

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, March 2, 1925 at 11:10 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on February 26, 1925 were read and approved.

Letter dated February 27th from the Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, advising of a petition filed with the Federal Reserve Bank of Atlanta by certain member banks located at Miami, Florida, for the establishment by the Federal Reserve Bank of an agency at that point; the Federal Reserve Agent in his letter requesting advice from the Board whether or not a plan could be effected whereby Federal Reserve notes now held by the branches and agencies of the Atlanta bank as issued currency could be placed under the custody of an officer or employee of the branch or agency designated as Assistant Federal Reserve Agent without the necessity of the bank incurring additional expenses for salaries, said notes to be held by the Assistant Federal Reserve Agent under joint control with another officer of the branch or agency for the account of the Federal Reserve Agent, in unissued form.

Referred to the Committee on Branch Federal Reserve Banks.

Report of Committee on Examinations on letter dated February 4th, from the Federal Reserve Agent at Boston, namely, application of the Industrial Trust Company, Providence, R. I. for permission to establish

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an additional branch at Woonsocket.

Upon motion by Mr. Platt, the application was granted, Messrs. James and Cunningham voting "no".

Memorandum dated February 28th from the Secretary, recommending acceptance of the resignation of Mr. Wilson Harris, Clerk assigned to the Office of the Chief Clerk, with salary at the rate of \$1,700 per annum, effective March 21, 1925, and requesting authority to employ another clerk at a salary not to exceed \$1600 per annum.

Upon motion, the resignation was accepted and authority given the Secretary to employ another clerk, at a salary not to exceed \$1600.

Memorandum dated February 12th from Counsel, approved by the members of the Law Committee, holding that it is not necessary for the Federal Reserve Board to submit proposed leases covering office quarters to the Federal Real Estate Board but suggesting the advisability of the Board following as closely as practicable the form of the standard Government lease.

Upon motion, Counsel's memorandum was approved.

Report of Committee on Examinations on memorandum dated February 26th from the Comptroller of the Currency, recommending approval of the application of the Blaine County National Bank of Hailey, Idaho, for permission to reduce its capital stock from \$50,000 to \$25,000; the Committee also recommending approval.

Approved.

Report of Law Committee on letter dated February 20th from the Assistant Chief Examiner of the Federal Reserve Bank of San Francisco, recommending approval of the application of the French American Bank of

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San Francisco for permission to exercise trust powers; said application having been previously approved by the initials of four members of the Board.

Upon motion of Mr. Hamlin, it was formally approved.

Memorandum from the Division of Examination dated February 27th, submitting application of the First National Bank of Hamilton Square, New Jersey, for original stock in the Federal Reserve Bank of Philadelphia, which was previously approved on the initials of four members of the Board, effective if and when the Comptroller of the Currency issues certificate of authority to commence business.

Upon motion, the application was formally approved.

Memorandum from the Division of Examination dated February 28th, recommending approval of the application of the Lynch National Bank, Lynch, Kentucky, for original stock in the Federal Reserve Bank of Cleveland, which was previously approved on the initials of four members of the Board, effective if and when the Comptroller of the Currency issues certificate of authority to commence business.

Upon motion, the application was formally approved.

The Governor then presented telegram dated February 27th from Mr. Festus J. Wade of St. Louis, Missouri, urging the Federal Reserve Board to approve salaries for the officers of the Federal Reserve Bank of St. Louis, in the amounts recommended by the directors of the Bank.

Noted.

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Letter dated February 27th from the Federal Reserve Agent at Dallas, asking what steps should be taken by him with regard to action of the Stockmens State Bank of Corona, New Mexico, a member bank, changing its name to "The First State Bank of Estancia, New Mexico", removing the office of the bank from Corona to Estancia and reducing the capital of the bank from \$30,000 to \$25,000 without first securing approval of the Federal Reserve Board thereto.

Upon motion of Mr. Cunningham, the Secretary was instructed to wire the Federal Reserve Agent for his recommendation and the matter was laid on the table pending receipt of reply from the Agent.

