

Handbook of Minutes

Volume _____

Warner

(5)

CONFERENCE OF
BOARD OF GOVERNERS
FEDERAL RESERVE
BANKS

vs.

New Willard Hotel

Afternoon & Night Sessions
Friday Dec 11 1917

WALTER S. COX
SHORTHAND REPORTER
COLUMBIAN BUILDING - TEL. M. 8324
WASHINGTON, D. C.

Gridiron Room, Willard Hotel,

Friday, December 11, 1914.

The Conference resumed its session at 3 o'clock p. m.

The Chairman: I understand that the committee is ready to report.

Mr. McCord: The subcommittee is ready to report as to the additions to the memorandum prepared and offered by the Chairman, to be submitted to the Federal Reserve Board.

Mr. Seay thereupon read to the Conference his report.

Mr. McCord: We offer that as the report of the committee and ask that it be incorporated in the record.

The Chairman: You have heard the report of the subcommittee appointed to amend the suggestions in regard to circular No. 13 and regulations numbered from 2 to 6, inclusive. Is it your pleasure to act on the motion that they be incorporated as a part of the memorandum of suggestions, and if so, the Chair, will entertain a motion to that effect.

Mr. Sawyer: I move that it be incorporated.

Mr. McDougall: I second that motion.

The Chairman: You have heard the motion and it has been duly seconded. Is there any debate?

Mr. Wold: It occurs to me that they have not gone quite far enough in seeking information regarding the character of the paper which, in my district, will amount to a considerable quantity. It seems to me that we ought to have information with regard to liabilities. That

simply covers resources. It does not give an indication of the credit to which the individual is entitled, or what his obligations are.

The Chairman: Do you offer an amendment to the proposed report?

Mr. Wold: Could not we say, "a statement of his financial condition"?

Mr. McCord: I think we would be glad to accept that amendment.

The Chairman: I forget how it reads, but why not say, "Information in regard to his assets and liabilities?"

Mr. Wold: Requiring a statement of the officer of the applying bank as to the resources and liabilities of the maker of the paper which he offers.

Mr. Oscar Wells: Using "assets and liabilities" instead of "net worth".

Mr. McCord: Yes.

Mr. Wold: I make a motion that that amendment be accepted.

Mr. Seay: I second the motion.

The Chairman: It is moved and seconded that the amended reports of the subcommittee be embodied in the record and then incorporated in the memorandum of suggestions, and that will be put as one motion unless objection is made.

(The motion was put on a yea and nay vote and carried.)

(The report of the subcommittee, as amended, is as follows:)

The Chairman: Governor Wells offers as a motion a recommendation that we submit for the consideration of the Federal Reserve Board the action taken by this meeting in recommending that Federal Reserve Banks take membership, or honorary membership, in state banking associations and in the American Bankers' Association.

Mr. Rhoades: I second the motion.

The Chairman: It is moved and seconded that our action in that regard be submitted to the Federal Reserve Board.

Is there any debate?

(The motion was put on a yea and nay vote and carried.)

The Chairman: The next item is the method of computing discounts; in other words whenever we should follow the suggestions of the Federal Reserve Bank in that regard, or whether the action taken by this meeting should be submitted to the Federal Reserve Board as a policy for their consideration?

Mr. Oscar Wells: That action was to be left to each individual bank.

(Informal discussion followed which the stenographer was directed not to report.)

The Chairman: Our record would be complete if we passed that action by.

As I recall it, the question was not to be submitted to the Federal Reserve Board, but each bank was to follow the practice or the statute, whichever they might decide, in their own districts.

The next question is the value at which paper should

be offered to the federal reserve agents as collateral for federal reserve notes.

The meeting has adopted a policy which, however, was not to be submitted for review to the Federal Reserve Board. Unless objection is made, therefore, that matter will not be submitted.

The next question was that of permitting a member bank to rebate a discounted bill, and as I recall the action of the committee it was likewise, in that case, decided that each bank should follow the course decided by itself and let experience determine whether it was necessary to submit it later for the ruling of the Federal Reserve Board.

That matter will be passed for the moment.

The next question discussed and determined by former action was:

(a) The appointment of a committee to report at a meeting to be held January 22nd, on the subject of handling checks drawn on federal reserve banks, and the settlement of balances resulting therefrom.

Mr. Wells: I think perhaps they should be advised of that action.

The Chairman: What is the pleasure of the meeting in regard to our action on that subject.

