

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 7, 1925 at 11:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on July 2nd were read and approved.

Bond of Mr. Charles C. Hall, Assistant Federal Agent at the Federal Reserve Bank of Dallas in the amount of \$50,000.

Approved.

Bond of Mr. Charles C. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas in the amount of \$100,000.

Approved.

Telegram sent by the Secretary under date of July 6th to all Federal Reserve Agents calling for reports of condition as of close of business June 30th from all state banks which are members of the Federal Reserve System.

Approved.

Memorandum dated July 3rd from the Secretary advising that under authority previously granted by the Board Ethell Edwards has been employed as messenger, with salary at the rate of \$1,000 per annum, effective August 1st.

Noted.

Letter dated July 1st from the Federal Reserve Agent at Philadelphia

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to whom the Board on June 23rd referred a letter from the National Bank of Germantown, Philadelphia, Pa., requesting permission to carry a reserve of 7% instead of 10% against demand deposits, claiming Germantown to be in an outlying district of Philadelphia. The Federal Reserve Agent recommended approval of the application, stating that all members of his Board do not concur in his recommendation and suggesting that should the Federal Reserve Board consider granting the application before final decision is reached an opportunity be given to the Philadelphia Clearing House Association to present arguments for or against the classification of Germantown as an outlying district.

After discussion, upon motion of Mr. Hamlin, it was voted to disapprove the application.

Mr. Miller then moved that action upon all applications for reduction in reserves of banks located in outlying districts of reserve and central reserve cities be deferred until the Board has taken action upon the report of the Agent's Committee on revised reserve requirements for member banks and that the Secretary be instructed to examine the records of the Board and ascertain whether the action of the Board in granting applications for reduced reserves in outlying districts was taken on the affirmative vote of five members of the Board, in accordance with the requirements of Section 19 of the Federal Reserve Act.

Carried.

Memorandum dated July 7th from General Counsel submitting statements of Honorable Newton D. Baker for \$1,000 covering his services as Counsel in

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the case of the Farmers and Merchants Bank of Catlettsburg v. Federal Reserve Bank of Cleveland, and for \$2,394.43 covering his disbursements to date in connection with the suit of the Pascagoula National Bank v. Federal Reserve Bank of Atlanta, including a fee of \$1,000 to Mr. Leonard P. Ayres for expert testimony.

After discussion as to whether or not Mr. Baker's bill for services in the Catlettsburg case should be pro-rated among the Federal reserve banks it was determined that Mr. Baker's status in connection with the defense of that suit was the same as that of Mr. John W. Davis who had been employed therein and who withdrew therefrom prior to final settlement, which necessitated the employment of other Counsel and it was, therefore, voted that the Federal Reserve Bank of Cleveland be advised that the Board approves Mr. Baker's bill for services and that the Cleveland Bank be directed to pay same and that the other eleven Federal reserve banks be directed to remit to Cleveland their pro rata share of the amount of the bill. Mr. Baker's bill to date in connection with the Pascagoula National Bank v. Federal Reserve Bank of Atlanta was approved and it was directed that the Federal Reserve Bank of Atlanta be so advised and requested to pay the bill and to carry the payment until the litigation is completed at which time the other eleven Federal reserve banks will remit to Atlanta their pro rata share of the total expense of Mr. Baker's employment in connection with the suit.

Letter dated July 2nd from the Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, enclosing a letter from the Acting Manager of the Havana Agency of the Atlanta bank, relating to a bill recently passed by the Cuban Legislature providing for a tax of one-fourth of one per cent on all payments of funds, transfers of credit, securities, etc., which directly or indirectly involve the extraction of money or its equivalent from Cuba.

Noted.

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Memorandum dated July 3rd from the Committee on Salaries, Expenditures and Efficiency, with reference to the action of the Salary Committee of the Federal Reserve Bank of Philadelphia in voting to increase the salary of Mr. W. G. McCreedy, Comptroller, from \$6,000 to \$6,500 per annum; the Committee stating that there appears to be no reason why an increase should be granted at this time and recommending that the Board disapprove same.

Upon motion, the recommendation of the Committee was adopted.

