

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board at 11:00 a.m. Thursday, March 26, 1925.

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 24th were read and approved.

Memorandum from Counsel dated March 25th on the subject of pro-rating expenses of appeal in the case of the Capital Grain and Feed Company vs. Federal Reserve Bank of Atlanta; Counsel stating that while it would seem equitable that the expenses of appealing this case should be pro-rated among all the Federal reserve banks, the Board has no right to pro-rate these expenses unless the Federal reserve banks voluntarily agree that this should be done.

Upon motion, it was voted that this matter should be taken up with the Governors of the Federal reserve banks at the time of the forthcoming conference.

Draft of reply to letter dated March 24th from the Federal Reserve Agent at Chicago suggesting the discontinuance of the title of Manager of Bank Relations Department held by Mr. E. L. Harris and inclusion of the bank relations work as one of the matters coming directly under Mr. Harris as Acting Assistant Federal Reserve Agent, and suggesting further that upon the retirement of Mr. W. F. McLallen, the duties of Secretary to the Board of Directors also be turned over to Mr. Harris; the proposed reply stating that the Board has no objection to the suggestion of the Federal Reserve

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Agent regarding the bank relations work but calling attention to the fact that at the time the Board reconsidered its action in disapproving an increase to \$4,000 in the salary of Mr. Arthur Olson, Confidential Secretary to the Governor, it was understood that he would act in the capacity as Secretary, after Mr. McLallen had left the bank.

After discussion, the proposed reply was referred to the Committee on Salaries, Expenditures and Efficiency.

Letter dated March 20th from the Federal Reserve Agent at San Francisco, requesting approval of the application of the Pacific Southwest Trust and Savings Bank of Los Angeles to move its branch now located at 2736 West Pico Street to larger quarters at 2800 West Pico Street.

Approved.

Letter dated March 20th from the Federal Reserve Agent at San Francisco, requesting approval of the application of the Pacific Southwest Trust and Savings Bank of Los Angeles for permission to move to permanent quarters at 4400 S. Vermont Avenue the branch which has been temporarily located at 985 West Vernon Avenue.

Approved.

Letter dated March 20th from the Federal Reserve Agent at San Francisco, requesting approval of the application of the Pacific Southwest Trust and Savings Bank of Los Angeles for permission to change the location of the branch approved for establishment at 2115 W. Sixth Street to 1913 W. Sixth Street.

Approved.

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Memorandum dated March 24th from the Chief Examiner recommending discontinuance of monthly reports of proofs and verifications by the audit department, which have been submitted by the Federal reserve banks for some years past and which may now be dispensed with.

Upon motion, the discontinuance of these reports was approved.

Letter dated March 23rd from the Comptroller of the Equitable Trust Company of New York submitting for the information of the Board pamphlets on the retirement system and profit sharing plan of that bank.

Ordered circulated and referred to special committee on pensions.

Report of Executive Committee on letter dated March 13th from the Federal Reserve Agent at St. Louis transmitting and recommending approval of the application of the American Exchange National Bank of St. Louis for a reduction in its reserve requirements from 10% to 7% of demand deposits; the Committee also recommending approval.

Approved.

Memorandum from Counsel on letter dated March 19th from the Chairman of the Federal Reserve Bank of San Francisco requesting that the Board consider the desirability of the promulgation of a ruling that directors of Federal reserve banks or branches absent from directors' meetings for a continuous period of six months or attending less than 50% of regular and special meetings during any of twelve months, shall be removed because of such non-attendance; Counsel stating that in his opinion the Board has legal authority to promulgate and enforce such a ruling.

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After discussion, Mr. Miller moved that the Governor address a letter to the Chairmen of all Federal reserve banks requesting that the Board be furnished with a record of the attendance of directors of the parent banks during the past three years.  
Carried.

The Governor then called attention to an entry in the minutes of the meeting of the Board of Directors of the Federal Reserve Bank of Dallas held on March 10th authorizing the officers of the bank to invest up to \$10,000,000 in Government bonds for earning purposes and stated that since the adoption of the resolution about \$3,000,000 of bonds had been purchased by the bank.