Mr. McCord: I agree with Governor Wells, and I think they ought to be advised of our action.

Mr. Wells: I think there should be coupled with that a report to the Federal Reserve Board concerning our conduct in the interim.

The Chairman: Gentlemen, I will state what seems to be the subject for submission to the Federal Reserve Board:

the appointment of a committee to consider the subject of checks drawn on federal reserve banks in the settlement of balances; the decision of the conference as to the method to be pursued by the federal reserve banks pending the report of that committee and action on it, and the decision of the conference to submit to the Federal Reserve Board the whole subject of the definition of the word "par" as applied to checks drawn on federal reserve banks, without recommendation. In connection with the submission of this subject and the action of the meeting, to the Federal Reserve Board, it was understood by the members present that no member was in any way bound or restricted in expressing his personal views as to any feature of this subject concerning which, however, the meeting had taken definite action.

Is it your pleasure to submit this matter to the Federal Board in the form in which I have outlined it in this statement?

Mr. Francher: I also make a motion that the subject matter be submitted in the form stated.

Mr. Aiken: I second that motion.

The Chairman: It is moved and seconded that the matter, as dictated by the Chairman, be submitted to the Federal Reserve Board.

(The motion was put on a yes and nay vote and carried.)

The Chairman: The last subject considered at the meeting was circular No. 13 and the regulations Nos. 2, 3, 4, 5, and 6 of the Federal Reserve Board in regard to the definition of paper eligible for re-discount, the result of which discussion has taken the form of a report to be submitted to

the Federal Reserve Board for their consideration. The Chair understands that that report, when written, will be one of the matters to be submitted at once.

Is there any objection to following that course?

(No objection was made.)

The Chairman: In the absence of objection that will complete our program of matters to be submitted this afternoon to the Federal Reserve Board.

Now, gentlemen, you should consider in what form these matters should be submitted to the Federal Reserve Board. Are you inclined to appoint a committee to wait upon the Board and explain to them verbally what action we have taken, submitting a memorandum on this subject to them?

Mr. Seay: I feel that the chairman of this meeting has a very comprehensive grasp of the situation and has his data in form before him. I would suggest that he be the spokesman at this meeting with the Federal Reserve Board, presenting those matters which he has just read to us in behalf of this conference.

Mr. Weld: Why not make him the chairman of a committee of three. It is not necessary for us all to go.

Mr. Seay: I will second that motion on that basis.

The Chairman: It is moved and seconded that a committee of three, to consist of the chairman and two others, convey to the Federal Reserve Board the action up to this point which it is agreed is to be submitted to the Board, the committee to submit it in person.

Mr. Seay: Would it be agreeable to have the same committee that has been communicating with the board communicate this?

Mr. Wold: I think the Chairman of this meeting should accompany them to make the explanation.

Mr. Seay: That is what I mean, that the Chairman should accompany the regular committee that has been addressing the Board.

Also Mr. Wold: It is not necessary to have a new committee, except that the chairman of this conference should be the spokesman.

The Chairman: You have heard the motion, gentlemen. Is there any discussion?

(There was no discussion. The motion was put upon a ye and nay vote and carried.)

The Chairman: The committee is thereupon notified to call upon the Reserve Board and submit the matter to them.

(Thereupon the committee, consisting of Mr. Strong (Chairman of the Conference), Mr. Oscar Wells, Mr. Sawyer and Mr. McDougal, left the hearing room to call upon the Federal Reserve Board.)

Mr. McCord: I move that Governor Aiken take the chair and that we continue the meeting.

(The motion was carried.)

(Thereupon the meeting went into informal discussion, which discussion the stenographer was directed not to report.)

(After the lapse of an hour the committee returned to the hearing room and Mr. Strong resumed the Chair.)

The Chairman: Gentlemen, we have submitted to the Federal Reserve Board all of the matters that we agreed

should be submitted, and they will take under advisement the recommendation in regard to membership in the banking associations.

We submitted further without discussion the memorandum in regard to Circular No. 13 and regulations Nos. 2 to 6, inclusive.

We submitted ~~was~~ verbally the subject of the handling of checks of federal reserve banks, the adjustment of balances, and the definition of the word "par". Without reviewing the discussion, the result was an invitation to this conference to meet with the Federal Reserve Board in their board room at 8:30 o'clock tonight, when we are to devote exactly one hour to the discussion of the matter of handling checks of federal reserve banks and allied subjects--- and nothing else.

