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A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, July 2, 1925 at 11:15 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on June 30th were read and approved.

The Governor stated that in accordance with the instructions of the Board he had consulted with Honorable Newton D. Baker regarding the fee to be charged the Board in the event he was retained on behalf of the System as a whole to assist in the preparation and trial of the appeal of the case brought against the Federal Reserve Bank of San Francisco by the Brookings State Bank, Brookings, Oregon, on which an unsatisfactory verdict was rendered by the District Court. The Governor stated that Mr. Baker had expressed a willingness to have his fee fixed at a figure considered reasonable by the Board. He also reported that Mr. Baker had already incurred some expense in connection with the cases brought against the Federal Reserve Banks of Atlanta and Cleveland, and that he had requested Mr. Baker to submit a statement of his fee in connection with the Cleveland case which has been settled. He also reported that Mr. Baker had employed Mr. L. P. Ayres of Cleveland as an expert witness in connection with the case brought against the Federal Reserve Bank of Atlanta by the Pascagoula National Bank and that Mr. Ayres had also incurred traveling and other expenses, a statement of which would be submitted.

Memorandum dated June 30th from the Division of Examination, recom-

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mending approval of an application of the Mt. Vernon National Bank and Trust Company, Mt. Vernon, Indiana, for original stock (38 shares) in the Federal Reserve Bank of St. Louis, effective if and when the Comptroller of the Currency authorizes the bank to commence business; the same having been approved on June 30th on the initials of two members of the Executive Committee.

Formally approved.

Telegram dated July 1st from the Federal Reserve Agent at Minneapolis, requesting the redesignation of Mr. H. L. Zimmerman as Assistant Federal Reserve Agent at the Helena Branch, effective until October 1st.

Upon motion by Mr. James, Mr. Zimmerman was redesignated in accordance with the above request.

Telegram dated July 1st from Mr. C. C. Walsh, advising that on that date he formally qualified as Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of Dallas.

Noted.

Telegram dated July 1st from the Federal Reserve Agent at Dallas, advising of the election of Mr. J. H. Nail of Fort Worth, Texas, as Class "B" Director of the Bank for the unexpired term of Mr. Marion Sansom, resigned, ending December 31, 1925.

Noted.

The Governor then reported that he had wired the former Federal Reserve Agent at Dallas, in reply to his inquiry whether the Board wished to have a representative present at the time the assets in his custody were formally transferred to his successor, that it would be satisfactory to the

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Board to have the transfer made in the presence of the General Auditor of the bank and personal representatives of the outgoing and incoming Agents.

Letter dated June 30th from the Deputy Assistant Treasurer of the United States, advising that no applications for the sale of bonds under Section 18 of the Federal Reserve Act were received from national banks during the quarter ending June 30, 1925.

Noted.

Telegram dated July 2nd from the Federal Reserve Agent at Chicago, advising that the Columbia State Savings Bank of Chicago, which was given until June 30th to complete its membership in the Federal Reserve System, was unable to do so by that date but is prepared to qualify today.

Upon motion, it was voted to interpose no objection to the bank's completing its membership.

Memorandum from Counsel on letter dated June 22nd from the Federal Reserve Agent at Richmond, submitting the application of the Orangeburg National Bank of Orangeburg, S. C., which has been exercising fiduciary powers without the approval of the Board, for authority to act as "trustee, executor, administrator or guardian of estates as banks are permitted under South Carolina laws"; Counsel pointing out that the Board has no authority to grant its permit in these terms but may if it sees fit authorize the bank to exercise the powers of trustee, executor, administrator or guardian of estates.

Upon motion by Mr. Platt, it was voted to grant the bank authority to act as executor, administrator or guardian of estates.

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Report of Committee on Examinations on letter dated June 26th from the Federal Reserve Agent at Boston, transmitting and recommending approval of an application of the Harvard Trust Company of Cambridge, Massachusetts, for permission to acquire and hold not less than 75% of the capital stock of the Manufacturers National Bank in Cambridge; the Committee stating that it sees no reason why the Board should object.