Letter dated July 1st from the Assistant Federal Reserve Agent at San Francisco, advising that the Bank of Italy opened for business on July 1 a branch at No. 1019 Fillmore Street, the establishment of which was approved by the Federal Reserve Board on May 21, 1925, and on the same date opened a branch at the Southeast Corner of San Bruno and Thornton Avenues, the establishment of which was approved by the Board on June 23, 1925.

Noted.

Memorandum dated July 1st from Counsel, submitting to the Board copy of an opinion rendered by the United States Circuit Court of Appeals for the Eighth Circuit in the case of the First National Bank of Denver v. Federal Reserve Bank of Kansas City.

Ordered circulated.

Memorandum dated July 6th from the Secretary addressed to the Governor of the Federal Reserve Board, with further reference to the alleged action of the Federal Reserve Bank of Atlanta in charging the reserve

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account of the Unaka and City National Bank, Johnson City, Tennessee, with paper held under rediscount for the bank prior to maturity of the paper.

Ordered referred to Counsel for an opinion as to the legality of the practice.

The Governor read to the Board copy of a resolution received by him from the Secretary of the South Carolina Cotton Manufacturers Association, expressing the disappointment of the members of that Association in the action of the Board in declining to follow the recommendation of the directors of the Richmond Bank in respect to the establishment of a Branch Federal Reserve Bank in the southwestern portion of the Federal Reserve District.

Noted and ordered filed.

Dr. Miller then stated that the Bank of Italy was desirous of having reconsideration given by the Board to its application to establish a branch de novo at Santa Maria, California, and moved that the Board reconsider its action taken on December 17, 1923, in declining the bank's application to establish a branch.

Dr. Miller's motion being put by the chair was lost on a tie vote, the members voting as follows:

Mr. Platt, "aye"
Mr. Hamlin, "aye"
Mr. Miller, "aye"
Governor Crissinger, "no"
Mr. James, "no"
Mr. McIntosh, "no"

Governor Crissinger then stated that Mr. Perrin, Federal Reserve Agent at San Francisco, had advised him that he had been requested to prepare

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for publication in a financial journal a series of articles on Federal Reserve matters in answer to articles published recently in the Commercial and Financial Chronicle, and that he had after carefully considering the advisability of Mr. Perrin's complying with the request advised him that the Board does not look with favor upon the preparation and publication of articles of a controversial nature by officials and employees of the Federal Reserve System.

Upon motion, by Mr. James, the Governor's action in the matter was approved.

Mr. James then moved that the Board rule that Federal Reserve Agents and others connected with the Federal Reserve Board refrain from writing articles for publication over their official titles.

Upon motion, it was voted to defer action on Mr. James' motion.

The Secretary then referred to the matter taken up by him with the Board on July 2nd, namely, the handling for the account of the Treasury Department of telegraphic business chargeable to a Treasury appropriation which has become exhausted and asked to be advised whether the Board would be willing to handle without charge such telegraphic business as is properly chargeable to the Treasury's appropriation, "Contingent Expenses", which business averages about \$150.00 per month, provided the Treasury will relieve the Board of the necessity of maintaining, at a cost of \$125 a month, a telephone operator to assist in handling telephone calls passing through the Treasury switchboard to and from the offices of the Federal Reserve Board.

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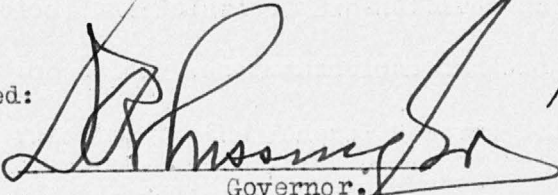
After discussion, Dr. Miller moved that the Secretary be requested to prepare and submit to the Board a memorandum setting forth the character and kind of services being rendered to the Treasury without compensation, and the character and kind of expenditures of Board funds being made for the benefit of the Treasury Department.

REPORTS OF STANDING COMMITTEES:

- Dated, July 2nd, 3rd, 6th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, July 7th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, July 7th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Refused.
- Dated, July 7th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Ordered held.

The meeting adjourned at 12:30 p.m.

Approved:


Governor.


Secretary.