

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, July 14, 1925, at 11:15 a.m.

PRESENT: Vice Governor Platt
Mr. James
Mr. Eddy, Secretary.
Present Also: Mr. Miller

Report of Committee on Examinations on memorandum dated July 9th from the Comptroller of the Currency, recommending approval of the application of the First National Bank of Lucas, Kansas, to reduce its capital stock from \$50,000 to \$25,000, on the condition that the unanimous consent of the shareholders is obtained to place \$10,000 of the reduction in the surplus account of the bank, and that the remaining \$15,000 shall be used to charge off doubtful paper, any recoveries from items charged off to remain as assets of the bank; the Committee recommending approval of the application on the conditions stated by the Comptroller.

Approved.

Report of the Committee on Salaries, Expenditures & Efficiency, on letter dated July 9th from the Comptroller of the Currency, recommending approval of a salary of \$2,700 per annum for National Bank Examiner Charles J. Ritt (Junior Grade), to be assigned to the Twelfth Federal Reserve District; the Committee also recommending approval.

Approved.

Report of the Committee on Salaries, Expenditures and Efficiency on letters dated July 9th and 10th from the Chairman of the Board of Directors of the Federal Reserve Bank of Kansas City, requesting the approval of the Federal Reserve Board of the action of the Executive

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Committee of the bank in employing Mr. R. B. Hewitt as Special Agent to succeed J. C. Morrow, resigned, to look after the rediscounts held by it endorsed by the closed First National Bank of Wausa, Nebraska, at a salary of \$3,300 per annum, payable in monthly installments; the Committee recommending approval.

Approved.

Report of the Committee on Salaries, Expenditures & Efficiency on letters of July 9th and 10th from the Governor and Federal Reserve Agent at Dallas, requesting approval of the Federal Reserve Board of an increase in the salary of H. S. Cherry, Chief of the Maintenance Division of the Service Department of the bank from \$3,000 to \$3,600 per annum, effective July 1, 1925; the Committee recommending approval.

Approved.

Bond of J. Frank Rehfuss, Acting Assistant Federal Reserve Agent at Philadelphia in the amount of \$50,000.00.

Approved.

Draft of proposed letter to the Governors of all Federal reserve banks, advising of the amendment of the Manual of the Federal Reserve System Leased Wire Service, under the heading of "Instructions to Telegraph Operators", as follows:

"Telegrams containing code words will bear a check or count indicating the total number of words in the message. Form telegrams such as gold settlements, Tend, Druid, Drummer, and others of like character should not bear a check."

Approved.

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Report of Committee on Salaries, Expenditures and Efficiency on letter dated July 3rd from the Federal Reserve Agent at San Francisco, advising that two Federal reserve bank examiners had been loaned to the State Banking Department of California to make special investigations in connection with the suit of the stockholders of the Valley Bank of Fresno against the State Banking Department, the Bank of Italy and the Pacific Southwest Trust and Savings Bank, the salaries of the examiners being paid by the State Banking Department during the period of their detail, and that the detail interrupted the work of the Examination Department of the Federal Reserve Bank to such an extent that it seemed advisable that the bank retain the services of Examiner A. B. Mason for such length of time after June 30th as is necessary to adjust the schedule of bank examinations, the Federal Reserve Agent requesting in his letter that the Board approve of the extension of Examiner Mason's commission indefinitely or until his services will be no longer needed; the Committee also recommending approval on the assumption that the detail of the examiners to the State Department meets with the approval of the Federal Reserve Board.

After discussion of the advisability of Federal reserve bank examiners being loaned to State banking authorities for purposes other than participation in the regular examinations of state member banks, Mr. James moved that the Board approve of the extension of Examiner Mason's Commission as requested by the Federal Reserve Agent.

Carried.

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It was then moved that there be prepared and submitted to the Board at its next meeting a letter addressed to the Federal Reserve Agent at San Francisco advising him that there is nothing in the records of the Federal Reserve Board which indicates that the State Banking Department has requested that there be detailed to it the services of Federal reserve bank examiners for the purpose of making special investigations in connection with the suit of the stockholders of the Valley Bank of Fresno against the State Banking Department et al. and advising the Agent that the "loan" or detail of Federal reserve bank examiners to state banking departments should be made only for the purpose of assisting the state departments in their examinations of state banks in accordance with the general plan of cooperation by Federal reserve banks with State banking departments.

Carried.

Memorandum from General Counsel dated July 10th recommending that the Board publish as a ruling in the forthcoming issue of the Federal Reserve Bulletin the substance of its circular letter to all Federal Reserve Agents, X-4373, with regard to the eligibility of an officer of an insurance company for election as a Class B Director of a Federal Reserve Bank, and recommending also that the Board authorize the publication in the Law Department of the August issue of the Bulletin a digest of state laws concerning the guaranty of bank deposits.