I explained that there were a good many unfinished items of business on our program, and if they ^{wished} ~~carried~~ to they could put a limit on our meeting tonight, but to give us enough time to allow ~~be~~ a fair expression of opinion by any governor who ~~carried~~ to speak on the subject; that we would then like to come back to our room and take up our regular program. That seemed to meet their views, and it was agreed that that was the thing to do.

I will now ask Mr. Aiken to make a verbal report of what has transpired in our absence?

Mr. Aiken: In the absence of the committee we took up the consideration of Circular No. 77 covering warrants, and it was suggested that we inquire of the Federal Reserve Board whether in the second paragraph of paragraph 2 sinki

funds should not be included. Sinking funds are not enumerated in the indebtedness in finding net debt in the municipality. It was suggested that we make inquiry in regard to that.

Section 3, in regard to the limitation of 25 per cent, was left open for discussion.

These were the only suggestions in regard to Circular No. 77.

Proposed circular No. 78, as to regulations relative to state banks and trust companies subscribing for stock of federal reserve banks, was taken up.

The three paragraphs on page 1 were approved.

On page 2, "Applications for Admission", paragraph 4, Section a, it was voted to make the following amendment, so that the paragraph should read:

"Under authorization of an affirmative vote of shareholders representing a majority of its shares, to make application to the Federal Reserve Board, through the chairman of the federal reserve bank in the district, to subscribe for an amount of stock in such federal reserve bank equal at par to 6 per cent of its capital and surplus."

Section B was amended to read as follows:

"To make a statement of its condition on a form prepared by the Federal Reserve Board, accompanied by a certificate of the majority, but in no case less than five of its directors that in their opinion the assets were actually worth at least the values as which they appear in such statement."

We had gotten to the bottom of that page in the consideration of that matter when your committee returned.

Mr. McCord: Do you suggest the elimination of paragraph C?

Mr. Aiken: That was not brought to a vote.

The Chairman: Then the consideration of Circular 78 had concluded with no action on paragraph C of section 4.

(Informal discussion followed which the stenographer was directed not to report.)

Mr. Wells: I move and recommend that the words after the word "exercising" in Section 2 of paragraph C be stricken out; that the language following that in section 3 be stricken out, and that the word "now" be inserted just before the word "exercising".

The Chairman: It is proposed, in considering this circular, that there shall be a new paragraph inserted later which will provide for that regulation.

It is moved and seconded that the language at the end of paragraph C, Section 4, following the word "exercising" be stricken out.

(The motion was put on a ye and nay vote and carried.)

The Chairman: Do you now wish to continue through the circular or to discuss now the putting in of ^a paragraph in a later portion of the circular?

Mr. Bold: I should say that we put the new paragraph in under the general heading "General Provisions." on page 4.

The Chairman: It will now be in order for counsel to dictate to the stenographer the paragraph to be inserted under "General Provisions" on page 4.

Mr. Curtis: At the end of the second paragraph on page 3 should be inserted the following:

"Such state banks or trust companies admitted to membership shall not be permitted to exercise functions, other than were being exercised at the time of its admission, without obtaining the prior approval of the Federal Reserve Board."

Mr. Seay: I move that the language so dictated by Secretary Curtis be embodied as an amendment at the end of the second paragraph on page 3 of Regulation No. 78.

Mr. Francher: I second that motion.

The Chairman: Is there any debate?

(There was no debate. The motion was put on a ye and nay vote and carried.)

The Chairman: The next question is "Examinations", paragraph 5, page 2.

Mr. McCord: I move that we pass "Examinations", paragraph 5, without any further comment.

The Chairman: It is moved and seconded that paragraph 5, having to do with examinations, be accepted in its present form without amendment. Is there any further debate?

(There was no debate. The motion was put on a ye and nay vote and carried.)

Mr. Aiken: I now move that this conference adjourn.

(After discussion the motion was withdrawn.)

Mr. Wold: I move that we adjourn at six o'clock.

Mr. McDougall: I move that before action is taken on that motion we get an expression as to how far we have gone and how far we have to go.

The Chairman: As I understand it we have covered in Circular 77 the subject of the purchase of warrants and any other open market transactions. We have in this memorandum the subject of the purchase of national bank acceptances and acceptances of banks other than national banks; commercial paper and foreign exchange, which may probably be omitted.

