

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, April 7, 1925 at 10:30 a.m.

PRESENT: Governor Crissinger

Mr. Platt  
Mr. Hamlin  
Mr. Miller  
Mr. James  
Mr. Cunningham  
Mr. Eddy, Secretary

PRESENT ALSO: (By invitation of the Governor)  
Dr. Stewart, Director of the Division  
of Research and Statistics

The Governor stated that the meeting had been called at this hour primarily for the purpose of considering the verbal report made to the Board yesterday by the Chairman of the Governors' Conference, in which it was suggested that a committee of Governors and Federal Reserve Agents be appointed to study pending banking legislation; the Governors in their report making the recommendation also that the Board consider the advisability of employing Dr. O. M. W. Sprague of Harvard University to assist Dr. Stewart, Director of the Division of Research and Statistics, in a study of the National Banking Act and the Federal Reserve Act.

After discussion, a verbatim report of which is on file in the office of the Secretary of the Board, Mr. Hamlin moved -

"That the Board approve of the recommendation of the Governors Conference that a committee be appointed for the purpose of studying the question of needed banking legislation and that the committee be composed of Governors Harding, Strong, Young and Seay and Federal Reserve Agents Talley and Wills, and that the study be undertaken by the committee under the direction of Dr. Stewart, Director of the Board's Division of Research and Statistics, and that the Governor, acting through Dr. Stewart, ascertain whether Professor Sprague of Harvard University will accept temporary employment as a Research Assistant in the Board's Division of Research and Statistics, for a period of six

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months, for the purpose of assisting in the conduct of the study."

Mr. Hamlin's motion being put by the chair was unanimously carried.

Mr. Miller stated: "I want it noted distinctly that I am of the opinion that it is inadvisable at this time, and by the proposed method, to authorize an official study of amendments to the Federal Reserve Act. The time has not yet come for such an undertaking. When it does come the study should not be limited to the so-called McFadden amendments. At the appropriate time we shall need to go into the whole question of how the Federal Reserve Act should be amended in the light of the operation and experience of the Federal Reserve System."

The reading of the minutes of the Board held on April 3rd was dispensed with.

Bond of Mr. E. L. Harris, Acting Assistant Federal Reserve Agent at Chicago, in the amount of \$50,000.

Approved.

Bond of Mr. D. C. Wills, Federal Reserve Agent at Cleveland, in the amount of \$100,000.

Approved.

Memorandum dated April 6th from the Board's Chief Examiner, advising of the receipt from the War Finance Corporation of a remittance of \$259.17 to reimburse the Board for the cost of the audits made by its examiners of the securities and obligations of the Corporation held at offices of the reserve banks and branches located at St. Louis, Memphis, Kansas City and Omaha.

Noted.

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Memo randum dated April 6th from the Director of the Division of Research and Statistics, recommending the appointment of Mr. Russell C. Engberg as Research Assistant in the Division, on a half-time basis, at a salary of \$1250 per annum, effective April 8, 1925.

Approved.

Telegram dated April 7th from the Federal Reserve Agent at Dallas, requesting prompt action on an application from the City National Bank, Georgetown, Texas, for original stock (30 shares) in the Federal Reserve Bank of Dallas.

Upon motion, it was voted to approve the above application for stock, effective if and when the Comptroller of the Currency issues a certificate of authority to the bank to commence business.

Letter dated March 31st from the Federal Reserve Agent at San Francisco, recommending approval of an application of the Pacific Southwest Trust and Savings Bank to discontinue its branch at Los Alamos, California and to transfer the business thereof to its branch at Santa Maria.

Approved.

Memorandum dated April 2nd from the Chief Clerk, recommending that the Board's stock of 1500 copies of the Index Digest of the Federal Reserve Bulletin (1914 to 1920 inclusive) be reduced to 150 or 200 copies, and that the balance be destroyed.

Approved.

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Letter dated April 2nd from the Chief Coordinator, requesting that the Board promulgate instructions to its field representatives to associate themselves with local organizations of Federal officials, known as Federal Business Associations.

Noted, and referred to the Governor for reply.

Memorandum dated April 6th from the Secretary, prepared in accordance with instructions given him at the meeting on March 16th, and reporting as to the size and character of business of the Lorain Street Savings and Trust Company of Cleveland, a state bank which desires to join the Federal Reserve System if it can secure at the same time a reduction to 7% in its required reserves against demand deposits, and of other banks in Cleveland which have been granted permission to carry a reserve of 7% against demand deposits.

