

NELSON ALDRICH

Monetary Commission

MISCELLANY

bank's increase of capital, paying therefor its then book value, but only one-half of this additional subscription will be called in cash, as hereinbefore provided. In the event of a national bank which is a holder of the capital stock of the Reserve Association decreasing its capital, it shall surrender a proportionate amount of its holdings of the capital stock of the Reserve Association; or if a national bank goes into liquidation, it shall surrender all of its holdings of the capital stock of the Reserve Association. The capital of the Reserve Association so surrendered shall be canceled, and the national bank thus surrendering stock in the Reserve Association shall receive in payment therefor a sum equal to the then book value, as shown on the balance sheet of the Reserve Association, of the stock so surrendered.

EARNINGS AND DIVIDENDS.

The earnings of the Reserve Association shall be distributed in the following manner:

After the payment of all expenses and taxes the stockholders shall receive 4 per cent. Further earnings shall be divided, one-half to go to the surplus of the Reserve Association until that surplus shall amount to 20 per cent of the paid-in capital; one-fourth to go to the Government of the United States, and one-fourth to the stockholders; but when the stockholders' dividends shall reach 5 per cent they shall receive no additional distribution. After the stockholders receive 5 per cent the earnings shall be divided, one-half to be added to the surplus of the Reserve Association and one-half to go to the Government. After the stockholders receive 5 per cent per annum and the surplus of the Reserve Association amounts to 20 per cent of the paid-in capital, all excess earnings shall go to the Government. The minimum dividends to the stockholders shall be cumulative.

LOCAL ASSOCIATIONS OF NATIONAL BANKS.

All subscribing banks shall be formed into associations of national banks, to be designated as local associations. Every local association shall be composed of not less than 10 banks, and the combined capital and surplus of the members of each local association shall aggregate not less than \$5,000,000.

All the local associations shall be grouped into 15 divisions, to be called districts. The territory included in the local associations shall be so apportioned that every national bank will be located within the boundaries of some local association. Every subscribing national bank shall become a member of the local association of the territory in which it is situated.

DIRECTORS OF LOCAL ASSOCIATIONS.

Each local association shall elect annually a board of directors in the following manner:

The number of the directors may be determined by the by-laws of the local associations. Three-fifths of that number shall be elected by ballot cast by the representatives of the banks that are members of the local association, each bank having one representative, and each representative one vote, without reference to the size of the bank. Two-fifths of the whole number of directors of the local association shall be elected by these same representatives of the several banks that are members of the association, but in voting for these additional directors each representative shall be entitled to as many votes as the bank which he represents holds shares in the Reserve Association. At such elections there shall be no proxies. The authorized representatives of a bank, as herein provided, must be either the president, vice president, or cashier of the bank he represents.

DIRECTORS OF BRANCHES.

As heretofore provided, all the local associations shall be grouped into 15 divisions, and each of these divisions shall be designated a district. There shall be located in each district a branch of the Reserve Association. Each of the 15 branches of the Reserve Association shall have a board of directors, and those directors shall be elected in the following manner:

The board of directors of each local association shall elect by ballot one member of the board of directors of the branch of the Reserve Association. In this manner there will thus be elected as many directors of the branch of the Reserve Association as there may be local associations in the district in which that branch of the Reserve Association is located. In addition to that number there shall be elected a number of the directors equal to two-thirds of the number of local associations in the district where the branch is located. Such additional directors shall be elected in the following manner:

There shall be chosen by the banks composing each local association a voting representative or proxy holder. In choosing such voting representative each bank shall be entitled to as many votes as it holds shares in the Reserve Association. The voting representatives of the several local associations which form a district shall then meet at the office of the branch and elect an additional number of directors of the branch equal to two-thirds of the number elected directly by the local associations; that is, equal to two-thirds of the number of local associations composing the district. Each voting representative at such election shall have a number of votes equal to the number of shares

in the Reserve Association held by all the banks composing the local association which he represents.

