

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, April 17, 1925 at 11:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. James
Mr. Cunningham
Mr. Noell, Assistant Secretary

The minutes of the meetings of the Federal Reserve Board held on April 3rd, 7th and 9th, 1925 were read and approved.

The minutes of the meeting of the Executive Committee held on April 14th, 1925 were read and approved.

The minutes of the meeting of the Federal Reserve Board held on April 16th, 1925 were read and approved as amended.

Letter dated April 6th from the Federal Reserve Agent at San Francisco, transmitting letter from the Pacific Southwest Trust and Savings Bank, with enclosures, regarding the manner in which they handle their so-called special savings accounts; this information having been requested in accordance with action taken by the Board at its meeting on March 10th.

Ordered circulated and referred to the Law Committee.

Memorandum dated April 15th from the Chief Examiner, advising that the War Finance Corporation has remitted \$81.00 in payment of expenses incident to the audit of their obligations and securities held at the Federal Reserve Bank of Chicago, made as at the close of business February 28, 1925.

Noted.

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Memorandum dated April 16th from the Chief Examiner submitting and recommending acceptance of the resignations of Mr. W. J. Donald, Examiner, and Mr. R. A. Bryans, Assistant Examiner, effective April 15, 1925, and requesting authority to fill their places at salaries not to exceed what they were receiving.

Upon motion, the resignations were accepted and authority for the employment of successors was granted.

Letter dated April 2nd from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of amendments to the by-laws of the branches of that bank, relating to the minutes of meetings of the branch boards and committees.

Approved.

Letter dated April 10th from the Chairman of the Federal Reserve Bank of Boston, advising that the directors of that bank have voted that it participate with the eleven other Federal Reserve banks in the accounts of foreign banks with the Federal Reserve Bank of New York.

Noted.

Letter dated April 16th from the Deputy Governor of the Federal Reserve Bank of New York, advising of revised percentages of participation in foreign bank accounts due to the renewed participation of the Federal Reserve Bank of Boston; the Deputy Governor advising further that the Federal Reserve Bank of Boston will also participate in the loans on gold to the Bankovni urad Ministerstva Financi of Prague.

Noted.

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Letter dated April 6th from the Federal Reserve Agent at San Francisco, inquiring whether approval by the Federal Reserve Board is necessary for the discontinuance of a branch of a member bank and the transfer of its business to a nearby branch operated by the same bank.

After discussion, Mr. Platt moved that the Federal Reserve Agent be advised that the Board for the time being will waive any rights it may have with regard to the approval of the closing of branches, other than to require prompt advice of same.

Carried.

Letter dated April 11th from the Federal Reserve Agent at San Francisco, recommending approval of application of the Bank of Sausalito for an extension from May 19th to August 1st, 1925, in the time in which it may open the branch de novo at Tiburon, the establishment of which was approved by the Board on November 19th, 1924.

Upon motion by Mr. Platt, it was voted to grant the extension requested.

Letter dated March 30th from the Governor of the Federal Reserve Bank of Dallas, enclosing a statement of contributions to the Federal Reserve Club of the bank during the year 1924 and of the purposes for which such contributions were made.

Referred to the Committee on Salaries, Expenditures and Efficiency.

Confidential letter dated April 8th from the Federal Reserve Agent at San Francisco, referring to the Board's letter of April 3rd on the subject of attendance at Board Meetings by directors of that bank and requesting

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that the Board withdraw its instructions that its letter be presented at a meeting of the Board of Directors of the bank.

Referred to the Committee on District #12.

Letter dated April 1st from the Chairman of the Federal Reserve Bank of San Francisco, enclosing detailed statement of the attendance of directors of that bank of meetings during the last three years.

Referred to the Committee on District #12.

Letter dated April 6th from the Federal Reserve Agent at Minneapolis, acknowledging receipt of the Board's letter of April 3rd regarding the attendance at Board Meetings of directors of that bank and stating that the letter will be presented to the Board of Directors as requested by the Board.

Noted.

Letter dated April 9th from the Chairman of the Board of Directors of the Federal Reserve Bank of St. Louis, referring to the Board's letter of April 3rd regarding the attendance at Board Meetings of directors of that bank and stating that he will report further after the matter has been presented to his Board of Directors.

Noted.

Memorandum dated April 10th from the Committee on Salaries, Expenditures and Efficiency, submitting copy of a detailed report on the personnel of the Federal Reserve Bank of Atlanta and its branches, and recommending that same be circulated and that the Board express its appreciation of the efforts being

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made to reduce expenses and increase efficiency in the Atlanta bank and its branches.

Upon motion, the recommendations of the Committee were approved.

Memorandum dated April 10th from the Committee on Salaries, Expenditures and Efficiency, enclosing letter dated April 9th from the Chairman of the Special Committee on Bank Examination and Credit Work regarding progress being made by that Committee.

Ordered circulated.

