

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, February 20, 1925 at 11:05 a.m.

PRESENT: Governor Crissinger
Mr. Hamlin
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary

PRESENT ALSO: Mr. John R. Mitchell, Federal Reserve Agent at Minneapolis

Mr. Mitchell called to the attention of the Board the following statement which appeared in the State Record, a Farmer-Labor paper published in Bismarck, North Dakota, which is the official newspaper for Burleigh County and the State of North Dakota:

"The Devils Lake State Bank was closed Monday morning. It was one of the strong state banks in the state. It has made a grand and noble fight, but the Federal Reserve finally forced it to close. It will be a hard blow to hundreds of people, but it is little that the Minneapolis thieves care. They are starting in to finish the job of weeding out those who still retain a degree of independence."

Mr. Mitchell stated that the matter has been taken up with the Bank's Counsel, who is of the opinion that the statement is libelous and that the bank should insist on a retraction in just as prominent form as the statement itself, and further, if a retraction is refused, that the bank should sue the publication for slander and libel. Mr. Mitchell stated that the Devils Lake State Bank was not a member bank and that while it was on the par list the Federal Reserve bank had never been forced to collect items over the counter and had had no trouble with the bank except in getting it to remit with reasonable promptness. Mr. Mitchell stated he desired the Board's approval of their action which will be to have

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their Counsel prepare a statement in legal form asking the State Record for a retraction of the libelous statement, keeping the Board advised of their actions. He also stated that Judge Ueland was of the opinion that a suit, if necessary, should be brought in the name of the Federal Reserve Bank, and also in the name of Governor Young and himself as Federal Reserve Agent.

Mr. Mitchell then discussed with the members of the Board a suggestion of Governor Young, concurred in by him, that the Federal Reserve Bank of Minneapolis make a charge of fifteen cents per item on cash items sent to it for collection which it is obliged to return to the senders. He pointed out that returning unpaid items involved a great deal of additional work for the Federal Reserve bank and stated that in his opinion a charge of fifteen cents would cover. He stated that he had discussed this matter with the Governor and Chairman of the Federal Reserve Bank of Chicago yesterday and that Governor McDougal had suggested a charge of one cent on all items handled by the Federal Reserve banks. He stated that in his opinion the time had come for the Federal Reserve banks to give consideration to their reduced earnings and methods of meeting their expenses without going into surplus, and that while in Chicago he had also discussed with the officers of the Federal Reserve bank the possibility of a charge on non-cash collections and a charge for custody of securities by Federal Reserve banks. Mr. Mitchell expressed the opinion, however, that there should be uniformity at all Federal Reserve banks and suggested that a conference of Governors and

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Chairmen of the Federal Reserve banks should be called for the purpose of considering the subject.

Mr. Mitchell then stated that he wished to advise the Board of a condition in connection with the lighting of the Minneapolis Federal Reserve Bank building which has but recently been occupied. He stated that the official offices on the first floor had no natural lighting facilities and without electricity could not be used. He stated that this condition was detrimental to the health as well as the efficiency of the officers, and that in accordance with a statement of the architect that windows could be inserted, if desired, he had written Mr. Cass Gilbert who planned the building asking him to draw up plans and specifications to provide for windows. In reply to an inquiry, he expressed the opinion that the main banking room and other offices were satisfactorily lighted and well ventilated. Mr. Mitchell then stated that he would consult Mr. Gilbert regarding the matter in New York tomorrow.

Mr. Mitchell then referred to the recent action of the Board in approving an allowance of \$4,000 per annum for the Bank's Counsel, Judge Ueland, in addition to his salary of \$5,000, to provide for his office expenses and stated that while the matter of allowance was to have been reconsidered when the bank moved into its new building, it had been found impossible to accommodate Judge Ueland in the building, due to the fact that the single entrance to the bank could not be left open for the convenience of his clients. He, therefore, recommended that the allowance be continued to partially cover the expense of Judge Ueland's office outside of the Federal Reserve bank building, at least until the end of the present year.

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At this point, Mr. Mitchell left the meeting.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 17th from the Acting Comptroller of the Currency, recommending approval of an increase from \$2750 to \$3,000 per annum, in the salary of National Bank Examiner Leon H. Colley; the Committee also recommending approval.

Approved.

Memorandum dated February 20th from the Comptroller of the Currency, requesting approval of the employment of Mr. Ivan Hewitt in the Division of Issue and Redemption with salary at the rate of \$1000 per annum, effective February 23, 1925.

Approved.

Letter dated February 13th from the Federal Reserve Agent at San Francisco, transmitting copies of program for a conference of head office and branch directors of that bank to be held on February 20, 1925.

Noted, and the Secretary instructed to request copies of the report of the conference for the Board's information.

Memorandum dated February 20th from the Secretary, recommending approval of a change in the inter-district time schedule so as to put items forwarded by the Detroit branch of the Federal Reserve Bank of Chicago to the Salt Lake City, Pittsburgh and Helena Branches on a three, one and three-day basis, respectively, instead of on a four, two and four-day basis as at present, and to place items forwarded by the Pittsburgh Branch to the Detroit Branch on a one-day basis, instead of two days, with no change

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in the present three-day basis for items forwarded from the Salt Lake City and Helena Branches to Detroit.

Approved.

