

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, March 10, 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 5th were read and approved.

Mr. Miller reporting for the Committee on District #12 stated that the Committee expects to be able in about ten days to place before the Board the nomination of someone residing in the territory served by the Los Angeles Branch for appointment by the Board to the vacancy on the Board of Directors of the Los Angeles Branch occasioned by the resignation of Mr. Henry S. McKee.

Memorandum dated March 5th from the Committee on Salaries, Expenditures and Efficiency giving the status of the activities of the Committee and its Sub-committee, in connection with a study being conducted of the operations of the auditing and examination departments of the Federal Reserve banks.

Ordered circulated.

Memorandum from Counsel dated February 26th, ordered circulated by the Board at its meeting on March 2nd, with reference to a circular issued by the Federal Reserve Bank of Atlanta in which the bank reserves the right to refuse to handle as cash items checks drawn on banks in the Sixth Federal Reserve District which do not remit in a satisfactory manner; Counsel advising in his memorandum that the manner in which the bank proposes to handle such items is not in accordance with the law and the Board's Regulations

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and that the circular should be repealed.

Upon motion of Mr. Hamlin, it was ordered that a copy of Counsel's opinion be sent to the Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, without comment.

Memorandum dated March 7th from the Assistant Counsel concurred in by the Law Committee, recommending approval of the application of Mr. Charles W. Weston to serve on the directorates of the Franklin National Bank and the Chatham Phenix National Bank and Trust Company, both of New York City.

Approved.

Letter dated February 18th from the Cashier of the Federal Reserve Bank of Cleveland, furnishing information requested by the Board at its meeting on February 10th as to the reasons governing the Federal Reserve Bank of Cleveland in classifying as an "outlying district" the neighborhood in which the Lorain Street Savings and Trust Company is located and whether or not an analysis of the character of the business of the bank in question would warrant the Cleveland Bank recommending that the Board permit it to carry a 7% reserve on demand deposits should it become a member bank.

Ordered referred to the Executive Committee for report.

Letter dated March 6th from the Chairman of the Board of Directors of the Federal Reserve Bank of Chicago, transmitting applications of the following named banks for permission to carry a reserve of 10% against demand deposits instead of 13% as now required:

Twenty-Sixth Street State Bank  
The Douglass National Bank of Chicago  
Auburn Park Trust and Savings Bank  
The Portage Park National Bank

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Broadway National Bank  
The Ogden National Bank  
Jackson Park National Bank

Referred to the Executive Committee for report  
at an early meeting of the Board.

Memorandum addressed to the Governor under date of March 7th from Messrs. Eddy and Herson to whom the Board referred a list of expenditures regularly made by certain of the Federal Reserve banks for purposes incidental to the administration of the banks, with the direction that they report to the Board such of the items, reasonable expenditure for which, in their opinion, should be passed by the Board; the memorandum stating that it is believed that all of the items on the list can be justified on the ground of expediency, and that they are being made in accordance with the practice of the larger banking institutions of the country which seem to find it necessary under modern organization and business methods to make reasonable expenditures annually for welfare and educational work among employees; some entertainment, such as luncheons and dinners, for out-of-town bank visitors; and for membership in and donation to banking, trade, professional and civic organizations.

Upon motion of Mr. Hamlin, the memorandum was approved.

Telegram dated March 9th from the Governor of the Federal Reserve Bank of Kansas City, referring to the Board's letter of March 6th and to the resolution passed by the Board on that date with respect to the purchase and sale in the open market of bankers acceptances and government securities by Federal Reserve banks; the telegram stating that it has been the custom of

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the Kansas City Bank to take government bonds from Federal Land Banks at Wichita and Omaha on a repurchase agreement running for sixty, thirty and ninety days, and asking if the resolution passed by the Board will prohibit such transactions.

Upon motion of Mr. Hamlin, the Board voted to advise the Governor of the Federal Reserve Bank of Kansas City that the Board is disinclined to extend beyond fifteen days the length of time for which such repurchase agreements shall run, and to request the bank to advise the Board in detail of the reasons why the land banks in question require agreements running longer than fifteen days.

Carried, by unanimous vote, and the Governor requested to take the matter up with the Federal Farm Loan Commissioner.

Memorandum dated March 9th from the Board's Fiscal Agent, requesting that leave of absence, for a period of thirty days, without pay, be granted to Miss Josephine E. Lally, Clerk in the Fiscal Agent's office.

Approved.

Memorandum dated March 7th from the Division of Examination, submitting application of the Central State Bank of Dallas, Texas, for surrender of six hundred shares of stock in the Federal Reserve Bank of Dallas, which was previously approved on the initials of five members of the Board.

Upon motion, the application was formally approved.

Letter dated March 6th from the Assistant Federal Reserve Agent at Cleveland, advising of the loss by one of the bank's messengers of the proceeds of an item presented for payment at the Pennsylvania Trust

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Company of Pittsburgh, claim for the amount of the loss having been settled by the American Surety Company, Cleveland.

Noted.

Letter dated February 24th from the Chairman of the Board of Directors of the Federal Reserve Bank of Chicago, requesting to be advised of the reasons which influenced the Board in refusing to grant at this time the application of the First National Bank, Jewell Junction, Iowa, permission to exercise fiduciary powers.

Upon motion of Mr. Hamlin, the Board voted to reconsider the action taken by it on January 16th in ordering the application held until another examination had been made of the applicant bank, and thereupon reviewed the application and voted to approve same.

