

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on March 5, 1925 at 11:00 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 March 2nd were read and approved.

The Governor referred to the several informal discussions had by the Board of the practice and procedure of the Federal reserve banks in purchasing in the open market bills and Government securities with an agreement on the part of the seller to repurchase same within fifteen days. He stated that he felt that it might be well for the Board to review formally, at an early date, the rulings relative to such transactions which have heretofore been made by the Board. He also stated that he had been advised that the Comptroller of the Currency would be absent from Washington for a week or more beginning March 10th, and suggested that the matter be made special order of business for a meeting of the Board to be held on March 9th.

Mr. Hamlin moved that the matter be made special order of business for a meeting to be held on March 9th.
Carried.

The Governor then called attention to the fact that the next Conference of Governors would be convened here on April 6th and requested that any of the members of the Board wishing to submit topics for discussion by the Conference file same with him before March 15th in order that they might

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be transmitted to the Governors for consideration prior to the date of the Conference meeting.

The Governor then requested the members of the Board to express their views as to the necessity for holding a conference of Federal Reserve Agents at the same time as the next Governors' Conference is to be held, and it was the unanimous opinion of the members present that the Federal Reserve Agents be not called into conference with the Board at the time of the forthcoming Governors' Conference, in view of the fact that the Board has under consideration a suggestion coming from Mr. Perrin, Chairman of the Agents' Conference, that a separate conference of Federal Reserve Agents be held.

Telegram dated March 3rd from the Federal Reserve Agent at Dallas, regarding application of the Liberty National Bank of Paris, Texas, for original stock in the Federal Reserve Bank of Dallas, 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.

Draft of telegram to the Federal Reserve Agent at St. Louis, suggesting certain revisions in the text of his Annual Report to the Board for the year 1924.

After discussion, Mr. Hamlin moved that the report be accepted and that the Federal Reserve Agent at St. Louis be advised that it may be released for publication with the revisions suggested by the Board.

Carried.

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Letter dated March 2nd from the Governor of the Federal Reserve Bank of Kansas City, replying to the Board's letter of February 26th in which the Kansas City Bank was advised that the Board feels that the bank is under legal obligation to accept deposits of local checks from the Federal Trust Company for clearance unless the Kansas City Clearing House Association admits said Trust Company to membership; the Governor of the Kansas City Bank stating in his letter that the Federal Trust Company is now an associate member of the Clearing House having its contact through the Home Trust Company of Kansas City, a clearing house member.

Noted.

Letter dated March 2nd from the Deputy Governor of the Federal Reserve Bank of New York, advising that the Bank had on that date earmarked \$1,250,000 of United States gold coin for the account of the Argentine Embassy, and \$11,000,000 of United States coin for the account of the Suisse Nationale Bank, Berne, Switzerland, \$10,000,000 of which was transferred from the account of the Reichsbank with the Federal Reserve Bank; the letter also advising of the renewal for ninety days at $3\frac{1}{2}\%$ of a \$6,000,000 advance on gold made by the Reserve Bank to the Bankovni urad Ministerstva Financi of Prague, said \$6,000,000 being part of the total amount of \$10,500,000 advanced on gold to said Bankovni urad Ministerstva Financi of Prague.

Noted.

Memorandum from the Division of Examination dated March 2nd, recommending approval of the application of the Central National Bank, Dallas, Texas, for stock in the Federal Reserve Bank of Dallas, which was previously approved on the initials of four members of the Board,

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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 referred to a letter dated February 27, 1925 from the Federal Reserve Agent at Dallas, which was before the Board at its meeting on March 2, 1925, in which the Federal Reserve Agent requested to be advised of what steps he should take with regard to the 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 without first securing the approval of the Federal Reserve Board thereto; the Governor stating that the Agent had advised the Board in telegram dated March 4th, that in his opinion the action of the member bank was not with wilful intention of violating Section 9 of the Federal Reserve Act nor in disregard of suggestions made to the member bank by the Federal Reserve Agent prior to its action, that the Federal Reserve Agent recommends in his telegram that leniency be extended and the provisions of Section 9 be not enforced, that the member bank be required to furnish an explanation or statement and cautioned as to the seriousness of the matter and that membership of the bank in the System be continued.

Upon motion by Mr. Hamlin, it was voted to approve the recommendation of the Federal Reserve Agent.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated March 2nd from the Comptroller of the Currency, recommending approval

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of a salary of \$3,000 per annum for National Bank Examiner Murdo A. Ross; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on memorandum dated March 2nd from the Comptroller of the Currency, recommending approval of the application of the First National Bank of Vinita, Okla., for permission to reduce its capital stock from \$100,000 to \$60,000; the Committee also recommending approval.

Approved.

At this point, Mr. McIntosh entered the meeting.

Thereupon ensued a discussion of the practice of Federal Reserve banks purchasing bills and government securities in the open market with agreement on the part of the seller to repurchase them within fifteen days, following which Mr. Hamlin stated that he felt that the views expressed by the members of the Board during the discussion were in accord and that there appeared to be no need for making the matter special order of business on March 9th, as was previously decided upon by the Board at this meeting and with the permission of the Chair and consent of all members present he offered the following resolution:

"The Federal Reserve Board reaffirms previous decisions authorizing the practice, long continued, of purchase and sale in the open market of bankers acceptances and Government securities, by Federal reserve banks from and to banks and qualified dealers, under 15 day 'repurchase agreements', it being understood that such transactions shall be open, under similar facts and conditions, to all Federal reserve banks with relation to banks and similarly qualified dealers in their respective districts."

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Mr. James moved that the resolution offered by Mr. Hamlin be tentatively approved by the Board; that a copy of it be sent to each Federal reserve bank with the request that the banks telegraph the Board their views as to the sufficiency of the resolution to establish recognition of transactions of the kind set forth in connection with the open market policies of the Federal reserve banks and of the System.

Carried.

Mr. James then stated that he expected to be away next week and that he would visit the Federal Reserve Bank of Atlanta and the Branch Federal Reserve Bank of New Orleans.

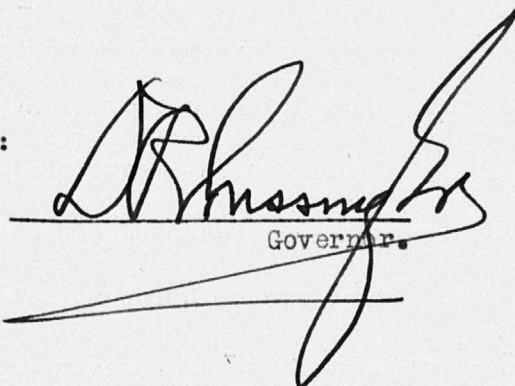
REPORTS OF STANDING COMMITTEES:

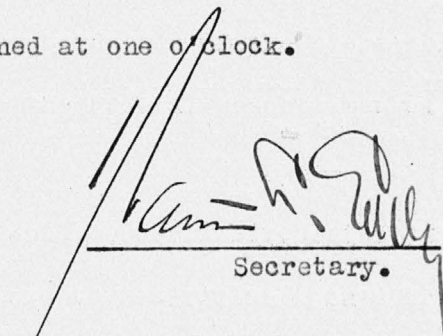
Dated, March 3rd, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Ordered held.

Dated, March 5th, Recommending approval of the application of Mr. Charles M. Blackmar to serve at the same time as director of the Columbia National Bank and as director of the Twelfth Street Bank, both of Kansas City, Mo.
Approved.

The meeting adjourned at one o'clock.

Approved:


Governor.


Secretary.