The first business of the board of the branch as thus constituted shall be to add to its numbers by the election of an additional number of directors equal to one-third the number of local associations situated in the district. Such additional directors shall fairly represent the industrial, commercial, agricultural, and other interests of the district and shall not be officers of banks. Directors of banks shall not be considered as officers.

The manager of the branch shall be ex officio a member of the board of directors of the branch and shall be chairman of the board.

The board of directors of a branch of the Reserve Association will thus be composed of—

First. A group of directors equal in number to the number of local associations composing the district, and this group shall be elected by the directors of the local association, each director having one vote.

Second. A group of directors equal to two-thirds of the foregoing group and elected by stock representation.

Third. A group of directors equal in number to one-third of the first group, representing the industrial, commercial, agricultural, and other interests of the district, and elected by the votes of the first two groups, each director thus voting having one vote.

Fourth. The manager of the branch shall be ex officio a member of the board of directors of the branch and shall be chairman of the board.

All the members of the board of directors of the branch, except the ex officio member, shall, at the first meeting of the board, be classified into three classes, and the terms of office of these three classes shall be, respectively, one, two, and three years. Thereafter members of the board shall be elected for a term of three years.

DIRECTORS OF THE RESERVE ASSOCIATION.

The board of the Reserve Association shall consist of 45 directors, and it shall be composed in the following manner:

First. Six ex officio members, namely, the governor of the Reserve Association, who shall be chairman of the board; two deputy governors of the Reserve Association, the Secretary of the Treasury, the Secretary of Commerce and Labor, and the Comptroller of the Currency.

Second. Fifteen directors to be elected, one by the board of directors of each branch of the Reserve Association. They shall be elected by ballot, each member of the branch board having one vote.

Third. Twelve directors, who shall be elected by voting representatives, one representing the banks embraced in each district. Each voting representative shall cast a number of votes equal to the number of shares in the Reserve Association held by all the banks in the district which he represents.

Fourth. The board as thus constituted shall select 12 additional members, who shall fairly represent the industrial, commercial, agricultural, and other interests of the country, and who shall not be officers of banks. Directors of banks shall not be considered as officers.

At the first meeting of the board all the members of the board, except the ex officio members, shall be classified into three classes, and the terms of office of these three classes shall be, respectively, one, two, and three years. Thereafter members of the board shall be elected for a term of three years.

No member of any national or State legislative body shall be a director of the Reserve Association, nor of any of the branches, nor of any local association.

The directors of the Reserve Association shall annually elect an executive committee and such other committees as the by-laws of the Reserve Association may provide. The executive committee shall consist of nine members, of which the governor of the Reserve Association shall be ex officio chairman and the two deputies and the Comptroller of the Currency ex officio members.

The executive committee shall have all the authority which is vested in the board of directors, except such as may be specifically delegated by the board to other committees or to the executive officers.

There shall be a board of supervision elected by the board of directors from among its number, of which the Secretary of the Treasury shall be ex officio chairman.

EXECUTIVE OFFICERS OF THE RESERVE ASSOCIATION.

The executive officers of the Reserve Association shall consist of a governor, two deputy governors, a secretary, and such subordinate officers as may be provided by the by-laws. The governor and deputy governors shall be selected by the President of the United States from a list submitted by the board of directors. The governor shall be subject to removal by the President of the United States for cause. The term of office of the deputies shall be seven years, but the two deputies first appointed shall be for terms of four years and seven years, respectively.

In the absence of the governor or his inability to act, the deputy who is senior in point of service shall act as governor.

EXECUTIVE OFFICERS OF BRANCHES.

Each branch shall have a manager and a deputy manager. They shall be appointed by the governor of the Reserve Association, with the approval of the executive committee.

The powers and duties of the manager and deputy manager and of the various committees of the branches shall be prescribed by the by-laws of the Reserve Association.

FUNCTIONS OF THE LOCAL ASSOCIATIONS.