Letter dated April 6th from the Federal Reserve Agent at Minneapolis, advising of steps to be taken with regard to the alleged libelous statements published in the "State Record" of Bismarck, N.D.

Noted.

Draft of reply to letter dated April 3rd from the Chairman of the Federal Reserve Bank of Philadelphia, inquiring whether copies of monthly letters delivered to certain banks are to be considered as "copies delivered in bulk"; the proposed reply stating that these letters should be considered as bulk distribution and a charge made therefor.

Upon motion, the proposed letter was approved.

Draft of reply to letter dated April 1st from the Federal Reserve Agent at Chicago, regarding the employment of a successor to Examiner Charles F. Riddell, resigned; the proposed reply stating that Mr. Cunningham, to whom the matter of the employment of Mr. N. B. Shaffer, former Chief Examiner of the State Banking Department of Iowa, was referred, is of the opinion that

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Mr. Shaffer will make a good examiner particularly in connection with examinations of member banks in Iowa.

Upon motion, the proposed letter was approved.

Letter dated April 14th from the Deputy Governor of the Federal Reserve Bank of New York, requesting the Board's approval of the sale of certain tools used in connection with the vault tests made under the direction of the Board and stored since 1921 at the Federal Reserve Bank of New York.

Upon motion by Mr. Platt, it was voted to interpose no objection to the sale.

Letters dated April 13th from the Federal Reserve Agent at Minneapolis, transmitting application for withdrawal from membership in the Federal Reserve System from the Farmers and Merchants State Bank of Hecla, S. D., the Board on April 3rd having voted to require the bank to show cause why it should not be expelled from the System.

Upon motion, it was voted to interpose no objection to the withdrawal of the bank.

Letter dated April 7th from the Federal Reserve Agent at San Francisco, enclosing copies of bills introduced in the California legislature to amend the state laws relating to the operation of branch banks.

Ordered circulated.

Letter dated April 15th from the Chairman of the Federal Reserve Bank of Philadelphia, enclosing copy of contract on a cost plus profit-sharing basis with the builder of the proposed annex to the Bank's building.

Referred to Counsel.

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Letter dated April 15th from the Chairman of the Federal Reserve Bank of Richmond, transmitting data requested by the Board with respect to the cost of the branch of that bank proposed for the southwestern portion of the district.

Ordered circulated and referred to the Committee on Branches.

Draft of reply to letter dated March 7th from the Federal Reserve Agent at Kansas City, on the subject of the payment of unearned dividends to liquidating or insolvent member banks, together with draft of a circular letter to all other Federal Reserve Agents on the subject; the proposed letters stating that a Federal Reserve bank must pay to a liquidating or insolvent member bank one half of one per cent per month from the period of the last dividend, regardless of whether earnings for the current dividend period are sufficient to make such payment, with the one condition that the amount paid to the member bank shall not exceed the book value of the stock.

Upon motion, the proposed letters were approved.

Letter dated April 7th from the Federal Reserve Agent at Chicago, recommending approval of a proposed consolidation of the State Bank and the Citizens State Bank, both member banks of Early, Iowa, and letter dated April 13th from the Federal Reserve Agent, advising that the consolidation has already been effected with the approval of the State Banking Department.

Upon motion, it was voted that the Board offer no objection to the consolidation.

Report of Committee on Examinations on letter dated March 26th

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from the Chairman of the Federal Reserve Bank of Chicago, with regard to the examinations of state member banks in Michigan; the Committee recommending that action be withheld in view of a subsequent letter dated April 9th from the Federal Reserve Agent, advising of a probable change in the Banking Commissioner of the state.

Upon motion, the recommendation of the Committee was approved.

Letter dated April 11th from the Chairman of the Federal Reserve Bank of Cleveland, with further reference to the Board's ruling that applicants for reduction in reserve requirements must have been members of the Federal Reserve System and in operation as such for a period of at least one year before making application; the Chairman again referring to the probable effect of this ruling on the ability of that bank to secure new members.

Referred to the Executive Committee for report.

Letter dated April 3rd from the Chairman of the Federal Reserve Bank of Philadelphia, with reference to the Board's ruling that applicants for reduction in reserve requirements must have been members of the Federal Reserve System and in operation as such for a period of at least one year before making application; the Chairman stating that the enforcement of this ruling will prevent the Federal Reserve bank from receiving application for admission to the System from the Germantown Trust Company, Germantown, Pa.

Referred to the Executive Committee for report.

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Memorandum dated April 13th from Counsel, submitting draft of reply for the signature of the Comptroller of the Currency to letter addressed to him by the Treasurer of Armour & Company, Chicago, Illinois, regarding conditions promulgated by the First National Bank of El Paso, Texas, to govern the collection of checks deposited with it.

Referred to the Law Committee.

