

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, June 9, 1925, at 11:25 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Eddy, Secretary

The reading of the minutes of the meeting of the Federal Reserve Board held on June 3rd was dispensed with.

Telegram dated June 8th from the Federal Reserve Bank of Kansas City, advising there is being circulated an unsigned printed list of banks in the 10th and other Districts, dated May 29, 1925 and headed "Revised List of Banks Removed from Par List by Federal Reserve Bank of Kansas City" with which that bank has no connection and the author of which is unknown.

Noted.

Memorandum dated June 5th from the Director of the Division of Research and Statistics, requesting the extension to Miss Mary S. Evans an employee of the Division, of annual leave from August 19th to September 5th and leave without pay from September 5th until October 17th.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated June 3rd from the Comptroller of the Currency, recommending approval of a salary of \$2800 per annum for National Bank Examiner Francis J. McGinnis, to be assigned to the 3rd Federal Reserve District; the Committee also recommending approval.

Approved.

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Report of Committee on Salaries, Expenditures and Efficiency on letter dated June 1st from the Chairman of the Federal Reserve Bank of Dallas, requesting approval of an increase from \$2460 to \$2700 per annum in the salary of Mr. George W. Porter, Branch Auditor at Houston, effective June 1st; the Committee also recommending approval.

Approved.

Letter from Mr. W. A. Stuart of Okmulgee, Okla., submitting his resignation as a member of the Board of Directors of the Oklahoma City Branch of the Federal Reserve Bank of Kansas City.

Upon motion, it was voted to accept Mr. Stuart's resignation and to refer to the Committee on District #10 the matter of the appointment of a successor.

The Governor then presented the matter approved on initials yesterday, namely, memorandum dated June 5th from the Acting Comptroller of the Currency, recommending approval of the application of The Parker County National Bank of Weatherford, Texas, for permission to reduce its capital from \$125,000 to \$100,000, on condition that no money be returned to shareholders, but that the entire amount of the reduction be used to take care of losses and that bad assets to that amount be withdrawn from the bank and trusted for the benefit of shareholders at the date of reduction.

Formally approved.

Matter approved on initials yesterday, namely, the application of the Ardmore National Bank of Ardmore, Pa., for permission to exercise general fiduciary powers, the bank having on June 3rd been authorized by

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the Comptroller of the Currency to increase its capital from \$50,000 to \$150,000 and to change its title to the Ardmore National Bank and Trust Company.

Formally approved.

Letter dated June 4th from the Governor of the Federal Reserve Bank of New York, with regard to the credit situation, the letter also advising of the progress being made in the reorganization of the bank resulting from its recent removal into its new building.

Ordered circulated.

Memorandum dated June 4th from Counsel, with reference to the action of the Manufacturers Trust Company of New York City in establishing two additional branches without first securing the permission of the Board, together with a newspaper advertisement of the bank listing fifteen active branches, whereas the records of the Board show it to have but nine.

Referred to the Committee on Examinations.

Letter dated June 5th from the Chairman of the Federal Reserve Bank of New York, with reference to the action of the Bank of Manhattan Company and the Corn Exchange Bank of New York City in establishing branches without the permission of the Board.

Referred to the Committee on Examinations.

At this point, Governor Young of the Federal Reserve Bank of Minneapolis entered the meeting and discussed with the members of the Board banking and credit conditions in the 9th Federal Reserve District,

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which was the subject of a letter addressed to the Board by the Chairman of the Board of Directors of the Bank on May 18th and the Board's reply of May 23rd. Governor Young pointed out particularly the problem of the Federal Reserve Bank in the matter of granting accommodations to banks that are already in an extended condition and whose only hope of continuing in business lies in securing short time advances. Governor Young stated that these banks were often unable to send secured paper to the Federal Reserve bank and that it had been the policy of himself and the Board of Directors of the Bank to make reasonable advances on unsecured notes but only in cases where the paper is eligible and the bank is reasonably certain repayment will be made. He stated that it has not been the policy of the bank to make advances which entailed probable losses merely for the sake of saving a situation in a particular community. The members of the Board questioned Governor Young on different phases of the bank's policy and no objections were raised to its continuance.