After discussion, the Committee voted to authorize the publication in the August issue of the Bulletin of the digest of state laws concerning the guaranty of bank deposits, and to withhold from publication in the Bulletin, until further consideration is given thereto, of any ruling on the subject of the eligibility of an officer of an insurance company for election as a Class B Director of a Federal reserve bank.

Draft of letter to the Federal Reserve Agent at Philadelphia, acknowledging receipt of letter addressed to the Board under date of July 8th by the Assistant Federal Reserve Agent, transmitting copies

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of charts and posters which the Philadelphia bank proposes be included in the Federal Reserve Exhibit to be presented at the Fall Convention of the American Bankers Association at Atlantic City; the proposed letter to the Federal Reserve Agent expressing the Board's view that the posters suggesting changes in the size and design of currency notes and advocating the renewal of Federal reserve bank charters are inappropriate material for inclusion in any public exhibit made by a Federal reserve bank or by the Federal Reserve System and requesting the Federal Reserve Agent to give his approval to all data intended for inclusion in the exhibit before submitting same to the Board.

On motion, the proposed letter to the Federal Reserve Agent at Philadelphia was approved.

Letter dated July 9th from the Federal Reserve Agent at Chicago with reference to the establishment of branches by state member banks located in the State of Michigan without obtaining the approval of the Federal Reserve Board.

After discussion as to whether or not under the Regulations of the Federal Reserve Board, state member banks which had been admitted to the System prior to the existence of any regulations of the Board concerning the establishment of branches could be required to secure the Board's permission for the establishment of a branch under the terms of the general condition that "except with the permission of the Federal Reserve Board, such bank or trust company shall not cause or permit any change to be made in the general character of its assets or in the scope of the functions exercised by it at the time of admission to membership, such as will tend to affect materially the standard maintained at the time of its admission to the Federal Reserve System and required as a condition of membership", or under the terms of any similar condition imposed on the bank at the time of its admission to membership, the letter from the Fed-

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eral Reserve Agent at Chicago was, on motion, referred to Counsel with the request that Counsel advise the Board what authority it has under its general supervisory powers to require a member bank to give notice to the Board when it desires to establish a branch, not on the theory that the Board can prevent the establishment of the branch, but on the theory that its establishment might have a bearing on the question of the desirability of continuing the membership of the bank in the Federal Reserve System.

Letter dated July 10th from the Chairman of the Board of Directors of the Federal Reserve Bank of Richmond, advising that the Board of Directors of the Richmond bank intended its resolution transmitted to the Federal Reserve Board in the Chairman's letter of June 12th as a formal request for a rehearing by the Federal Reserve Board, during the coming Autumn, upon the question of the establishment in the Carolinas of a branch of the Federal Reserve Bank of Richmond.

The Secretary was instructed to acknowledge receipt of the letter and advise the Chairman of the Federal Reserve Bank of Richmond that the Board will give consideration to the formal request of the Richmond bank for a rehearing.

The Secretary was also instructed to docket the matter for a subsequent meeting at which all members of the Board are present.

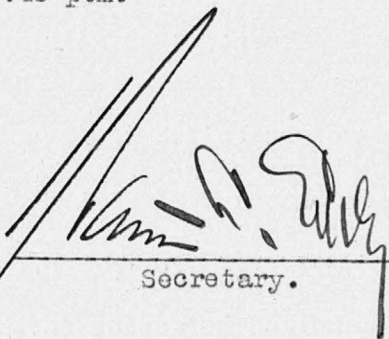
Letters dated July 14th addressed to the various banking corporations doing business under agreement with the Federal Reserve Board under Section 25 of the Federal Reserve Act, requesting that they furnish the Board with reports of condition as of the close of business June 30, 1925, in accordance with the regular practice of the Board.

Approved.

REPORTS OF STANDING COMMITTEES:

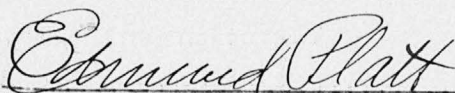
- Dated July 14th Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated July 14th Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Held.
- Dated July 14th Recommending action on application for admission of state banks, 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 July 8th Recommending approval of the application of Mr. William S. Pettit to serve at the same time as director of the Rockaway Beach National Bank, Rockaway Beach, New York City, as Vice President and Director of the National Bank of Far Rockaway, New York City, and as Director and Vice President of the Hewlett-Woodmere National Bank, Woodmere, N. Y.
Approved.
- Dated July 10th Recommending approval of the application of Mr. C. W. McKeen to serve at the same time as director of the Merchants National Bank, Lawrence, Ky., and as officer and director of the National Bank of Topeka, Kansas.
Approved.

The meeting adjourned at 12:45 p.m.



 Secretary.

Approved:



 Vice Governor.