Any member of a local association may apply to that local association for a guaranty of the commercial paper which it desires to rediscount at the branch of the Reserve Association in its district. Any such bank receiving a guaranty from a local association shall pay a commission to the local association, to be fixed from time to time by the board of directors of that local association. The guaranty of the members of the local association, in the event of loss, shall be met by the members of the local association in the proportion to the ratio which their capital and surplus bears to the aggregate capital and surplus of the local association, and the commission received for such guaranty, after the payment of losses and expenses, shall be distributed among the several banks of the local association in the same proportion. A local association shall have authority to require additional security from any bank offering paper for guaranty, or may decline to grant the application.

The total amount of guaranties by a local association to the Reserve Association shall not at any time exceed the aggregate capital and surplus of the banks forming the guaranteeing association.

FUNCTIONS OF THE RESERVE ASSOCIATION.

All of the privileges and advantages of the Reserve Association shall be equitably extended to every national bank of any of the classes herein defined who shall subscribe to its proportion of the stock of the Reserve Association and shall otherwise conform to the requirements of this act.

The Government of the United States and those national banks owning stock in the Reserve Association shall be the sole depositors in the Reserve Association. All domestic transactions of the Reserve Association shall be confined to the Government and the subscribing banks, with the exception of the purchase or sale of Government or State securities or securities of foreign governments or of gold coin or bullion.

The Government of the United States shall deposit its cash balance with the Reserve Association and thereafter all receipts of the Government shall be deposited with the Reserve Association or (when

necessary) with such national banks as the Government may designate for that purpose in cities where there is no branch of the Reserve Association. All disbursements by the Government shall be made through the Reserve Association.

The Reserve Association shall pay no interest on deposits.

The Reserve Association may rediscount notes and bills of exchange arising out of commercial transactions, for and with the indorsement of any bank having a deposit with it. Such notes and bills must have a maturity of not more than 28 days, and must have been made at least 30 days prior to the date of rediscount. The amount so rediscounted shall in no case exceed the capital of the bank applying for the rediscount. The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, corporation, or firm, rediscounted for any one bank, shall at no time exceed 10 per cent of the capital and surplus of said bank.

The Reserve Association may also rediscount for any depositing bank notes and bills of exchange, arising out of commercial transactions, having more than 28 days, but not exceeding four months, to run, but in such cases the paper must be guaranteed by the local association of which the bank asking for the rediscount is a member.

Whenever, in the opinion of the governor of the Reserve Association, the public interests so require, such opinion to be concurred in by the executive committee of the Reserve Association and to have the definite approval of the Secretary of the Treasury, the Reserve Association may discount the direct obligation of a depositing bank, indorsed by its local association, provided that the indorsement of the local association shall be fully secured by the pledge and deposit with it of satisfactory securities, which shall be held by the local association for account of the Reserve Association; but in no such case shall the amount loaned by the Reserve Association exceed two-thirds of the actual value of the securities so pledged.

The rate of discount of the Reserve Association, which shall be uniform throughout the United States, shall be fixed from time to time by the executive committee and duly published.

The Reserve Association may, whenever its own condition and the general financial conditions warrant such investment, purchase to a limited amount from a depositing bank acceptances of banks or houses of unquestioned financial responsibility. Such acceptances must arise from commercial transactions and have a maturity not exceeding 90 days, and must be of a character generally known in the market as prime bills. Such acceptances shall also bear the indorsement of the depositing bank selling the same, which indorsement must be other than that of the acceptor.

The Reserve Association may invest in United States bonds and in short-term obligations—that is, obligations having not more than

one year to run—of the United States, or of any State, or of certain foreign governments to be named in the act.

The Reserve Association shall have power at home and abroad to deal in gold coin or bullion, to grant loans thereon, and to contract for loans of gold coin or bullion, giving, when necessary, acceptable security for their repayment.