We have dealt with the matter of the definition of "commercial paper" and I want to ask this meeting to consider whether or not we should ask the Board to eliminate the waiver of demand notice and protest; to also make recommendation in regard to the telegraph code and also ~~the~~ question in regard to the compensation of directors and advisory counsel. There has already been a ^{brief} ~~great~~ discussion on the recommendation to the Federal Reserve Board as to state bank membership. There is also the question as of discount rates which we have already discussed rather informally, and may possibly discuss at dinner, if we all dine together. There is also the question of the system of reports between the federal reserve banks on various matters of interest, which we certainly ought to develop at this meeting as one of the results of our meeting here; that is some regular means of keeping the other eleven banks in touch with the procedure maintained in any one bank. We started that by the interchange of circulars and this is a subject that we can very well afford to spend a few moments on.

The last is the subject of pending regulations to the Federal Reserve Board, the subject which we are now dealing

with. There is also a recommendation that a ruling be made by the Federal Reserve Board as to what constitutes a time deposit. There is also the subject of purchasing accounting records, recommended by the organization committee. Then there is the question of whether we should collect notes for other federal reserve banks; the question of the form of the notes; the relation of the sub-treasury and the relation of the clearing house in connection with collection charges, and the question of the payment of bank examiners selected by the federal reserve agents for bank examination.

The Chairman: I would like to make a general recommendation, if someone cares to put a motion to that effect, that pages three and four be reduced to a brief tabulated form by topics, numbered and lettered, instead of the form in which it now appears in Circular No. 78, and that the Governors generally recommend to the Federal Reserve Board that the regulations of the Board be reduced to that form of headings and divisions of topics covered by the regulations, in such a way ~~as~~ that it is mechanically simple to arrive at an understanding of the regulations.

Mr. Francher: I make a motion to that effect.

Mr. Wold: I second that motion.

The Chairman: The motion has been made and seconded, as I have stated it. Is there any discussion?

(There was no discussion. The motion was put on a ye and nay vote, and carried.)

The Chairman: Governor Wells, of St. Louis, asks that the Secretary read a communication which he had received

from the president and the counsel of an important trust company in his district, bearing upon the subject of state bank membership. The letter will be read, and, with the approval of the Governors will be ordered made a part of the record of the meeting.

(The letter referred to is as follows:)

"Honorable Holla Wells, Governor,
Federal Reserve Bank of Saint Louis,
Saint Louis.

Sir:

Following our verbal interchange, and your request that I give you a memorandum in writing of my views as to State banks and trust companies entering the Federal Reserve Association, I have to say:

In section 9 of the Act there is an express provision that State banks and trust companies may become member banks. Senator Aldrich's bill, as originally presented, did not permit State banks and trust companies to enter. The argument was made so strong to him, and to the Monetary Commission, that he changed his bill so as to permit State banks and trust companies to come in. That, of course, meant State banks and trust companies as they were--- organized under the laws of the several States, necessarily with different charter powers, and the Federal Reserve Act provides even that State banks that may be incorporated by special law may come in.

Section 9 provides x x x x x x "The Organization Committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions

of this section, may permit applying banks", etc., to become members. Under this, there may be two views:

1. That the rules and regulations can make any and all restrictions, absolutely at the discretion and pleasure of the Board, and that "subject to the provisions of this section" merely means that the provisions of the section following have to be part of the rules and regulations; or
2. What would seem to be the proper construction, that all the rules and regulations had to be such as were practical in their essential features, limited by the provisions of this section; the rules and regulations being merely the incidental things that were necessary to an orderly mass carrying out of the things authorized.

The second paragraph of Section 9 provides that the Federal Reserve Board shall "Establish by-laws for the governing al government of its conduct in matters upon applications made by state banks" and etc., and then says, "such by-laws shall require applying banks, not organized under the federal law, to comply with the

- (1.) Reserve, and
- (2.) Capital requirements, and
- (3.) To submit to the examination and regulations prescribed by the Federal Reserve Board",--- the rest of that paragraph merely defining what was meant by capital requirement. My construction of the matter is that, in mentioning these three things to be covered by the by-laws, Congress intended that these three general restrictions should be all that applied to applying state banks and trust companies, and that the direct expression of them excluded

other things.

The next paragraph of Section 9 says that any bank (which includes a trust company) becoming a member of the federal reserve bank under the provisions of this section shall (in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of the law imposed on national banks respecting

- (1) the limitation of liability which may be incurred by any person, firm or corporation to such banks;
- (2) the prohibition against making purchases of or loans on stock of such banks;
- (3) the withdrawal or impairment of capital, or the payment of unearned dividends; and
- (4) to such rules and regulations as the Federal Reserve Board may in pursuance thereof prescribe."

thus, to my mind, expressly limiting the rules and regulations and restrictions to those "hereinbefore provided" and those made in pursuance of these last mentioned specific things.

