

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, August 12, 1925, at 10:40 a.m.

PRESENT: Governor Crissinger
 Mr. Platt
 Mr. Miller
 Mr. James
 Mr. Noell, Assistant Secretary
 PRESENT ALSO: Mr. Smead, Chief of the Division
 of Bank Operations

The reading of the minutes of the meetings held on August 5th and 6th was dispensed with.

Mr. Smead presented and discussed with the members of the Board a proposal to change the form of the Board's Weekly Statement showing the condition of Federal Reserve banks, by eliminating the heading "Foreign Loans on Gold" and dividing that of "All Other Earning Assets" into two sub-heads "Foreign" and "Domestic", the sub-head "Foreign" to include "Foreign Loans on Gold" and "Balances With Foreign Banks at Interest" and the sub-head "Domestic" to include "Federal Intermediate Credit Bank Debentures". He stated that sterling bills bought in the London Market by the Bank of England, through the use of a portion of the revolving credit of \$200,000,000 granted that institution by the Federal Reserve Bank of New York, would be included under "Bills Bought in the Open Market", and that all details in connection with the use of the credit would be published in the Federal Reserve Bulletin each month.

Following the discussion, it was voted to defer action on the above proposal pending a meeting of the full Board, after which Mr. Smead withdrew from the meeting.

Matter approved on initials on August 11th, namely, application of the Hamilton National Bank, Weehawken, New Jersey, for original stock (90 shares) in the Federal Reserve Bank of New York, effective if and when the Comptroller

8/12/25

-2-

of the Currency issues a certificate of authority to commence business.

Formally approved.

Matter approved on initials on August 11th, namely, application of the West End National Bank, Shamokin, Pa., for original stock (113 shares) in the Federal Reserve Bank of Philadelphia, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Letter dated August 4th from the Federal Reserve Agent at San Francisco, with further reference to the rumor of consolidation of the Bank of Italy with other California banks and enclosing newspaper clipping with regard to the purchase of the Bowery Bank, New York, by the Bancitaly Corporation.

Ordered circulated.

Letter dated August 7th from the Governor of the Federal Reserve Bank of Cleveland, acknowledging receipt of the Board's approval of their proposed transaction in connection with the leasing of their Cincinnati property to the Chamber of Commerce of that city and stating that he on that date advised the Chamber of the Federal Reserve Bank's acceptance of the proposition.

Noted.

Letter dated August 7th from the Governor of the Federal Reserve Bank of Cleveland, advising that the bank has performed the obligation imposed upon it under a lease made in August 1920 and has purchased a

8/12/25

portion of the property on which the bank's building is located at a price of \$375,000.

Noted.

Report of Committee on Salaries, Expenditures and Efficiency on letter dated August 6th from the Chairman of the Federal Reserve Bank of St. Louis, recommending approval of an increase from \$2700 to \$2800 per annum in the salary of Mr. Clifford Wood, who has been elected Assistant Cashier of the Little Rock Branch to succeed Mr. F. A. Coe, resigned, effective August 1, 1925; the Committee also recommending approval.

Approved.

Report of Committee on Examinations on letter dated August 6th, from the Chairman of the Federal Reserve Bank of Cleveland, transmitting and recommending approval of an application of the Commercial Savings Bank and Trust Company of Toledo, Ohio, for permission to establish a branch at the inter-section of Detroit, Delaware and Hollywood Avenues, Toledo; the Committee pointing out that the bank has a capital of \$200,000, surplus of \$400,000 and deposits of \$13,000,000 and is already operating nine branches and expressing the opinion that the requirement of additional capital before further expansion is permitted would be fully warranted.

After discussion, it was voted that a letter be addressed to the Chairman of the Federal Reserve Bank of Cleveland for submission to the Board, advising that in the opinion of the Board the bank's ratio of capital assets to deposits should be materially increased before additional branches are established.

Memorandum from Mr. James dated August 8th, with reference to letter dated August 5th from the Chairman of the Federal Reserve Bank of Philadelphia,

8/12/25

-4-

requesting that the action of the Board in disapproving a recommendation of the Board of Directors of that bank that the salary of Mr. W. G. McCreehy, Comptroller, be increased from \$6,000 to \$6,500 per annum be reconsidered at a meeting of the Board at which all members are present; Mr. James pointing out that the increase recommended does not appear to be for any special reason and was disapproved upon the recommendation of the Committee on Salaries, Expenditures and Efficiency.