The Reserve Association shall have power to purchase from its depositors and to sell, with or without its indorsement, checks or bills of exchange payable in England, France, or Germany, and in such other foreign countries as the board of the Reserve Association may decide. These bills of exchange must arise from commercial transactions and be of a maturity not exceeding 90 days, and shall bear the signatures of at least three responsible parties, of which the last one shall be that of a depositing bank.

The Reserve Association shall have power to open and maintain banking accounts in foreign countries and to establish agencies in foreign countries, for the purpose of purchasing and selling and collecting foreign bills of exchange, and it shall have authority to buy and sell, through such agencies, prime foreign bills of exchange arising from commercial transactions, running for a period not exceeding 90 days, and bearing the signatures of two or more responsible parties.

DOMESTIC EXCHANGES.

It shall be the duty of the Reserve Association or any of its branches, upon request, to transfer any part of the deposit balance of any national bank having an account with it to the credit of any other bank having an account with the Reserve Association. If a deposit balance is transferred from the books of one branch of the Reserve Association to the books of another branch, it may be done by mail or telegraph upon terms to be fixed from time to time by the executive committee.

FUNCTIONS OF NATIONAL BANKS.

In addition to the rights now conferred by law, national banks shall be authorized to accept commercial paper drawn upon them, having not more than 90 days to run, properly secured, and arising out of commercial transactions. The amount of such acceptances shall not exceed one-half the capital and surplus of the accepting bank.

National banks shall not have authority to establish branches except in the city or town in which they are located.

The organization of banks to conduct business in foreign countries shall be authorized. The stock of such banks may be held by national banks. The bank so organized may have an office in the United

States, but shall not compete with national banks for domestic business not necessarily related to the business being done in foreign countries.

There shall be established a new class of national banks, to be known by a specifically designated name. Such banks may have savings departments and may make properly secured loans on real estate; such loans to be restricted to a certain proportion of the aggregate time and savings deposits in the bank. The reserve requirement in such banks will be less against savings and time deposits than against demand deposits.

Another class of national banks shall be authorized, which shall be in effect national trust companies, to be designated by some appropriate name and to exercise all the functions and have all the privileges, including length of charter, which are given to trust companies by the laws of the various States. These national institutions shall be subject, like other national banks, to inspection and examination by the National Government.

There shall be no change in the percentage of reserve required by law to be held against demand deposits by national banks, except as otherwise provided herein, but the deposit balance of any national bank in the Reserve Association shall be counted as a part of its legal reserve.

REPORTS TO THE COMPTROLLER.

The Reserve Association shall make a report, showing the principal items of its balance sheet, to the Comptroller of the Currency once a week. These reports shall be made public. In addition, full reports shall be made to the Comptroller of the Currency coincident with the five reports called for each year from the national banks.

All reports of national-bank examiners in regard to the condition of national banks shall hereafter be made in duplicate, and one copy shall be filed with the Reserve Association for the confidential use of its executive officers.

National banks of all classes shall hereafter make a weekly report to the Comptroller of the Currency showing the principal items of their balance sheets, such reports to be available for the use of the executive officers of the Reserve Association.

NOTE ISSUES.

There is hereafter to be no further issue, beyond the amount now outstanding, of bank notes by national banks. National banks may, if they choose, maintain their present note issue, but whenever a bank retires the whole or any part of its existing issue it will permanently surrender its right to reissue the notes so retired.

The Reserve Association must, for a period of one year, offer to purchase at ——— (a price not less than par and accrued interest) the 2 per cent bonds now held by national banks and deposited to secure their circulating notes. The Reserve Association shall take over these bonds with the existing currency privilege attached and assume responsibility for the redemption (upon presentation) of outstanding notes secured thereby. The Reserve Association shall issue, on the terms herein provided, its own notes as fast as the outstanding notes secured by such bonds so held shall be presented for redemption, it being the policy of the United States to retire as rapidly as possible, consistent with the public interests, bond-secured circulation and to substitute therefor notes of the Reserve Association of a character and secured and redeemed in the manner provided for in this act.