After discussion, Mr. Miller moved that the following telegram be addressed to the Chairman of the Federal Reserve Bank of Dallas:

"It appears from the minutes of the meeting of your Board of Directors held on March 10 that the Board of the Dallas Bank authorized the officers to purchase up to \$10,000,000 of government bonds. Board here is surprised that important action of this kind should not have been specifically called to its attention. Board furthermore notes that officers of the bank have acted upon this authorization without first referring matter to Federal Reserve Board, notwithstanding provisions of Paragraph (b) of Section 14 of the Act and the open market principle adopted by the Board pursuant thereto (Letter X-3689, April 7, 1923). You are therefore directed to suspend further purchases under this authorization until otherwise advised."

Mr. Hamlin moved as a substitute for Mr. Miller's motion that the following telegram be sent to the Chairman of the Dallas Bank:

"Suspend further operations in Government bonds until otherwise advised. Your needs can in the meantime be met by open market investment committee through larger apportionment."

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After further discussion, Mr. Hamlin's motion being put by the chair was lost, Mr. Hamlin voting "aye".

Mr. Miller's original motion then being put by the chair was carried, Mr. Hamlin voting "no".

Mr. Hamlin stated that he voted against Mr. Miller's motion because the proposed telegram was evidently based on the belief that the Federal Reserve Board under its power of regulation has the right absolutely to forbid the purchase of Government bonds by Federal reserve banks for earning purposes, wholly regardless of credit conditions.

Memorandum dated March 17th from Counsel with regard to the application of Mr. E. Sohler Welch for permission to serve at the same time as a director of the National Union Bank and the Old Colony Trust Company, both of Boston, which the Board has held to be in substantial competition but which, under a classification recently made by the Federal Reserve Agent at Boston are not considered to be in such competition.

After discussion, Mr. Hamlin moved that the Board approve Mr. Welch's application for permission to serve at the same time the National Union Bank and the Old Colony Trust Company.

Carried, Mr. Platt voting "no".

Memorandum dated March 23rd from Counsel with regard to the application of Mr. Emanuel Cohen for permission to serve at the same time as a director of the United States National Bank and the Hellman Commercial Trust and Savings Bank, both of Los Angeles; Counsel stating that Mr. Cohen has resigned as a director of the First National Bank of Watts, California, and will resign from the directorate of the First National Bank of Bell, California, and that he has informed the Board that the majority of stock in both the United States National Bank and the Hellman

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Commercial Trust and Savings Bank is held by the same persons, which has heretofore been taken by the Board as an indication that the banks concerned are not in substantial competition.

After discussion, Mr. Hamlin moved approval of Mr. Cohen's application for permission to serve at the same time as a director of the United States National Bank and the Hellman Commercial Trust and Savings Bank, on condition that he resign from the First National Bank of Bell.

Carried.

Memorandum from Counsel dated March 3rd with regard to the application of the Liberty Insurance Bank of Louisville, Kentucky, for approval of its action in establishing and operating a trust department without first securing the approval of the Board; the Executive Committee recommending approval of such action.

Approved.

Draft of letter to the Federal Reserve Agent at Kansas City with regard to surrender of stock issued to the First National Bank of New Wilson, Oklahoma; letter calling attention to the fact that the Board has already authorized cancellation of the stock and the placing of the proceeds in a special deposit account to be paid over to the duly authorized liquidating agent of the bank, upon receipt of proper proof of the appointment of such agent, and stating that the proceeds may be paid to any person submitting satisfactory proof that he is entitled to receive them without any further action by the Board.

Upon motion, the proposed letter was approved.

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Memorandum from Counsel dated March 18th on the subject of the payment of unearned dividends to liquidating or insolvent member banks; Counsel stating that in his opinion when a member bank is insolvent or is in voluntary liquidation, it is entitled to 1/2 of 1% per month from the period of the last dividend regardless of whether such dividends were earned during that period.