Upon motion by Mr. Platt, it was voted to interpose no objection to the purchase of the stock.

Letter dated July 1st from the Assistant Secretary of the Treasury, advising of the theft from the Bureau of Engraving and Printing of eight incompleated \$10 Federal Reserve Notes, six of which have to date been presented to the Treasury for redemption and requesting that the Board give approval to the redemption of these notes by the Federal Reserve banks, as was done in 1921 when the Board authorized the redemption of up to \$20,000 of incomplete notes then believed to be in circulation.

The Secretary reported that the Treasury Department had no appropriation against which to charge such redemptions and that the Board in 1921 had authorized the Federal Reserve banks to bear this expense in order to prevent possible discredit to the Federal Reserve Note circulation.

He further stated that it was understood that the \$20,000 authorization was intended to cover the redemption of incomplete notes already in circulation and not subsequent losses, and recommended that the Board take up the notes now presented for redemption at its own expense, not assessing the Federal Reserve banks proportionately

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as was done in 1921, hold them for payment by the Treasury at some future time, advising the Treasury Department that this redemption is not made under the authority granted in 1921 and that all subsequent losses would likewise be decided upon on their own merits.

After discussion, upon motion by Mr. James, it was voted to approve the recommendations of the Secretary, Mr. Platt voting "no".

The Secretary then reported that the Treasury a year or so ago, at the instance of the Comptroller General, had changed its method of reimbursing the Board for the costs of telegrams sent by it over the Federal Reserve leased wires which had formerly been paid by the Treasury Department monthly in a lump sum on the basis of the actual cost of business handled during the previous year. Since that time the costs of telegrams sent by the Treasury have been charged monthly by the Board direct to the several Treasury Department appropriations. He stated that a month or so ago one of the appropriations of the Treasury became exhausted and that during April and May telegrams chargeable to these appropriations had been transmitted over the leased wire, leaving a charge of approximately \$400 which the Treasury Department states it is not in a position to meet. He requested instructions from the Board as to the method of handling this matter.

After discussion, upon motion by Mr. Platt, it was voted that hereafter Treasury telegrams chargeable to deficient appropriations should not be transmitted over the Federal Reserve leased wires.

Letter dated June 30th from the Vice President of the Lincoln Bank and Trust Company of Louisville, Kentucky, addressed to the Secretary of the

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Board, requesting that an interview be arranged for him with those members of the Board whose presence is considered desirable, at which a satisfactory agreement could be reached as to the handling by the bank of the business of issuing bonds secured by real estate, mortgages and of guaranteeing the principal and interest of real estate loans sold to the public, under the Board's recent conditional authority.

Upon motion, the Secretary was directed to prepare a reply for the signature of the Governor.

Memorandum from Counsel dated July 1st, submitting drafts of a letter to the Federal Reserve Agent at Boston and a circular letter to all other Federal Reserve Agents, advising of the recent ruling of the Board that a person whose sole occupation is that of officer of an insurance company is not eligible for election as a Class "B" Director of a Federal Reserve bank.

Upon motion, the proposed letters were approved.

The Governor then presented the letter dated June 26th from the Federal Reserve Agent at Boston, transmitting a communication from Mr. William W. Russell, Treasurer of the National Life Insurance Company of Montpelier, Vermont, who was nominated for election as Class "B" Director of the Federal Reserve Bank of Boston, requesting that he be furnished with a copy of the opinion of the Board's Counsel that an officer of a life insurance company is not eligible for such election.

Upon motion, it was voted that an extra copy of the circular letter to all Federal Reserve Agents, just approved by the Board, be sent to the Federal Reserve Agent at Boston for transmittal to Mr. Russell.

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Memorandum dated June 19th from the Chief of the Division of Bank Operations, requesting approval of certain changes in the Board's weekly press statement showing the condition of the Federal Reserve banks, which would reduce the size of the statement without eliminating any information now reported.