The Reserve Association agrees to hold, for a period of not less than 10 years, the bonds so purchased, or any Government security which may be exchanged for them by refunding or otherwise. The Reserve Association, however, shall have the right, with the approval of the Secretary of the Treasury, after two years to dispose annually of \$50,000,000 of the bonds held by it to secure circulation. The Government reserves the right at all times to purchase at par from the Reserve Association, through the trustees of the postal savings bank or otherwise, any or all of such bonds so held.

If the Government should adopt the policy of issuing securities at a higher rate of interest than 2 per cent, the Reserve Association shall have the right to exchange at par the Government bonds which it may have acquired from the national banks, previously held by them to secure circulation, for any bonds bearing interest at a rate not exceeding 3 per cent, but in that event the amount of annual taxes to be paid on notes based upon such new securities shall be as much greater as the interest rate of the new securities shall exceed 2 per cent.

To illustrate: If the Government should decide hereafter to issue a $2\frac{1}{2}$ per cent bond, the rate of taxation on currency issued by the Reserve Association thereon would be 1 per cent, instead of one-half of 1 per cent, as on the existing twos, and upon a 3 per cent bond the rate of taxation would be $1\frac{1}{2}$ per cent.

In addition to the authority to issue notes to replace any national-bank notes outstanding at the time of the organization of the Reserve Association, it shall have the right to issue additional circulating notes as follows: The whole or any part of the first \$100,000,000 of such additional notes shall pay to the Government an annual tax of 3 per cent; above \$100,000,000 and not more than \$200,000,000 may be issued at an annual tax of 4 per cent; above \$200,000,000 and not

more than \$300,000,000 may be issued at an annual tax of 5 per cent; all above \$300,000,000 shall pay an annual tax of 6 per cent.

All note issues of the Reserve Association must be covered to the extent of at least one-third by gold or other lawful money, and the remaining portion by bonds of the United States or bankable commercial paper as herein defined, or both. (It should be provided either that the Reserve Association may also hold in its reserve foreign coin, or that the Treasury will issue gold certificates against foreign coin.) The notes are to constitute a first lien upon all the assets of the Reserve Association, and adequate provision must be made for their immediate redemption in lawful money on presentation at the head office of the Reserve Association or any of its branches.

The notes of the Reserve Association shall be received at par in payment of all taxes, excises, and other dues to the United States, and for all salaries and other debts and demands owing by the United States to individuals, corporations, or associations, except obligations of the Government which are by their terms specifically payable in gold, and for all debts due from or by one national bank to another, and for all obligations due to a national bank.

The Reserve Association shall at once, upon application and without charge for transportation, forward its circulating notes to any depositing bank against its credit balance.

Washington, D. C.,
Thursday, March 9, 1911.

The Commission met, pursuant to the call of the
Chairman, at 11 a. m.

Present: Messrs. ALDRICH (Chairman), VREELAND,
(Vice-Chairman), BURROWS, HALE, FLINT, TELLER, BAILEY,
TALIAFERRO, BURTON, WEEKS, BONYNGE, PRINCE, MCLACHLAN,
and PADGETT.

The Chairman called attention to the fact that
there were several new members who would desire rooms
in the Senate Office Building. A Sub-Committee was
appointed consisting of Messrs. ALDRICH (Chairman),
HALE, and BAILEY, to confer with Senator Crane, Chair-
man of the Senate Committee on Rules, and Mr. Elliott
Woods, Superintendent of the Capitol, in regard to this
matter, and to see what space could be assigned to the
Members of the Commission wishing quarters, and to
report to the Commission at a future meeting.

The question of stenographers and clerical assist-
ance for the new Members of the Commission was also
brought up, and it was agreed to leave this matter to
the Sub-Committee on Expenses consisting of Messrs.
ALDRICH (Chairman), VREELAND, and TELLER.

The Suggested Plan for Monetary Legislation which
was presented to the Commission by the Chairman on the

16th of January last, was brought up for discussion. It was decided that it would be desirable to arrange a series of hearings in Washington, at which the various banking and business associations throughout the country could present to the Commission their views on this plan.