Governor Young then referred to the plan of the bank to discontinue the office of Assistant Federal Reserve Agent and Auditor at the Helena Branch and advised the Board of the opinion of the Chairman of the bank that the Branch might be abolished. He stated that he, himself, felt the territory now being served by the Branch was entitled to limited Federal Reserve facilities on the ground but that he believed the establishment of an agency at Helena in lieu of the branch would meet the requirements of the territory. The establishment of an agency, he stated, would result in a saving from \$80,000 to \$90,000 a year to the Federal

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Reserve Bank of Minneapolis.

Governor Young then referred to a request from the National Association of Credit Men for a contribution from the Federal Reserve Bank to a fund being raised for the prevention of credit frauds. He expressed the opinion that the donation by the Federal Reserve bank of from \$500 to \$1,000 a year over a period of four or five years would be a good investment for the Federal Reserve Bank in that it would enable the bank to turn over to the Association for collection and prosecution, if necessary, numerous small claims which it was unprofitable for the bank itself to prosecute.

Governor Young was requested to submit this matter to the Board in writing.

He then stated that the Board of Directors of his Bank had requested him to again take up with the Board the increases recommended for Deputy Governors Geery and Moore and Assistant Deputy Governor Yaeger of that bank. He stated that the increases recommended were \$1,000 each, the present salaries of the officials named being \$16,000, \$8,000 and \$7,000, respectively. He stated that he, himself, was heartily in favor of the increases which he believed to be warranted by the experience of the officers concerned and the duties they are now performing. The increases, he stated, would also safeguard the bank against the loss of the officers to commercial institutions.

Letter dated June 1st from the Chairman of the Federal Reserve Bank of Dallas, calling attention to the fact that the increase from \$9,000 to \$10,000 in the salary of Deputy Governor Gilbert, which was approved by the Board on May 29th, effective June 1st, was recommended to be effective May 1st, and requesting reconsideration by the Board on the effective date.

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Upon motion, it was voted to approve the increase for Mr. Gilbert, effective May 1st instead of June 1st.

Report of Law Committee on the matter referred to it at the meeting on June 2nd, namely, letter dated May 28th from the Federal Reserve Agent at Atlanta, with regard to the action of the Peoples Bank and Trust Company, Bell Buckle, Tenn., in reducing its capital from \$30,000 to \$15,000, which is below the legal requirement for a member bank; the Law Committee submitting draft of a letter to the Federal Reserve Agent inquiring whether the Bank has already reduced its capital to \$15,000, which would necessitate action toward the forfeiture of its membership in the System, or whether it desires first to withdraw from the Federal Reserve System voluntarily by giving six months' notice to the Federal Reserve Board.

Upon motion, the proposed letter was approved.

Draft of reply to letter dated April 27th from the Chairman of the Federal Reserve Bank of San Francisco, submitting certain questions with reference to changes in the bank premises account, necessitated by the pending completion of the bank's new building.

Upon motion, the proposed letter was approved.

Draft of letters to the Federal Reserve Agent at Dallas and to the Bank of Safford, Safford, Arizona, advising of the action of the Board in voting to dismiss expulsion proceedings now pending against that bank and to permit it to voluntarily withdraw from the Federal Reserve System on

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September 9, 1925, the date of the expiration of its six months' notice.

Upon motion, the proposed letters were approved and the following was ordered spread upon the minutes:

"IT IS HEREBY ORDERED that the proceedings which the Federal Reserve Board has instituted against the Bank of Safford with a view to the forfeiture of membership of this bank in the Federal Reserve System after a hearing before the Federal Reserve Board in accordance with the provisions of Section 9 of the Federal Reserve Act be suspended, and that the said Bank of Safford be permitted to withdraw voluntarily from the Federal Reserve System at the expiration of six months from the date on which the notice of withdrawal of this bank was received by the Board's representative, the Federal Reserve Agent of the Federal Reserve Bank of Dallas, namely, on September 9, 1925."