Thereupon ensued a discussion of a recommendation of the Secretary of the Board that the Board amend its ruling that applicants for reduced reserves shall have been members of the Federal Reserve System and in operation as such for a period of at least one year prior to application, so as to permit of the granting of reduced reserve requirements to state banks in outlying districts which have been in operation for more than a year who wish to join the System.

Mr. Hamlin moved that the Board amend its ruling as recommended by the Secretary.

Mr. Hamlin's motion being put by the chair was lost, Messrs. Hamlin and Platt voting "aye".

Letter dated April 2nd from the Chairman of the Federal Reserve Bank of Philadelphia, enclosing copies of a survey made by a special



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committee of the board of directors of that bank of the bank's organization which the Board, in acting upon salary recommendations at the end of 1924, stated in its opinion was overmanned.

Referred to the Committee on Salaries,  
Expenditures and Efficiency.

Memorandum dated April 1st from Counsel, with regard to the application of the Liberty Insurance Bank of Louisville, Kentucky, for approval of its action in opening a trust department without first securing approval of the Board, which approval was given by the Board on March 26th with the understanding that all proceeds from the investment of trust funds will emure to the trust; Counsel submitting draft of a letter to the bank stating that the Board waives the technical violation of the bank's condition of membership and will offer no objection to the continued operation of its trust department but is unwilling to approve affirmatively the exercise of trust powers by that or any other bank in accordance with the laws of the state of Kentucky, which, the Board has been informed permit trustees to account to beneficiaries for an amount of the income from a trust estate equal to 5% of the principle and retain all income in excess of that amount.

Upon motion, the action of March 26th was reconsidered and rescinded, and the proposed letter to the Liberty Insurance Bank was approved.

Report of Committee on Examinations recommending approval of the application of the Excelsior Trust Company of Philadelphia for membership in the System and for 420 shares of the capital stock of the Federal

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Reserve Bank of Philadelphia; the Committee also recommending that the Board approve unconditionally the purchase of a controlling interest in the stock of the Excelsior Trust Company by the Peoples Bank and Trust Company of Philadelphia, which was tentatively approved on November 1, 1924, subject to revocation in the event that an examination of the Excelsior Trust Company did not disclose the condition of that bank to be satisfactory.

Upon motion, it was voted to approve the application of the Excelsior Trust Company for membership and to finally approve the purchase of a controlling interest in that bank by the Peoples Bank and Trust Company.

Report of Examination of the Federal Reserve Bank of St. Louis and its branches, made as at the close of business January 17, 1925.

Referred to the Committee on Examinations and Committee on District #8.

Report of Examination of the Federal Reserve Bank of Kansas City and its branches, made as at the close of business January 31, 1925.

Referred to the Committee on Examinations and Committee on District #10.

REPORTS OF STANDING COMMITTEES:

Dated, April 3rd, 6th, 7th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.  
Approved.

Dated, April 7th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, April 7th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

Dated, April 4th, Recommending approval of the application of Mr. Elmer King to serve at the same time as director of the First National Bank, Chatham, N.J., as director of the National Iron Bank of Morristown, N.J., and as director of the Citizens National Bank, Netcong, N.J.

Approved.

Dated, April 4th, Recommending approval of the application of Mr. Lawrence Day to serve at the same time as director of the First National Bank, Chatham, N.J., and as director of the National Iron Bank of Morristown, N.J.

Approved.

Dated, April 4th, Recommending approval of the application of Mr. Madison L. Thoms to serve at the same time as director of the First National Bank, Chatham, N.J. and as director of the National Iron Bank, Morristown, N.J.

Approved.

Dated, April 4th, Recommending approval of the application of Mr. Robert B. McEwan to serve at the same time as director of the First National Bank, Chatham, N.J., and as director of the National Iron Bank, Morristown, N.J.

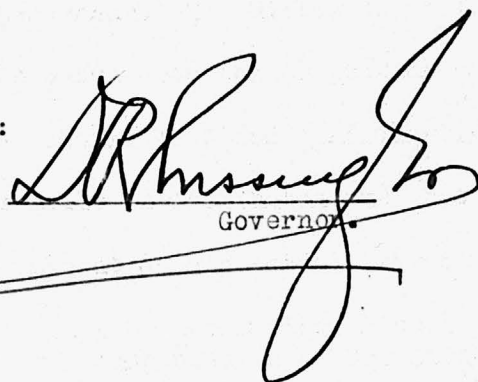
Approved.

Dated, April 3rd, Recommending approval of the application of Mr. Ralph D. Sneath to serve at the same time as director of the Commercial National Bank, Tiffin, Ohio and as director of the Midland Bank, Cleveland, Ohio.

Approved.

The meeting adjourned at 11:30 a.m.

Approved:

  
Governor

  
Secretary