Before proceeding upon this, however, several Members of the Commission expressed the desire to have the plan taken up paragraph by paragraph and explained to them by the Chairman. It was agreed that a meeting should be called for this purpose Saturday morning, the 11th instant, at 10:30 o'clock:

Whereupon the Commission adjourned.

Washington, D. C.,
Saturday, March 11, 1911.

The Commission met, pursuant to agreement, at
10:30 a. m.

Present: Messrs. ALDRICH (Chairman), Vreeland,
(Vice-Chairman) BURROWS, HALE, TELLER, FLINT, TALIA-
FERRO, BURTON, WEEKS, BONYNGE, PADGETT, PRINCE, and
McLACHLAN.

Mr. Hale, from the Sub-Committee on Rooms, re-
ported that he had conferred with Senator Crane, and
that rooms would be provided in the Senate Office Build-
ing for those members of the Commission who were former
Senators. He reported that there were several rooms
being finished on the first floor of the Delaware Avenue
wing of the building available for this purpose, and that
members desiring rooms could secure the same by making
application to Senator Crane and Superintendent Woods.

The Chairman's plan was then taken up for informal
discussion. It was read paragraph by paragraph, and was
explained in detail by the Chairman and discussed informal-
ly by the members.

The Commission took a recess from 1:00 p. m. until
3:00 p. m., and sat until six o'clock, at which time the
reading was concluded.

It was decided to invite the Currency Commission of

the American Bankers Association to meet the Monetary Commission in Washington, at 11 o'clock, Wednesday morning, March 22, 1911. It was also decided to invite Mr. F. O. Watts, of Nashville, Tennessee, President of the American Bankers Association, to be present at this meeting:

Thereupon the Commission adjourned.

MINUTES.

Washington, D. C.,
Tuesday, March 14, 1911.

The Commission met pursuant to the call of the
Chairman at 11:00 a. m.

Present: Messrs: ALDRICH, (CHAIRMAN) VREELAND,
(VICE-CHAIRMAN) BURROWS, TELLER, PRINCE, WEEKS, BURTON,
and MCLACHLAN.

Senator Aldrich read letter from Mr. A. B. Hepburn
and Mr. Fred E. Farnsworth of the American Bankers'
Association, relative to inability of Currency Commission
of that Association to attend a meeting of the National
Monetary Commission on the 22nd instant.

Tuesday, March 28th, at 11 o'clock, a. m., agreed
upon as time for hearing, and Secretary was instructed to
notify Currency Commission and members of Monetary Com-
mission.

The question of the continuous holding of hearings
was discussed, and the general opinion reached that ar-
rangements should be made for holding them throughout
the country.

Mr. Weeks suggested asking each member of the Com-
mission to name one or two persons whom he would like to
have the Commission hear, after the hearings of Associa-

tions were completed, with the understanding that the Chairman shall invite any suggested in such a way.

A general discussion followed as to who should be heard.

The question of furnishing speakers for various organizations asking for someone from the Monetary Commission was discussed.

The subject of arranging a Southern tour before the weather becomes too warm, after hearings in Washington are over, was discussed, and Mr. Weeks suggested taking along as many members of the Commission as would go.

Sneator Aldrich suggested seeing the leading officers of the Farmers Organizations and Labor Unions throughout the country, which was agreed to.

Mr. Weeks suggested that a sub-committee be appointed to carry out plans for travelling and holding hearings as above mentioned, and it was agreed that the matter should be left in the hands of a committee consisting of Senator Aldrich, Chairman, and Messrs. Vreeland and Teller, which committee should also see to it that no further delay occurs in prosecuting the hearings to a conclusion.

Commission adjourned at 11:55 a. m.

Washington, D. C.,
Tuesday, March 28, 1911.

The Commission met at eleven a. m., pursuant to the call of the Chairman.