Letter dated March 7th from the Federal Reserve Agent at Kansas City, stating that the Bank was not earning its expenses and dividend requirements, and requesting to be advised whether interest or dividend should be paid on stock cancelled in cases where member banks become insolvent or go into voluntary liquidation.

Ordered referred to Counsel for an opinion.

Letter dated March 5th from the Federal Reserve Agent at Richmond, advising that the Board of Directors of that Bank had voted to invite the stockholding member banks to a meeting to be held in Richmond during the latter part of March or early in April, 1925, and that the expense to be incurred by the Federal Reserve Bank in connection with such a stockholders' meeting will be the cost of a luncheon to the officers

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of the member banks who attend.

Noted.

Memorandum dated March 9th from Mr. Herson, the Board's Chief Examiner, to whom the Board referred for report a suggestion contained in a memorandum dated December 11, 1924 from the Board's Counsel, that an examiner be sent to the Pacific Southwest Trust and Savings Bank of Los Angeles to ascertain at first hand the practices of that institution in handling its so-called special savings accounts; the Chief Examiner stating in his memorandum that the information desired can be obtained and reported to the Board by the Federal Reserve Agent at San Francisco, and recommending that the Agent be directed to ascertain the information desired by the Board and report same.

Approved.

Letter dated March 5th from the Governor of the Federal Reserve Bank of New York, stating that the directors of the Federal Reserve Bank on that date had voted, subject to the approval of the Federal Reserve Board, to authorize the officers of the Bank to enter into relations with the South African Reserve Bank along the same general lines as the Bank's relations with other foreign central banks; the Governor stating in his letter that the South African Reserve Bank expressed a desire to have the Federal Reserve Bank of New York open an account for it and transact business for it along the same general lines as the New York Reserve bank transacts business for other foreign central banks.

Upon motion of Mr. Hamlin, it was voted to interpose no objection to the Federal Reserve Bank of New York opening an account in the name of the South African Reserve Bank, with the understanding that any agreement entered into between the two banks would be submitted to the Board.

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The Governor read a letter dated March 9th from Governor Strong of the Federal Reserve Bank of New York who is Chairman of the Governors' Conference, requesting that the Board submit to him, at as early date as is possible prior to April 6th, such topics as it desires the Conference to discuss.

Noted.

Memorandum dated March 6th from the Board's Committee on Salaries, Expenditures and Efficiency, recommending that there be transmitted to each Federal Reserve bank director a copy of a statement prepared by the Committee showing the expenses for each Federal Reserve bank function by quarters, beginning January 1923; the volume of work in the principal departments for the same period, and also that there be sent to each director a copy of the two formal reports heretofore made to the Board by the Efficiency Committee.

Upon motion, the recommendation of the Committee was approved and the Board approved also a form of letter submitted by the Committee transmitting the reports referred to.

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

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

REPORTS OF STANDING COMMITTEES:

Dated, March 2nd, Recommending changes in stock at Federal Reserve Banks,  
6th, as set forth in the Auxiliary Minute Book of this date.  
7th, Approved.  
9th,  
10th,

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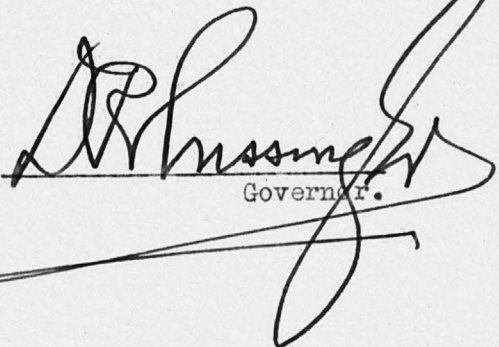
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REPORTS OF STANDING COMMITTEES: (Cont'd)

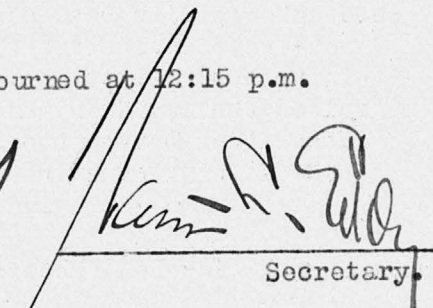
- Dated, March 10th, 10th, 10th, 10th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, March 10th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Ordered held.
- Dated, March 6th, Recommending approval of the application of Mr. Joseph K. Pollock to serve at the same time as director of the First National Bank, Greenup, Ky., and as director of the Fourth and Central Trust Company, Cincinnati, Ohio.  
Approved.
- Dated, March 5th, Recommencing approval of the application of Mr. Joseph H. Soliday to serve at the same time as director of the Dedham National Bank, Dedham, Mass., and as director of the State Street Trust Company, Boston, Mass.  
Approved.
- Dated, March 10th, Recommending approval of the application of Mr. Fred A. Newton to serve at the same time as President of the Citizens National Bank, Ennis, Texas and as director of the Dallas National Bank, Dallas, Texas.  
Approved.
- Dated, March 9th, Recommending approval of the application of Mr. Charles M. Fleischmann to serve at the same time as director of the National Iron Bank, Morristown, N.J. and as Director of the New Netherland Bank, New York City.  
Approved.
- Dated, March 7th, Recommending approval of the application of Mr. Henry W. Warden to serve at the same time as director and officer of the Collin County National Bank, McKinney, Texas and as Director of the Dallas National Bank, Dallas, Texas.  
Approved.

The meeting adjourned at 12:15 p.m.

Approved:



Governor.



Secretary.