

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Board on Tuesday, July 28, 1925 at 11:00 a.m.

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

Matter approved on July 25th on the initials of two members of the Executive Committee, namely memorandum dated July 24th from the Division of Examination, recommending approval of an application of the Rochelle National Bank, Rochelle, Texas, for original stock (17 shares) in the Federal Reserve Bank of Dallas, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on July 25th on the initials of two members of the Executive Committee, namely, memorandum dated July 23rd from the Division of Examination, recommending approval of the application of the First National Bank, Levelland, Texas, for original stock (17 shares) in the Federal Reserve Bank of Dallas, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on July 25th on the initials of two members of the Executive Committee, namely, memorandum dated July 22nd from the Division of Examination, recommending approval of the application of the First National Bank, South Pasadena, California, for original stock (68 shares) in the Federal Reserve Bank of San Francisco, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

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The Secretary then referred to the action of the Board on July 22nd in directing that a letter be addressed to the Federal Reserve Agent at St. Louis, instructing him to take up with the Liberty Insurance Bank, Louisville, Kentucky, the matter of an agreement with the Board governing its business of guaranteeing the principal and interest of real estate loans sold to investors and of issuing bonds secured by such loans, along the lines of the arrangement entered into by the Board with the Lincoln Bank and Trust Company of Louisville; the Secretary stating that an inspection of the Board's records indicates that numerous other banks in various states are engaging in similar business and inquiring whether the Board wishes to further investigate this matter and to take up the question of an agreement with all banks conducting business of the kind in question.

After discussion, the Secretary was directed to withhold communicating with the Federal Reserve Agent at St. Louis regarding the Liberty Insurance Bank of Louisville until such time as he is in position to furnish the Board with complete information regarding other banks conducting such real estate business, in order that general consideration may be given to the desirability of agreements with such banks.

Telegrams dated July 24th, 25th and 27th from the Board's Chief Examiner and from the Federal Reserve Agent and Assistant Federal Reserve Agent at San Francisco, replying to the Board's telegrams of July 22nd regarding the rumored consolidation of certain large California banks.

Noted.

Letter dated July 25th from the Assistant Federal Reserve Agent at St. Louis replying to the Board's inquiry regarding the proposal of the

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Insurance Bank of St. Louis, Missouri, an applicant for membership in the System, to open a real estate and insurance department; the Assistant Federal Reserve Agent reporting that the real estate activities of the bank will be confined to making loans on real estate and selling first mortgages to clients of the institution.

Upon motion, the Secretary was instructed to ascertain whether the bank will guarantee loans sold to customers either as to principal or interest.

Letter dated July 21st from the Federal Reserve Agent at San Francisco, recommending that the Board extend until October 1, 1925, the time in which the Bank of Sausalito, Sausalito, California, may establish the branch de novo at Tiburon, which was approved by the Board on November 19, 1924.

Approved.

Letter dated July 22nd from the Federal Reserve Agent at Boston, recommending that the Board extend until January 31, 1926, the time in which the Columbus Exchange bank of Providence, Rhode Island, may establish the branch at the corner of Charles Street and Branch Avenue, Providence, which was approved by the Board on January 16, 1925.

Approved.

Letter dated July 23rd from the Federal Reserve Agent at Philadelphia, advising that the Northeastern Trust Company, Reading, Pa., on March 7, 1925, opened a branch office at Sixth and Washington Streets, Reading, without first securing the consent of the Board, and recommending approval of an application since filed by the Bank for approval of its action.

Approved.

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After discussion, it was voted to submit to the Fall conference of Federal Reserve Agents the question of penalties against member banks for violation of the Board's Regulations regarding the establishment of branches.

Letter dated July 22nd from the Chairman of the Federal Reserve Bank of Boston transmitting oath of office of Mr. Albert C. Bowman, recently elected Class "B" Director of that bank, in which he states that he is not an officer, director or employee of any bank except the Springfield Savings Bank, Springfield, Vermont, a mutual savings institution.

Noted.

Letter dated July 17th from the Federal Reserve Agent at Boston advising that he is planning to sail for Europe on August 1st, returning to the bank about September 8th.

Upon motion, it was voted to interpose no objection.

Letters dated July 24th from the Federal Reserve Agent at Chicago, and the Assistant Federal Reserve Agent at Minneapolis, both transmitting copies of a letter, apparently addressed to all Federal Reserve banks by the Manager of the Bank Service Division of the American Legion, requesting permission to announce in the monthly publications of the Federal Reserve banks, a savings plan designed to enable members of the Legion to accumulate necessary funds to attend the 1927 convention of the Legion in Paris, France.

After discussion, it was voted to advise the Federal Reserve banks concerned that in the opinion of the Board, the publications of the banks ought not to be used for the purpose in question.