Present: Messrs. ALDRICH (Chairman), Mr. VREELAND (Vice-Chairman), BURROWS, TELLER, BAILEY, FLINT, TALIAFERRO, WEEKS, BONYNGE, PADGETT, and MCLACHLAN.

The Chairman announced that the Currency Commission of the American Bankers' Association was present at the request of the National Monetary Commission, to lay before it their views in regard to monetary legislation.

The Currency Commission then appeared, consisting of the following members: Mr. James B. Forgan, Vice-Chairman, of Chicago; Mr. Festus J. Wade, of St. Louis; Mr. Joseph T. Talbert, of New York; Mr. Charles H. Huttig, of St. Louis; Mr. John Perrin, of Indianapolis; Mr. Luther Drake, of Omaha; Mr. Myron T. Herrick, of Cleveland; Mr. Solomon Wexler, of New Orleans; Mr. Robert War-drop, of Pittsburg; Mr. Arthur Reynolds, of Des Moines; Mr. Joseph A. McCord, of Atlanta; Mr. W. V.

Cox, of Washington; and Mr. John L. Hamilton, of Hoopeston, Illinois.

Also the following members Ex-Officio:

Mr. F. O. Watts, President, American Bankers' Association; Mr. Wm. Livingstone, Vice-President, American Bankers' Association.

Also Mr. William Barrett Ridgely.

Mr. Forgan, on behalf of the Currency Commission, presented the following recommendations, which had been adopted by the Currency Commission at a meeting in Washington the day before:

CURRENCY COMMISSION OF THE AMERICAN BANKERS' ASSOCIATION,

ADDITIONAL RECOMMENDATIONS

ADOPTED AT THE MEETING AT THE NEW WILLARD HOTEL

WASHINGTON, D. C.

MONDAY, MARCH 27, 1911,

TO BE PRESENTED TO THE MONETARY COMMISSION.

Moved by Mr. Talbert, seconded by Mr. George M. Reynolds,
and agreed to:

That under the heading "Charter and Location", the second
paragraph should read:

"The country shall be divided into fifteen districts to be
named in the bill prepared by the Monetary Commission, and a
branch of the reserve association shall be located in each
district, the location thereof to be determined by the direct-
ors of the national reserve association."

Moved by Mr. Wade, seconded and agreed to:

That to the section under the heading "Directors of Local
Associations", there be added the following paragraph:

"That each local association, branch and the national reserve
association itself, shall have by-laws which, among other
things, shall provide a method of filling vacancies on the
respective boards of directors,"
or words to that effect.

Moved by Mr. McCord, seconded and agreed to:

"That the clause be interlined providing in effect that

local associations shall have corporate powers."

Suggested by Mr. Talbert:

It is suggested that the directors of each district shall elect one director of the central reserve association, and at the same time shall nominate one voting representative, thereby creating a voting representation of fifteen, who shall have the power to nominate the twelve directors provided for in paragraph 3.

Suggested by Mr. Talbert:

That the eighth paragraph, under the heading "Directors of the Reserve Association" be amended by inserting the words "from their number", so that it will read:

"The directors of the reserve association shall annually elect from their number" an executive committee and such other committees as the by-laws of the reserve association may provide," etcetera.

Moved by Mr. Talbert, seconded by Mr. George H. Reynolds, and agreed to:

"That it be suggested to the Monetary Commission that in regard to the appointment of the executive officers of the reserve association, the power to appoint and to remove the governor and deputy governors be left in the hands of the board of directors.

Mr. Wexler: That means, of course, a majority of the Board of Directors?

The Chairman: Certainly.

Suggested and agreed to that under the heading "Functions of National Banks", in the second paragraph on page 17, the words "a new" be stricken out and the word "another" be inserted, so that the paragraph will read:

"There shall be established another class of national banks, to be known by a specifically designated name," etcetera.