Memorandum dated February 28th from General Counsel, approved by the Law Committee, requesting authority to purchase several volumes for the Law Library.

Approved.

Letter dated February 28th from the Secretary of the Open Market Investment Committee, transmitting an extract of the minutes of the meeting of the Open Market Investment Committee with the Federal Reserve Board held in Washington, February 25, 1925 pertaining to the activities of the Open Market Investment Committee.

The extract of the minutes was read and ordered filed.

Letter dated February 24th from the Assistant Federal Reserve Agent at San Francisco, advising that the Security Trust and Savings Bank of Los Angeles opened a branch office on February 21, 1925 at 2627 South Figueroa Street, Los Angeles, the establishment of which was approved

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by the Federal Reserve Board December 18, 1924.

Noted.

Memorandum dated February 27th from General Counsel, concurred in by the Law Committee, asking that the Board advise Counsel whether or not it desires to oppose any effort made by the plaintiff, the Pascagoula National Bank, to have the case of the Pascagoula National Bank v. the Federal Reserve Bank of Atlanta et al advanced on the Docket of the Supreme Court of the United States.

Upon motion by Mr. Platt, it was voted that the Board does not desire Counsel to oppose any effort by plaintiff to have the case advanced on the Supreme Court Docket.

Memorandum from Counsel dated February 26th, relative to circular letter issued by the Federal Reserve Bank of Atlanta, advising all other Federal Reserve banks and all member banks in the Atlanta district that the Federal Reserve Bank of Atlanta will not handle as cash items checks drawn on banks in its district which do not remit in a satisfactory manner; Counsel advising that the manner in which the bank proposes to handle such items is not in accordance with the law and the Board's Regulations and that the circular should be repealed.

Ordered circulated and docketed for the meeting to be held on Thursday, March 5th.

Draft of a letter prepared by General Counsel addressed to the Governor of the Federal Reserve Bank of San Francisco in answer to a request for a definition of "accommodation maker"; Counsel holding that the question of whether in any particular case the maker of a note is an

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accommodation maker is primarily a question of fact for the determination of the Federal Reserve banks.

Upon motion, the proposed letter of Counsel was approved.

Draft of letter addressed to the Comptroller of the Currency in answer to a memorandum from the Deputy Comptroller dated September 10th, calling attention to the practice of the First National Bank of Mayfield, Ky., in using funds deposited in its trust department in a manner not authorized by the Federal Reserve Act and the Regulations of the Federal Reserve Board; the letter stating that the practice of the bank in mingling with its own assets funds deposited with it in trust, using them in any way it sees fit and merely accounting to the beneficiary for 5% interest is not a proper one and requesting that the Comptroller take such action as he may deem advisable to correct unwarranted practices of the trust department of the bank.

Approved.

Memorandum dated February 26th from General Counsel, relative to the complaint of the Elgin National Bank of Elgin, Texas, of the refusal of the Federal Reserve Bank of Dallas to send to it for collection checks drawn on a non-member bank located in Elgin, Texas, which agreed to remit to the Federal Reserve bank at par for items drawn on it; Counsel calling attention to the Board's letter of June 7, 1920 (X-1944) wherein the Board stated that "When the non-member bank has voluntarily agreed to remit at par, it should, if it so desires, receive from the Federal Reserve bank checks drawn upon itself", - Counsel attaching to his memorandum proposed letters to the

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Governor of the Federal Reserve Bank of Dallas and to the President of the Elgin National Bank, Elgin, Texas.

Upon motion, the letters proposed by Counsel were approved.