Upon motion, it was voted to approve the position taken by Counsel and that all Federal reserve banks be advised accordingly.

Memorandum dated March 6th from Counsel with reference to alleged libelous statements concerning the Federal Reserve Bank of Minneapolis published in the "State Record" of Bismarck, North Dakota.

Referred to Law Committee.

Letter dated March 21st from the Federal Reserve Agent at Atlanta transmitting letter from the Counsel of the bank with respect to its practice in declining to handle as cash items checks drawn on banks in the Sixth Federal Reserve District, which do not remit in a satisfactory manner.

Referred to Law Committee.

Report of Examination of the Federal Reserve Bank of Cleveland and its Pittsburgh and Cincinnati Branches, made as at the close of business January 3, 1925.

Referred to Committee on Examinations and Committee on District #4.

Letter dated March 21st from the Governor of the Federal Reserve Bank of Boston transmitting draft of a proposed bill to amend the National

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Banking Act, to extend the charters of the Federal reserve banks and for other purposes.

Governor Crissinger stated that the letter and bill had been mimeographed for the information of the members of the Board and that copies of the bill were being furnished the Governors of all Federal reserve banks.

REPORTS OF STANDING COMMITTEES:

- Dated March 26th Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Held.
- Dated March 26th Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated March 23rd Recommending approval of the application of Mr. F. C. Hubbard to serve at the same time as director of the First National Bank of Muskogee, Okla., and as director and officer of the First National Bank of Haskell, Okla., and the Farmers National Bank of Ft. Gibson, Okla.  
Approved.
- Dated March 23rd Recommending approval of the application of Mr. H. H. Ogden to serve at the same time as President and director of the First National Bank of Muskogee, Okla., and as director of the First National Bank of Braggs, Okla.  
Approved.
- Dated March 24th Recommending approval of the application of Mr. W. W. Collier to serve at the same time as Director of the First National Bank of Mercedes, Texas, and as Vice President and Director of the City National Bank of San Antonio, Texas.  
Approved.
- Dated March 24th Recommending approval of the application of Mr. H. M. Thompson to serve at the same time as Director of the Grand and Sixth National Bank and as Director of the First Wisconsin National Bank, both of Milwaukee, Wis.  
Approved.



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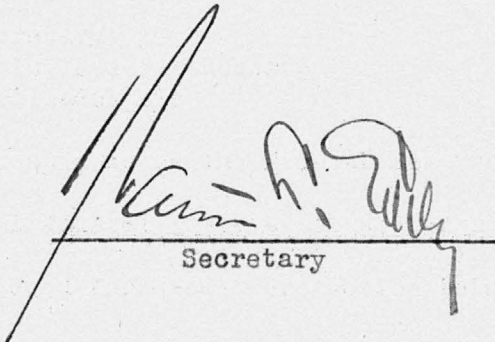
Dated March 24th Recommending approval of the application of Mr. J. P. Solomon to serve at the same time as Director of the First National Bank of Muskogee, Okla., and as Director of the First National Bank of Braggs, Okla.

Approved.

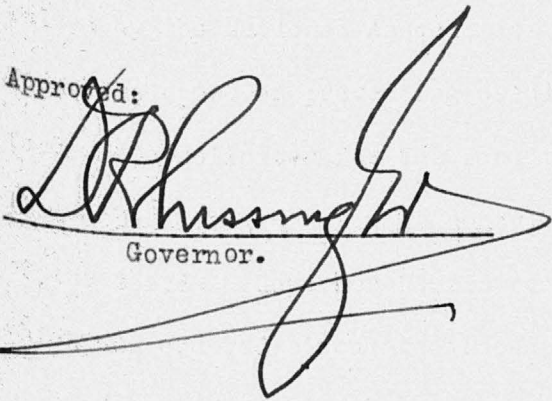
Dated March 26th Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 12:20 p.m.

  
Secretary

Approved:

  
Governor.