Bank, Galveston, Texas, as director of the First National Bank, Marietta, Okla., and as director of the Texas City National Bank, Texas City, Texas.

Approved.

Dated, February 10th, Recommending approval of the application of Mr. Joseph G. Wolber to serve at the same time as director of the American National Bank, Newark, N.J. and as director of the First National Bank, Montclair, N.J.

Approved.

Dated, February 10th, Recommending approval of the application of Mr. Donald E. Meek to serve at the same time as officer of the Ashland National Bank, Ashland, Ky., and as director of the Kentucky National Bank, Catlettsburg, Ky.

Approved.

Dated, February 11th, Recommending approval of the application of Mr. Delos W. Cooke to serve at the same time as director of the Foreman National Bank, Chicago, Ill. and as director of the Seaboard National Bank, New York City.

Approved.

Dated, February 12th, Recommending approval of the application of Mr. C. Q. Chandler to serve at the same time as director of the First National Bank, Higgins, Texas and as director and officer of the First National Bank, in Wichita, Kansas.

Approved.

Dated, February 13th, Recommending approval of the application of Mr. Chas. E. Albright to serve at the same time as director of the Grand and Sixth National Bank, Milwaukee, Wis. and as director of the First Wisconsin National Bank, Milwaukee, Wis.

Approved.

Dated, February 13th, Recommending approval of the application of Mr. Walter Kasten to serve at the same time as director of the Grand and Sixth National Bank, Milwaukee, Wis., and as director of the First Wisconsin National Bank, Milwaukee, Wis.

Approved.

Dated, February 16th, Recommending approval of the application of Mr. Geo. A. Guild to serve at the same time as officer and director of the Central National Bank of Topeka,

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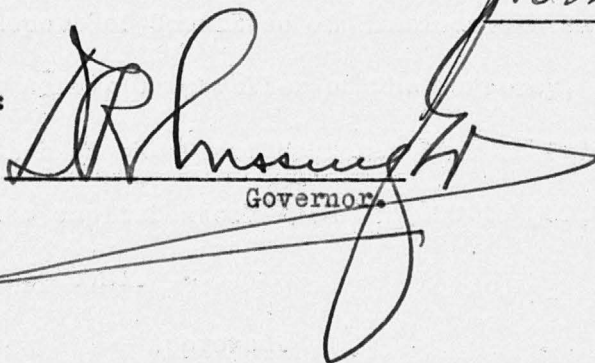
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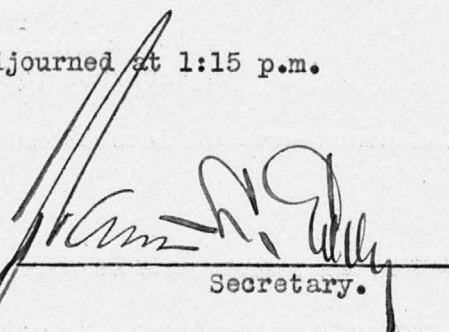
REPORTS OF STANDING COMMITTEES: (Cont'd)

Kansas, as director of the First National Bank of Hiawatha, Kansas and as director of the National Bank of Sabetha, Kansas.
Approved.

The meeting adjourned at 1:15 p.m.

Approved:


Governor.


Secretary.