Suggested by Mr. Drake, seconded and agreed to, that under the heading "Note Issues" in the second line the words "of bank notes by national banks" be amended to read "of bank notes by any national bank", so that the paragraph will read:

"There is hereafter to be no further issue, beyond the amount now outstanding, of bank notes by any national bank."

Suggested by Mr. Wexler and Mr. Talbert, and agreed to:

"That we regard it as a menace to the future prospects of the Reserve Association if it should take over the enormous amount of bonds proposed, at the price stated therein, unless some definite plan for the refunding of these bonds shall have been worked out beforehand, and the Government definitely committed to that plan.

"Suggested by Mr. Talbert and agreed to:

That the third paragraph, under the heading "Note Issues" be amended by inserting after the words "of outstanding notes secured thereby", the words "circulating notes issued to replace existing national bank notes shall be free of all taxation," so that it will read:

"The reserve Association shall take over these bonds with the equivalent currency privilege attached and assume responsibility for the redemption (upon presentation) of outstanding notes secured thereby. Circulating notes issued to replace existing national bank notes shall be free of all taxation."

These recommendations were presented in detail and discussed by Mr. Forgan and the various members of the Currency Commission during the entire session of Tuesday, March 28, and also at an adjourned meeting held the next day, Wednesday, March 29th.

The proceedings of the two days' deliberations were reported by a stenographer and are on the files of the Commission.

The Commission adjourned at five o'clock, Wednesday, March 29, 1911, to meet at the call of the Chairman.

Washington, D. C.,
Monday, April 17, 1911.

The Commission met at eleven a. m., pursuant to the call of the Chairman.

Present: Messrs. ALDRICH (Chairman), BURROWS, BAILEY, WEEKS, BONYNGE, PUJO, PRINCE, and MCLACHLAN.

As there was no quorum present, no formal business was transacted.

The question of inviting various organizations throughout the country to send representatives to Washington to present their views before the Commission was discussed. Senator Bailey suggested that the Chairman be authorized to correspond with different organizations and to arrange for meetings.

The Commission then adjourned.

Washington, D. C.,
Wednesday, April 26, 1911.

The Commission met at eleven a. m. pursuant to the call of the Chairman.

Present: Messrs. ALDRICH (Chairman), VREELAND (Vice-Chairman), BURROWS, MONEY, WEEKS, PADGETT, PUJO, PRINCE, and MCLACHLAN.

The Chairman stated that in pursuance with the suggestion made at the last meeting of the Commission he had arranged for hearing the representatives of various organizations throughout the country; that he had been in conference with the secretary of the National Board of Trade and that he was advised that they had provided for the appointment of a committee representing their different organizations, with a view to forming a Business Mens' League.

This committee is in session at the present time in Chicago. As soon as its organization is completed, it will be sent to Washington to confer with the Commission. This committee will be representative of all the organizations embraced in the National Board of Trade

The Chairman reported that he had not yet been

able to get in touch with the farmer's organizations. He requested Mr. Money and Mr. Pujo to arrange for hearings for the Farmers' Union; Mr. Vreeland, Mr. Prince, and Mr. Padgett to arrange with the Farmers' Grange; and Mr. Vreeland, Mr. Pujo, and Mr. McLachlan to arrange with the labor organizations.

The Commission then adjourned.

Washington, D. C.,
Monday, August 21, 1911.

The Commission met at ten a. m., pursuant to the call of the Chairman.

Present: Messrs. ALDRICH (Chairman), VREELAND (Vice-Chairman), MONEY, TALIAFERRO, PENROSE, BURTON, WEEKS, PADGETT, PUJO, and PRINCE.

The greater part of the session was occupied with the discussion of legislation then pending in Congress in regard to the National Monetary Commission, but no formal action was taken in this connection.

The question of holding hearings in different parts of the country was discussed and a sub-committee consisting of Messrs. Aldrich, Vreeland, and Pujó was appointed to make arrangements for such hearings, it being understood that they would commence about the middle of October.

The Commission then adjourned to meet at the call of the Chairman.

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