The third paragraph of Section 9 then makes specific provision that certain specified sections of the National Bank Act should apply to member banks and trust companies.

Now, state banks and trust companies have in the main failed to go into the system because they feared that the reserve board would attempt to make rules and regulations and restrictions far beyond the things thus specified in the Act of Congress, and if it is determined that the Federal Reserve Board has unlimited power in making rules, regulations and restrictions entirely beyond and in addition to

those mentioned in the act, then the state banks and trust companies cannot safely come into this System--- because when they are once in, there is no way to get out, and they might be subject to rules, regulations and restrictions of an extreme nature, of which they had no knowledge when they came in, and which rules, regulations and restrictions could be changed at the will of the Federal Reserve Board.

The national bank is protected against this easy change, because the National Bank Act is all provided for by Act of Congress and cannot be changed except by amendment through another act of Congress.

If the Federal Reserve Board will construe the Federal Reserve Act on the theory that Congress intended that state banks and trust companies, as they exist or may hereafter exist, under their charter powers, as expressed in the varying laws of the several states, can come into the Federal Reserve System, subject only to the provisions of this section (9), then the state banks and trust companies will know where they stand, and there will be, I think, no difficulty in having a cordial cooperation on their part in attaining the full fruition of the Federal Reserve Act.

No damage that I can see could come from this construction, because there are express restrictions in that section as to reserves and capital, limitation on loans, prohibition against purchasing its own stock, or withdrawing or impairing capital, or paying unearned dividends, and then there is given the full and complete right of examination, the same as exists for a national bank. Therefore, the Reserve Board, through its proper agencies, would be in position to see that the state bank and trust company was, at the time

of coming into the Federal Reserve System, and would continue to be thereafter, a safe and sound institution, operating according to the law of its own being.

The Federal Law fixes its own limitation as to the kind of paper that can be rediscounted, so that, whatever may be the powers of the state banks and trust companies, they would have no opportunity of becoming indebted to or liable for paper held by the Federal Reserve Bank, except such paper as was received by the Federal Reserve Bank in accordance with the strict provisions relating to re-discounts.

The above is a hastily dictated memorandum. I realize that it is not in line with what appears to have been the construction placed upon the act, judging from some of the regulations that have been promulgated by the board, but I believe it furnishes the key to a proper construction of the law, which will bring the state banks and trust companies, in a wholesale way, into the Reserve Association.

I should be glad of an opportunity to furnish you, and, through you, to the Federal Reserve Board, a brief on this subject.

Very truly yours, "

The Chairman: It is moved and seconded that the Federal Reserve Board be requested to postpone the final publication of its regulation marked No. 78, relative to state banks and trust companies subscribing for stock of federal reserve banks until the governors of the federal reserve banks have individually had opportunity to make a further examination of the proposed regulations submitted at this meeting; and that each of the governors report directly to the federal reserve board as promptly as possible.

on the proposed regulations discussed at this meeting.

Mr. Francker: I second that motion.

(The motion was put on a ye and nay vote and carried.)

The Chairman: The Secretary is requested to furnish to each of the Governors a copy of the plan which has been submitted by the Chairman of this conference to be considered in connection with regulation No. 73.

Mr. Francker: I offer that as a motion.

(The motion was seconded; put on a ye and nay vote and carried.)

The Chairman: The plan referred to was hereby ordered incorporated in the record; and is as follows:

REGULATIONS RELATIVE TO STATE BANKS AND
TRUST COMPANIES SUBSCRIBING FOR STOCK OF
FEDERAL RESERVE BANKS.

1. The Federal Reserve Act provides that a State bank or a trust company wishing to join the Federal Reserve System may do so, either:

(a) By changing its charter for a national bank charter; in which case it should make application to the Comptroller of the Currency for permission to convert itself into a national banking association.

(b) By retaining its State charter; in which case it is required to conduct its business under certain statutory limitations, and conform with such rules and regulations as the Federal Reserve Board may prescribe.

2. These regulations deal with the admission to the

System of State banks and trust companies which wish to retain their State charters, and set forth the statutory limitations and the rules, regulations and by-laws under which the Federal Reserve Board will permit State banks and trust companies to become stockholders of the Federal Reserve Banks.