Memorandum from Mr. Platt on letter dated May 11th from the Governor of the Federal Reserve Bank of Kansas City, referring to the recommendation made to the last Governors Conference by the Standing Committee on Collections that member banks sending cash letters direct to other Federal Reserve banks be required to pay the postage on such direct sendings; Governor Bailey requesting that the Bank be permitted to continue to reimburse member banks for this postage and pointing out that it would cost the Kansas City bank from \$8,000 to \$10,000 a year if the recommendation of the Standing Committee on Collections is enforced in that District.

Upon motion, it was voted that Governor Bailey be advised that the Board sees no reason why the Kansas City bank should not continue its present practice and will interpose no objection to its doing so.

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Governor Crissinger then reported to the Board that Mr. Tucker Royall of Palestine, Texas had advised of his inability to accept appointment by the Board as Class "C" Director and Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of Dallas.

Thereupon ensued a discussion during which the Committee on District #11 verbally recommended the appointment of Mr. C. C. Walsh, President of the Central National Bank of San Angelo, Texas.

Following the discussion, Mr. Miller moved that Mr. Walsh be appointed Class "C" Director of the Federal Reserve Bank of Dallas and designated Federal Reserve Agent and Chairman of the Board of Directors of the bank, effective on a date to be fixed by the Governor and at a salary of \$15,000 per annum, with the understanding that the Committee on District #11 will later file its report and recommendations in writing.

Carried.

Mr. Cunningham then stated that he was leaving Washington at the end of the week on a visit to South Dakota and expected to spend some time at his home where he stated he could be reached if any important matters came before the Board on which his opinion was desired.

REPORTS OF STANDING COMMITTEES:

Dated, June 4th, Recommending changes in stock at Federal Reserve
8th, Banks as set forth in the Auxiliary Minute Book
9th, of this date.

Approved.

Dated, June 2nd, Recommending action on applications for fiduciary powers
3rd, as set forth in the Auxiliary Minute Book of this date.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, June 9th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, June 4th, Recommending approval of the application of Mr. C. F. Lehn to serve at the same time as director and Vice President of the McCook National Bank of McCook, Nebr., and as director of the Continental National Bank of Los Angeles, Cal.

Approved.

Dated, June 8th, Recommending approval of the application of Mr. Luke L. Goodrich to serve at the same time as Assistant Vice President of the Anglo & London Paris National Bank of San Francisco, and as director and President of the Longview National Bank of Longview, Washington.

Approved.

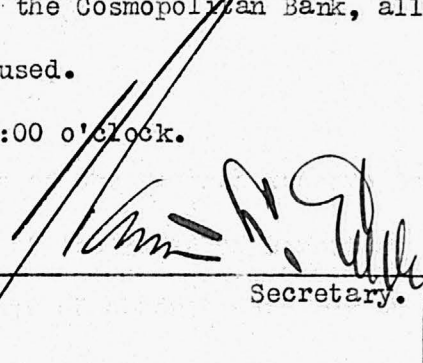
Dated, June 8th, Recommending approval of the application of Mr. J. N. Penrod to serve at the same time as director of the Fidelity National Bank and Trust Company, Kansas City and as director of the Manufacturers & Mechanics Bank, Kansas City.

Approved.

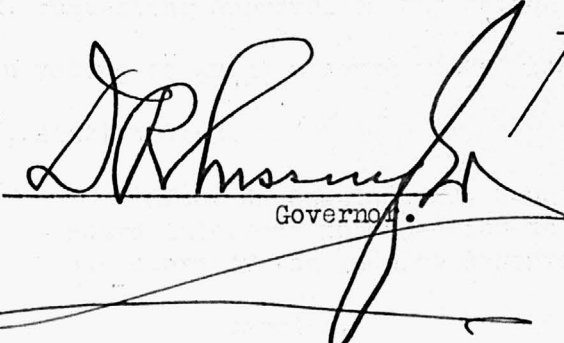
Dated, June 2nd, Recommending refusal of the application of Mr. Barron G. Collier to serve at the same time as director of the National American Bank, as director of the Empire Trust Company and as director of the Cosmopolitan Bank, all of New York City.

Application refused.

The meeting adjourned at 1:00 o'clock.


Secretary.

Approved:


Governor.