After discussion, it was voted that in accordance with the request of the Chairman of the Bank, the matter be tabled for reconsideration at a full meeting of the Board.

Letter dated August 7th from Honorable Newton D. Baker, with reference to the proposed procedure in the appeal of the par clearance case brought against the Federal Reserve Bank of San Francisco by the Brookings State Bank, Brookings, Oregon.

Noted, with approval.

The Governor then presented the matter ordered circulated at the meeting on August 5th, namely, letter dated August 3rd from the Deputy Governor of the Federal Reserve Bank of New York transmitting recommendation of the Board of Directors of that bank for increases aggregating \$1320 in the salaries of seven employees of the Bank, effective August 1st; the Deputy Governor stating that the directors of the Bank appreciate the desire of the Board to have increases in the clerical force of the Bank take place only at the end of the year, but in view of the particular nature of the cases under consideration, all but one relating to the handling or custody of very large amounts of the Bank's cash, believe that it is most important

8/12/25

-5-

to make these few increases at the present time. Mr. James stated that in his opinion the Board should adhere to the policy it has been adopting of refusing to consider salary increases during the year except for very urgent reasons and that while he believed the increases recommended were merited, they should have been submitted by the directors of the bank at the time they reviewed the entire salary schedule at the end of the year 1924. Thereupon ensued a discussion during which the opinion was expressed that while the salary recommendations in question might be approved, the attention of the directors of the Federal Reserve Bank of New York should be called to the fact that their recommendations should properly have been made at the end of 1924.

Following the discussion, Mr. Miller moved that the above salary recommendations be approved, but that advice to the Federal Reserve Bank of New York to that effect be withheld until a letter on the subject has been submitted and approved by the Board.

Mr. Miller's motion being put by the Chair was carried, Mr. James voting "no".

Letter dated August 10th from the Federal Reserve Agent at Chicago, requesting an expression from the Board as to the advisability of that bank's inviting to Chicago in groups their member bankers, and possibly some non-member bankers, the Federal Reserve Bank to pay transportation costs which it is estimated would amount to \$35,000 or \$40,000.

Upon motion, the above letter was ordered circulated and the Secretary instructed to ascertain the amounts of expenditures made by other Federal Reserve banks for the purpose of holding group meetings.

8/12/25

-6-

Letter dated August 10th from the Assistant Federal Reserve Agent at Atlanta, enclosing copy of a letter from the Manager of its Havana Agency and copy of a letter addressed by the Cuban Secretary of the Treasury to the President of the Havana Clearing House, with reference to the application of the recent Cuban tax bill to the operations of the Federal Reserve Agencies in Havana.

Ordered circulated and referred to
Counsel.

Letter dated August 3rd from the Federal Reserve Agent at San Francisco, with reference to the statement contained in the Board's letter to him of July 23rd that "the loan or detail of Federal Reserve Examiners to State Banking Departments should be made only for the purpose of assisting the State Banking Departments in examinations of state banks when such examinations are of concern to the Federal Reserve Bank and when they are conducted by the State Banking Departments in a regular course of the discharge of the duties imposed upon them by the laws of the respective states".

After discussion, the above matter was ordered placed upon the program for discussion at the forthcoming Conference of Federal Reserve Agents.

Mr. Miller then inquired as to the probable date of the Fall Conference of Federal Reserve Agents which it is understood will be held separately from the Conference of Governors, and the Governor of the Board was requested to ascertain from the Chairman of the Agent's Conference the date for and character of the proposed meeting, as well as the status of the program of topics for the Conference.

8/12/25

-7-

Draft of telegram to the Federal Reserve Agent at San Francisco, advising of the action of the Board on August 5th in disapproving the application of the American Bank of San Francisco for permission to purchase the Bank of Alameda and to establish branches in its premises, in view of the violation by the American Bank of its condition of membership wherein it agreed not to make any engagements to acquire interests in other banks without first having received the approval of the Board.

Approved.