STATUTORY LIMITATIONS.

3. Attention is called to those sections of the Federal Reserve Act and of the revised statutes relating to the admission of State banks and trust companies, which are printed in full on the last page (and should be carefully examined).

The principal statutory requirements for State banks and trust companies which join the System are:

(a) The possession of a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is ~~situated~~ situated.

In places with less than 3,000 inhabitants	\$ 25,000
In places with more than 3,000 but less than 6,000 inhabitants	50,000
In places with more than 6,000 but less than 50,000 inhabitants	100,000
In places with more than 50,000 inhabitants	200,000

(b) Compliance with the reserve requirements of the Federal Reserve Act.

(c) Compliance with the provisions of the National Banking Act,

Limiting the liability which may be incurred by any person, firm or corporation to such banks.

Prohibiting the purchase of, or loaning on stock

of such banks.

Respecting the withdrawal or impairment of capital,
and the payment of unearned dividends.

(d) Compliance with all the regulations prescribed by the Federal Reserve Board, including those relating to examinations.

(e) The liability of the bank, its officers, agents and employes to the following provisions of the revised statutes,

Section 5198 concerning usury.

Section 5200 concerning the limitations upon the liability of persons, firms, and corporations to the bank.

Section 5201 concerning the purchasing of, or making loans upon the shares of its own stock.

Section 5208 prohibiting over-certification.

Section 5209 concerning embezzlement of funds and making political contributions.

Section 5211 requiring reports to the Comptroller of the Currency.

Section 5212 concerning reports of dividends.

Section 5213 relating to penalties for violations of the two preceding sections.

(f) Compliance with the provisions of Section 22 of the Federal Reserve Act prohibiting any member bank or officer, director or employe,

from making any loan or granting any gratuity to a bank examiner, and

from being a beneficiary of, or receiving any fee, commission, gift or other consideration in con-

nection with any transaction or business of the bank.

STATUTORY PRIVILEGES.

4. Among the statutory privileges granted to State banks and trust companies which become members of a Federal Reserve Bank (unless inconsistent with State law), are the following:

- (1) To keep a part of their reserve on deposit with the Federal Reserve Bank.
- (2) To rediscount commercial paper at the Federal Reserve Bank.
- (3) To receive directly Federal Reserve notes.
- (4) To receive deposits of Postal Savings and other Government funds.*
- (5) To accept drafts and bills of exchange drawn on them, subject to certain specified limitations.
- (6) To have their acceptances discounted by the Federal Reserve Bank, subject to certain specified limitations.
- (7) To have checks and drafts drawn upon them received at par by all Federal Reserve Banks.
- (8) To participate in such collection or clearing facilities as the Federal Reserve Bank or the Federal Reserve System may provide.

* Note: The right to receive "other Government Funds" seems somewhat doubtful under the provisions of Section 15 of the Federal Reserve Act and Section 5153 of the Revised Statutes.

APPLICATIONS FOR ADMISSION.

5. A State bank or trust company which desires admission to the Federal Reserve System will be required:

- (a) Under authorization of its Directors, to make application to the Federal Reserve Board, through the Chairman of the Federal Reserve Bank in the District, to subscribe for an amount of stock in such Federal Reserve Bank equal at par to 6% of its capital and surplus.
- (b) To make a statement of its condition, on a form prepared by the Federal Reserve Board, accompanied by a certificate of not less than _____ of its directors that in their opinion the assets are actually worth at least the values at which they appear in such statement.
- (c) To furnish a certified copy of its charter and any amendments thereto, together with a summary thereof, showing the powers which it is now exercising and the powers which it is not now exercising.

EXAMINATION.

6. The Federal Reserve Board, in conjunction with the Federal Reserve Bank of the district, either through the local State Banking Department, or otherwise, will cause an examination to be made of the applying bank, after which the Federal Reserve Board, with a statement of the opinion of the Governor and the Federal Reserve Agent, upon the following points:

- (a) Whether its capital and surplus are unimpaired.
- (b) Whether its management is satisfactory.
- (c) Concerning the character of its deposits.
- (d) Concerning the character of its loans and invest-

ments, especially whether they are, when considered in connection with the character of its deposits, of a sufficiently liquid nature to conform to sound local banking practice within the district.

DECISION OF FEDERAL RESERVE BOARD.