Letter dated February 17th from the President of the Continental Trust Company of Washington, transmitting notice of intention to withdraw from the Federal Reserve System and requesting that no announcement of the contemplated withdrawal be made until further notice.

Noted, and the Secretary instructed to withhold notification of the Federal Reserve Bank of Richmond.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 17th from the Federal Reserve Agent at Atlanta, advising of reductions being made in the personnel of divisions of the Federal Reserve Agent's Department; the Committee suggesting that the Secretary be instructed to express to the Federal Reserve Agent the Board's approval of his efforts to minimize the expense coming under his jurisdiction.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated February 17th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of an increase from \$2700 to \$3,000 per annum in the salary of Mr. J. J. Byrne, Examiner, effective March 1st; the Committee also recommending approval.

Approved.

Draft of reply to letter dated February 13th from the Cashier of the Monshamon National Bank, Philipsburg, Pa., regarding the right of

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that bank to act as co-executor in the State of Florida; the proposed reply stating that the right to act as executor granted the bank by the Board includes also the right to act as co-executor.

Upon motion, the proposed reply was approved.

The Governor then presented the matter ordered circulated at the meeting on February 18th, namely, memorandum dated February 11th from the Chief of the Division of Bank Operations, approved by the Committee on Salaries, Expenditures and Efficiency, recommending that the Board discontinue publication of discounts of the Federal Reserve banks classified as to character, based upon maturity, but that this compilation be continued for the Board's own information, and further, that there be compiled regularly for the information of the Board, but not for publication, a classification of discounts according to the size of cities in which the borrowing banks are located.

Upon motion, the above recommendations were approved, effective immediately.

Memorandum from General Counsel dated February 18th approved by the Law Committee, recommending that the Board reaffirm its action of December 30, 1924 in refusing the application of Mr. Howard E. Young for permission to serve at the same time as director of the National Bank of Baltimore, the Mercantile Trust and Deposit Company and the Union Trust Company, all of Baltimore, Md.

Upon motion by Mr. Hamlin, it was voted to approve the above recommendations of Counsel and to reaffirm action of December 30th.

Memorandum dated February 20th from General Counsel, submitting for

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publication in the Law Department of the Federal Reserve Bulletin, an analysis showing the status of branch bank legislation in the various states at the close of the year 1924.

Approved.

Letter dated February 16th from the Chairman of the Federal Reserve Bank of Chicago, with reference to a possible consolidation of the State Bank of Early, Iowa, and the Citizens State Bank of Early, both member banks.

After discussion, Mr. Hamlin moved that the Chairman of the Federal Reserve Bank of Chicago be requested to submit to the Board a report on the condition of the banks involved in the proposed consolidation and his recommendations with reference thereto.

The Governor then reported that at the meeting of the Board of Directors of the Federal Reserve Bank of New York yesterday, at which he was in attendance, there was some discussion of the recommendation of the Federal Advisory Council that the rediscount rate of the bank might be brought more into line with other rates by an increase from 3% to 3½%. The Governor stated that while there was a division of opinion among the directors as to the advisability of any change in the rate, it was the concensus of opinion that if a rate change was considered desirable before the first of April, it could best be made prior to March 15th.

The Governor also reported that arrangements had been made to hold the next meeting of the Open Market Investment Committee in Washington on Wednesday, February 25th with an informal meeting of the members of the Committee in New York on the day before.

The Secretary was instructed to communicate the date of the meeting to Mr. Miller.

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The minutes of the meeting of the Federal Reserve Board held on February 18th were then read and approved.

REPORTS OF STANDING COMMITTEES:

Dated, February 20th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, February 19th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

Dated, February 20th, Recommending approval of the application of Mr. Everett S. Hartwell to serve at the same time as director of the Mechanics National Bank and as officer of the Industrial Trust Company, both of Providence, R. I.

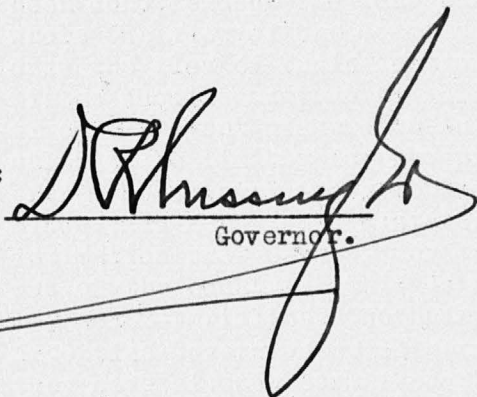
Approved.

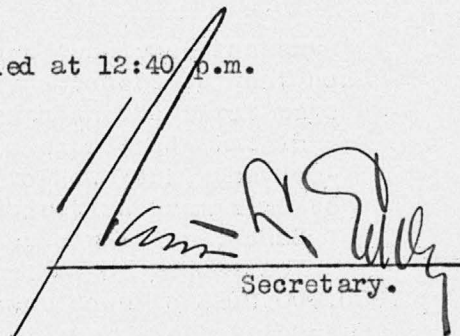
Dated, February 20th, Recommending refusal of the application of Mr. Edward B. Aldrich to serve at the same time as director of the National Exchange Bank and as director of the Industrial Trust Company, both of Providence, R. I.

Refused.

The meeting adjourned at 12:40 p.m.

Approved:


Governor.


Secretary.