Draft of reply, prepared in accordance with action taken at the meeting on Aug. 5th, to letter dated July 28th from the Federal Reserve Agent at San Francisco, with reference to correspondence with the President of the American Bank of San Francisco, regarding the desire of that bank to establish one or more branches in the city of San Francisco and inquiring as to the probable attitude of the Board toward applications for permission to establish these branches.

Upon motion, it was voted that the proposed letter be resubmitted to the Board after amendment so as to advise that the Board is not in a position to express any opinion in the matter.

Mr. James then stated that he had received an inquiry from Mr. E. E. Mountjoy, local representative of the American Bankers Association, as to when the Association's Committee on Collection of Non-cash Items by Federal Reserve banks could expect to receive copies of the recent report of the Governors' Committee on Voluntary Services in reply to the brief filed with the Board by the American Bankers Association Committee.

8/12/25

-8-

After discussion, upon motion by Mr. James, it was voted that copies of the report of the Committee on Voluntary Services be immediately transmitted to the American Bankers Association Committee.

Letter dated August 10th from the Controller of Administration of the Federal Reserve Bank of Chicago, requesting approval of a salary of \$2520 per annum, effective July 10th, for Mr. Julius Arnold employed as pastry man in the bank's cafeteria.

Upon motion, the Secretary was instructed to ascertain salaries paid for comparable positions at other Federal Reserve banks.

The Secretary then reported that a letter had recently been addressed to all Federal Reserve banks giving code words for use in telegrams between Federal Reserve banks covering telegraphic tracings or advices in connection with non-cash collection items, where such messages are sent over the leased wires for benefit of the Federal Reserve banks, and consequently at their expense, and that since the issuance of the letter question had been raised as to whether or not the sending of such telegrams over the leased wires was not in violation of the Board's Regulations governing the use of such wires. He requested authority to postpone the effective date of the code words in question in order that the Leased Wire Committee may be requested for an opinion as to the desirability of permitting the transmission of telegrams of the kind in question over the leased wires for the Federal Reserve banks' own account, with a consequent amendment in the Leased Wire Regulations if necessary, or whether the Regulations should be continued in their present

8/12/25

-9-

form, with the broad interpretation that they prohibit the use of the leased wires for the tracing of non-cash collection items for account of both Federal Reserve banks and member banks, in which event a new letter to the Federal Reserve banks would be issued restraining the use of the code words in question to commercial messages.

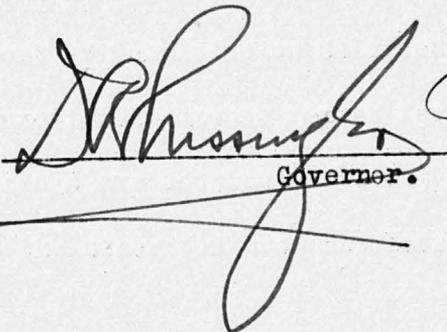
Upon motion, the authority requested was granted.

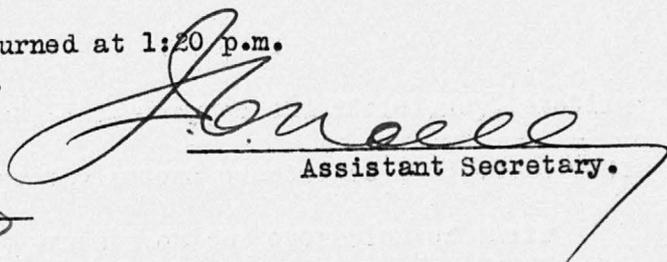
REPORTS OF STANDING COMMITTEES:

- Dated, August 6th, Recommending changes in stock at Federal Reserve Banks, 8th, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 6th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, August 6th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Ordered held.
- Dated, August 7th, Recommending approval of the application of Mr. F. W. Stillwagon for permission to serve at the same time as director and officer of the First National Bank of Girard, Ohio and as director and officer of the Union Savings and Trust Company of Warren, Ohio.
Approved.
- Dated, August 6th, Recommending approval of the application of Mr. Ford F. Harvey for permission to serve at the same time as director of the First National Bank, Kansas City, Mo., as director of the Harris Trust and Savings Bank, Chicago, Ills., and as director of the Leavenworth National Bank, Leavenworth, Kansas.
Approved.

The meeting adjourned at 1:20 p.m.

Approved:


Governor.


Assistant Secretary.