7. In determining whether a bank or trust company shall be admitted to membership in a Federal Reserve Bank, the conditions and general character of its business, as well as any unusual charter powers it may possess not incident to the business of a bank or trust company, will be considered in each case by the Federal Reserve Board.

Upon the acceptance of an application, payments of instalments on the subscription to capital stock of the Federal Reserve Bank, and transfers of reserves, shall be made in accordance with law. Within years such member bank or trust company shall bring itself in all respects into conformity with the law and such rules and regulations as the Federal Reserve Board may from time to time adopt.

G. E. HAWKIN,

Governor.

Here should follow all sections of law relating to the subject.

Nothing is said here about conversion of State Banks into national banks. The Federal Reserve Board does not appear to have such, if anything, to do with it. It seems to be a matter primarily for the Comptroller. As to State banks

with branches converting to national, the provision requiring segregation of capital for each branch makes that most unlikely."

The Chairman: I will now read into the record a letter addressed to Mr. James B. McDougal.

(The letter referred to is as follows:)

THE MERCHANTS' LOAN AND TRUST COMPANY, CHICAGO.

Vice President's Office

December Tenth,
Nineteen
Fourteen.

Mr. James B. McDougal,

New Willard Hotel,

Washington, D. C.

Dear Mr. McDougal:

Mr. Bryant has brought a matter to my attention today which I think ought to be discussed at your meeting, and that is the reserve that such banks as the Pullman Trust and Savings Bank will be required to carry if they come into the Federal Reserve System.

The Pullman Trust and Savings Bank, as you know, has no deposits made by other banks and does not act in the capacity of a reserve agent for anybody. There are a large number of the smaller State Banks in Chicago in the same situation, as you know better than I do.

The Pullman Bank has deposits of about \$4,000,000, of which \$2,400,000 are savings deposits and \$1,600,000 subject to check. If they were to enter the Federal Reserve System they would therefore be required to carry an idle reserve of about \$410,000 in place of the idle reserve of \$278,000

which they now carry under Clearing House Rules. This, for such a bank, is almost prohibitive and I think everyone will agree is entirely unnecessary.

I suppose some amendments will be made to the Act at an early date and why would it not be a proper thing to provide that banks in Reserve and Central Reserve Cities carrying no accounts of other banks shall be put on the same basis as country banks in the matter of reserves?

Sincerely yours,

(Thereupon, at 6:20 o'clock p. m. the Conference adjourned for dinner and to meet with the Federal Reserve Board at 8:30 o'clock p. m.)

Gridiron Room, Willard Hotel,

Friday, December 11, 1914.

The Board of Governors, upon their return from a visit to the Federal Reserve Board, resumed their session at 11 o'clock, p. m.

The Chairman: We have an informal understanding to take up, as the next subject for discussion, the question of the method of handling member bank checks within each district.

Mr. Aiken: I have a notion that if we work along on just what we are doing, taking the federal reserve checks and checks of member banks in use in the central reserve cities, that it will take us a month to get that portion of the work attended to satisfactorily.

The Chairman: Have you a motion to make in regard to the calendar, Mr. Aiken?

Mr. Aiken: Yes, sir; to promote discussion of the matter and not because I wish to force my opinion upon the assemblage. I move that we not discuss the matter of handling items other than those drawn by member banks on member banks in the reserve cities in the district and checks drawn on all Federal Reserve Banks ---

The Chairman: May I ask for a little clearer expression of your resolution, Mr. Aiken? Is the intent of the resolution which to offer to convey that it is the sense of this meeting that no special consideration be given at this time to the question of the operations of Federal Reserve Banks

within their own districts in the matter of handling checks?

Mr. Aiken: Other than those now handled.

The Chairman: I see, other than those now handled; and that the further discussion of the matter of handling checks drawn on Federal Reserve Banks be deferred until the next general meeting of the Governors?

Mr. Seay: There is one remark I would like to make, without any particular application to those districts that have started to do what some of us have not started to do, and that is I would like to have an expression of sentiment here as to whether it is desirable or undesirable for other districts to follow in the steps of those who have done it, because if one district after another undertakes to do this it will force us all into it; against our wills or with them.

The Chairman: I am not sure it is clear that we are all discussing the same thing. There are, as I understand it, two subjects covered by Governor Aiken's motion. One is the policy of each Federal Reserve Bank in the matter of handling checks drawn by their members within their own district or drawn on their members within their own district; the other is the question of whether there shall be further discussion of the policy in regard to the method of handling checks drawn on Federal Reserve Banks. Am I right in that?