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Letter dated July 25th from the Governor of the Federal Reserve Bank of Minneapolis, inquiring whether the Board would interpose any objection to the payment of \$500.00 - two years' dues at \$250.00 - to the Credit Justice Fund being raised by the National Association of Credit Men.

Upon motion, it was voted to interpose no objection.

Matter referred to the Law Committee on July 22nd and approved by that Committee, namely, memorandum dated July 13th from Counsel, recommending approval of applications made by the Commissioner of Banking of Texas, as Liquidating Agent, for the surrender and cancellation of stock in the Federal Reserve Bank of Dallas, held by the following insolvent member banks:

Farmers State Bank, Ganado, Texas - 22 shares
First State Bank, Ladonia, Texas - 24 shares
Guaranty Bank and Trust Co., Orange, Texas - 60 shares
First State Bank, Sabinal, Texas - 51 shares

Approved.

Letter dated July 16th from the Federal Reserve Agent at Dallas requesting approval of the action of the directors of that bank in granting leave of absence with pay for three months from July 15th to Mr. Reece T. Freeman, Assistant Cashier, whose services have been unsatisfactory and will be terminated at the expiration of that period; the Federal Reserve Agent stating that it was thought more satisfactory to remove Mr. Freeman from duty immediately rather than to allow him to continue in office while seeking other employment.

After discussion, Mr. James moved that the Board disapprove the salary expenditure involved.

Carried.

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Letter dated July 23rd from the Federal Reserve Agent at Chicago, with reference to the service of Mr. John Bain as director of several banks in Chicago, in violation of the Clayton Act.

Noted and voted to defer action in view of the efforts being made to effect consolidations which would bring Mr. Bain's service within the terms of the law.

Letter dated July 24th from the Federal Reserve Agent at Boston, transmitting photostatic copy of a circular issued by the National Credit Office, New York City, regarding Section 4 of the Board's Regulation "A", which refers to the filing of separate credit statements by affiliated or subsidiary firms of borrowers.

Noted.

Report of Committee on Salaries, Expenditures and Efficiency, recommending that the salary of Prof. O. M. W. Sprague, Special Research Assistant, be increased effective August 1st from \$12,000 to \$13,200 per annum for such period during the remainder of the present year as he devotes his entire time to the work of the Board, but that the present rate for half time service, namely \$500.00 per month, be not changed.

Approved.

Report of Committee on Examinations, recommending approval of the application of the Jamestown State Bank, Jamestown, Kansas, for permission to purchase the assets and assume the liabilities of the Farmers State Bank, Jamestown, Kansas.

Approved.

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Memorandum dated July 21st from the Chief of the Division of Bank Operations, transmitting statements showing expenditures by Federal reserve banks for welfare and educational work, etc., during June and during the six months' period ending June 30th; the memorandum calling particular attention to an expenditure of \$9,569 for entertainment of local and out-of-town bankers and a contribution of \$2,500 to the Credit Justice Fund of the National Association of Credit Men, both by the Federal Reserve Bank of New York.

After discussion, it was voted to interpose no objection to the expenditures made by the Federal Reserve Bank of New York.

The Secretary then referred to the action of the Board on July 14th in voting to withhold publication of any ruling on the subject of the eligibility of an officer of an insurance company for election as Class "B" Director of a Federal reserve bank until further consideration has been given to the matter, and inquired whether the Board desires to take any further action regarding the matter.

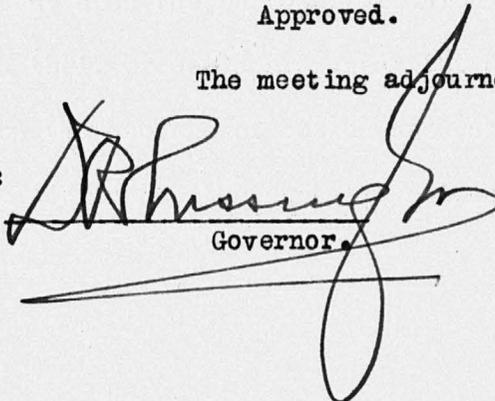
Upon motion, it was voted that consideration of the above matter be made a topic for the forthcoming conferences of Governors and Federal Reserve Agents.

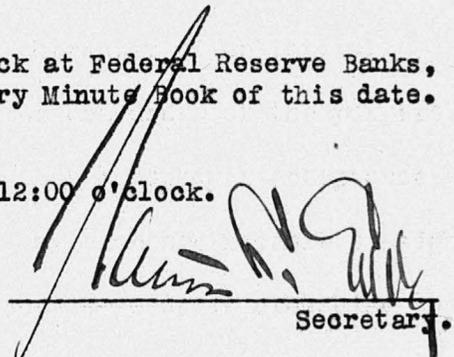
REPORTS OF STANDING COMMITTEES:

Dated, July 28th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Approved.

The meeting adjourned at 12:00 o'clock.

Approved:


Governor.


Secretary.