The Governor stated that he had considered the changes and approved them, and upon motion it was voted to approve the revision of the statement, subject to approval by Messrs. Platt and James after they have had an opportunity for detailed study.

Letter dated June 29th from the Governor of the Federal Reserve Bank of Cleveland, requesting that each member of the Board carefully study the recent report of the Committee on Voluntary Services with reference to the brief filed with the Board by the American Bankers Association Committee on the Collection of Non-cash Items by Federal Reserve Banks.

Noted.

Memorandum dated July 1st from Mr. James, with regard to the recent report of the Committee on Voluntary Services on the subject of Non-cash Collections By Federal Reserve banks as follows:

"In regard to the "Report of Committee on Voluntary Services Assumed by Federal Reserve Banks", I wish to offer as a motion:

1st. - That in accordance with previous action taken by the Board, a copy of the Report be sent to Chairman Barton and each of the other members of the A. B. A. Committee, with the request that, in the event said Committee desires a further hearing before the Board on this subject, a date for such hearing be suggested.

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"2nd. - Should the A. B. A. Committee, in response to this request, indicate a desire for further hearing and suggests a date for same, then the Federal Reserve Board shall arrange for such a hearing before its full membership, or not less than six Board members, and shall fix the date for such hearing.

3rd. - The Board shall then notify the A. B. A. through the Barton Committee and Mr. Montjoy, the Washington representative of the A. B. A., the members of the Federal Reserve Committee on Voluntary Services and (through the Press) the public, of the date and purpose of the hearing in order that any one desiring to be heard on the subject may have the privilege of presenting their views."

After discussion, it was voted to lay the above memorandum on the table pending a meeting attended by the full membership of the Board.

Letter dated June 30th from the Federal Reserve Agent at Boston, who is Chairman of the Committee of Federal Reserve Agents on Member Bank Reserves, submitting the final report of that Committee.

Upon motion, copies of the report were ordered circulated among members of the Board.

Letter dated June 30th from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of the action of the Board of Directors of that bank in voting to grant Governor Wellborn a leave of absence of six weeks with pay.

After discussion, Mr. James moved that the Board interpose no objection to the leave of absence with pay granted Governor Wellborn.
Carried.

Mr. James then moved that the question of vacation period, with pay, for officers of Federal Reserve banks be made a topic for discussion at the Fall conferences of Governors and Federal Reserve

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Agents, with a view of formulating regulations governing or limiting such vacations.

Carried.

Letter dated July 1st from the Chairman of the Federal Reserve Bank of Cleveland, requesting the redesignation of Mr. Robert Wardrop as Assistant Federal Reserve Agent at the Pittsburgh Branch, for the six months' period ending December 31, 1925.

Upon motion, Mr. Wardrop was redesignated.

REPORTS OF STANDING COMMITTEES:

Dated, July 1st, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, June 24th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, July 1st, Recommending action on applications for admission of state banks, subject to the conditions stated in the individual reports attached to the applications, as set forth in the Auxiliary Minute Book of this date.

Approved.

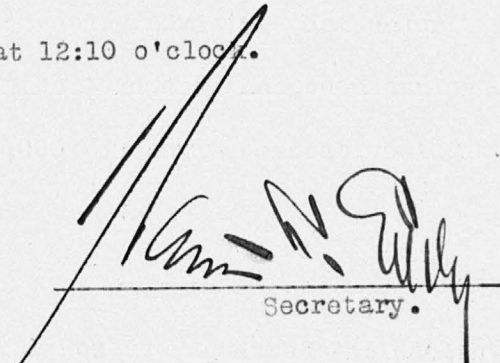
Dated, June 30th, Recommending approval of the application of Mr. Hugh Blair-Smith to serve at the same time as director of the National Shawmut Bank, Boston, Mass., and as director of the Citizens National Bank, Englewood, N.J.

Approved.

The meeting adjourned at 12:10 o'clock.

Approved:


Governor.


Secretary.