Draft of letters prepared by Counsel addressed to the Governor of the Federal Reserve Bank of Kansas City, in reply to letter dated August 22, 1924, from the Federal Reserve bank with regard to the refusal of the Nebraska State Bank of Ord, Nebraska, to agree to the provision contained in the Federal Reserve Bank's collection circular, to wit; "The Federal reserve bank reserves the right to charge a member bank's account covering cash letters forwarded to it when at any time in any particular case it deems it necessary to take such action"; Counsel in his letter calling attention to the fact that the provision in question is authorized by the Board's Regulation "J" that the Nebraska State Bank being a member bank is bound by the terms of the Board's Regulations and the check collection circular of the Federal Reserve bank issued pursuant thereto, whether it agrees to the terms of the check collection circular or not and suggesting that the Nebraska State Bank be so advised and informed also that if occasion arises the Reserve bank will exercise the right reserved in the provision of its check collection circular.

Approved.

Letter dated February 24, 1925, addressed to the Governor by Messrs. Norman, Quirk and Graham stating that the purpose of their letter of January 7th was to ascertain from the Board the reason for its Regulation of February 15, 1919, which provided:

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"Until otherwise instructed, the exportation or importation of Russian rubles or the transfer of funds for their purchase by 'persons' and 'dealers' in the United States as described under the Executive Order of the President of January 26, 1918, is prohibited."

Upon motion, it was voted to refer the letter of Messrs. Norman, Quirk and Graham to the Secretary of the Treasury with the suggestion that he approve of the Federal Reserve Board acknowledging its receipt and referring the writer to the State Department for the desired information.

Memorandum dated February 25th from General Counsel, concurred in by the members of the Law Committee, relative to the proposal of the Federal Reserve Bank of Minneapolis to bring an action for libel against the "State Record" of Bismarck, N. D., a newspaper, for publishing a statement to the effect that the Federal Reserve bank forced a certain non-member bank in North Dakota to close and referring to the Federal Reserve bank and its officials as "thieves".

Upon motion of Mr. Hamlin, it was voted to authorize the Governor to send a copy of Counsel's memorandum to the Federal Reserve Agent at Minneapolis for his information if, after the same has been circulated among the members of the Federal Reserve Board, there is no objection on the part of any member to its being sent.

The Governor reported that the Board's Annual Report to Congress had been filed with the Speaker of the House of Representatives on Saturday morning, February 28th and was presented to the House at 12:00 noon on that date.

REPORTS OF STANDING COMMITTEES:

Dated, February 27th, Recommending changes in stock at Federal Reserve Banks, 28th, as set forth in the Auxiliary Minute Book of this date.

Approved.



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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, March 2nd, Recommending action on application for admission of state bank, 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, March 2nd, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

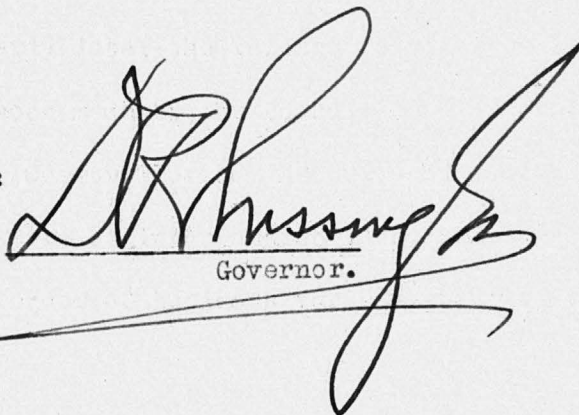
Disapproved.

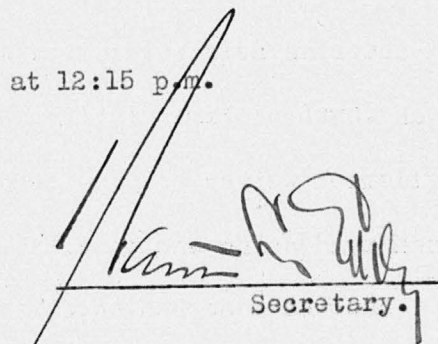
Dated, Feb. 27th, Recommending approval of the application of Mr. E. T. Whiter to serve at the same time as director of the First National Bank of Pittsburgh, Pa., and as director of the Peoples Savings and Trust Company, Pittsburgh, Pa.

Approved.

The meeting adjourned at 12:15 p.m.

Approved:

  
Governor.

  
Secretary.