Revised draft of reply prepared by the Committee on Salaries, Expenditures and Efficiency, to letter dated March 24th from the Federal Reserve Agent at Chicago, with regard to the duties of Mr. E. L. Harris recently appointed Assistant Federal Reserve Agent; the proposed letter stating (1) that the Board has no objection to the discontinuance at any time of the position of Manager of the Bank Relations Department held by Mr. Harris and the inclusion of that work in the duties of Mr. Harris as Assistant Federal Reserve Agent and (2) that while the Board would have no objection to Mr. Harris assuming at the appropriate time the duties of Secretary to the Board of Directors of the bank, preferring that these duties be performed by someone in the Agent's Department rather than by an employee of the bank, in the event it was deemed desirable to increase Mr. Harris' salary due to his taking over the duties of Secretary, the situation would be complicated by the fact that the Board has heretofore approved an increase in the salary of Mr. Arthur Olson, Confidential Secretary to the Governor, with the understanding that he would act in the capacity of Secretary upon the retirement of Mr. McLallen.

Upon motion, the proposed letter was approved.

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Report of Committee on Salaries, Expenditures and Efficiency on letter dated April 2nd from the Chairman of the Federal Reserve Bank of Philadelphia, enclosing copies of a report by a special committee of directors on a survey made of the organization of that bank; the Committee submitting draft of a reply expressing the Board's appreciation of the careful study made and the evident desire of the directors of the bank to bring about such adjustments in personnel as are warranted.

Upon motion, the above letter was approved.

Letter dated April 9th from the Federal Reserve Agent at Richmond, recommending approval of the application of the Baltimore Trust Company, Baltimore, Md., to purchase the assets and assume the liabilities of the Industrial Trust Company of Baltimore and to establish a branch in its premises; together with copy of telegraphic reply made on April 11th on the initials of members of the Board approving the application.

Upon motion, the application was formally approved.

At this point Dr. Stewart entered the meeting and discussed with the members of the Board credit conditions and the trend of the business and trade situation during March and the first two weeks of April.

REPORTS OF STANDING COMMITTEES:

Dated, April 16th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, April 17th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Ordered held.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, April 15th, Recommending approval of the application of Mr. Allan Forbes to serve at the same time as President and director of the State Street Trust Company, Boston, Mass., and as director of the Dedham National Bank, Dedham, Mass.

Approved.

Dated, April 16th, Recommending approval of the application of Mr. Wallace D. Simmons to serve at the same time as director of the First National Bank and the St. Louis Union Trust Company, both of St. Louis, Mo., and as director of the Philadelphia National Bank, Philadelphia, Pa.

Approved.

Dated, April 16th, Recommending approval of the application of Mr. A. J. Siegel to serve at the same time as director of the First National Bank, St. Louis, Mo., as director of the St. Louis Union Trust Company, St. Louis, Mo., and as President and Director of the Manchester Bank, St. Louis, Mo.

Approved.

Dated, April 16th, Recommending approval of the application of Mr. M. E. Singleton to serve at the same time as director of the First National Bank, and as director of the St. Louis Union Trust Company, both of St. Louis, Mo.

Approved.

Dated, April 16th, Recommending approval of the application of Mr. E. D. Nims to serve at the same time as director of the First National Bank, St. Louis, Mo. and as director of the St. Louis Union Trust Company, St. Louis, Mo.

Approved.

Dated, April 16th, Recommending approval of the application of Mr. Edwin W. Grove to serve at the same time as director of the First National Bank, St. Louis, Mo., as director of the St. Louis Union Trust Company, St. Louis, Mo., and as director of the National Bank of Commerce of Asheville, N.C.

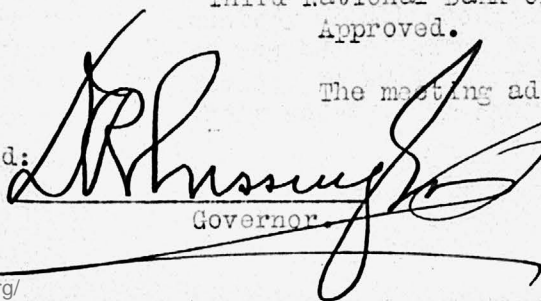
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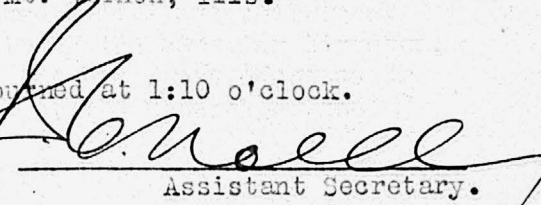
Dated, April 16th, Recommending approval of the application of Mr. W. C. Arthurs to serve at the same time as director of the First National Bank, and the St. Louis Union Trust Company, both of St. Louis, Mo., and as director of the Third National Bank of Mt. Vernon, Ills.

Approved.

The meeting adjourned at 1:10 o'clock.

Approved:


Governor


Assistant Secretary.