Mr. Aiken: Yes, sir.

The Chairman: Are you ready to withdraw your motion for the moment, Mr. Aiken?

Mr. Aiken: Yes, sir.

The Chairman: Suppose we take the second part of your motion first. That would be the natural order, anyway. Suppose we take up for discussion this question: We let the subject of handling checks drawn on Federal Reserve Banks remain as it is during the interval prior to the next meeting of the Governors, January 22, to be ultimately determined after the word "par" was construed or should be construed or acted upon by the Federal Reserve Board. We have now submitted the matter to the Federal Reserve Board. No construction having been given by the Federal Reserve Board, it behooves us to determine at once what we are going to do in the matter of handling checks on Federal Reserve Banks. That is my understanding of the situation as the result of our proceedings this afternoon.

Mr. McDougal: I thought, until this moment, that that matter was settled for the present. Can we not consider it settled for the present?

The Chairman: May I refresh the memory of those who may not have the resolution clearly in mind. We adopted a resolution, declaring it as our belief that we should all receive on deposit checks drawn on other Federal Reserve Banks, at par. No mention was made in the resolution as to whether that meant immediate credit or not. In other words, we did not contemplate making any charge for the collection of these checks without determining a temporary method of settling balances resulting from handling these checks; and we have not determined whether, as a matter of policy, we shall receive these checks on deposit

for immediate credit at par. The only open matter for consideration, to make the next six weeks a period of uniform policy, in whether time shall be allowed before the proceeds are available or whether we shall credit at once when received.

Mr. Wold: I believe there are three Federal Reserve Banks that are taking checks on Federal Reserve Banks, or have agreed to -- New York, Boston and Minneapolis.

Mr. Rhoades: And Philadelphia.

Mr. McKay: Atlanta, Philadelphia and Kansas City --
(Discussion followed).

Mr. Walls: Even though we deferred to a definition, we know we would not get a definition. Was it not our purpose to make the test under the circumstances and get the benefit of the experience?

The Chairman: Personally I am very much in doubt as to just what is in the back of the minds of you gentlemen, whether it is because of your consideration for New York -- believing that New York has made a mistake, but not wishing to ask New York to take a step backwards. You should, however, not hesitate on that score, if it is your judgment that New York should credit these checks at the expiration of a sufficient time for the check itself to reach the place of payment. I am willing to go back and recommend to our Board that we adopt that plan and shall notify the clearing house and make it perfectly easy for every other Federal Reserve Bank to adopt that policy also.

Mr. Aiken: I believe more harm would be done the organization as a whole if New York should retrace its steps in that

particular than if we should try the experiment pending our coming meeting, and perhaps revise our practice at that time. I think New York can change with better grace, after trying it for six weeks, than if the change was made immediately. While I look at it largely from the business point of view-- but still somewhat from the sentimental point of view --I think it would be a real misfortune to have the New York bank, which is larger than all the other banks put together -- or almost as large -- make an about-face so quickly after the establishment of the practice. I think it would hurt the whole situation. I should rather a great deal take a chance on following a policy, with which I do not agree, for six weeks, realizing that it is going to come up for discussion and decision six weeks hence, than to make a change at this time.

Mr. McKay: If, at the expiration of this time, when the committee renders its report and when the Governors have approved that report, deciding whether par should mean immediate credit or not, the banks decide that it shall not mean immediate credit -- which I think personally they should decide, that it should not mean immediate credit -- would it not be a great deal more difficult to go back then, after all twelve Federal Reserve Banks have been doing it, than to do so now when only a few of the Federal Reserve Banks have been doing it? If we are going to decide at that time that these items shall not be received for immediate credit, it will be harder to retrace our steps than it is now because the whole country will be involved, and we will have a great many transactions going through in

the next thirty days.

The Chairman: May I suggest, in answer to that and in order that our point of view may be absolutely correct in this matter -- and it is a very necessary thing -- that we have been asked to organize these banks and start them in operation with practically no regulations from the Federal Reserve Board on this subject. We are going to ask the Federal Reserve Board, at the end of the six weeks of experience, to make a regulation. It is entirely within their power. The Act specifically requires them to make a regulation on that point; and while that may involve some further readjustment, in case they decide that a charge for exchange should be imposed, or in case they decide that time should be allowed, I cannot help but feel that the real responsibility for any possible readjustment that would then occur would rest upon the Federal Reserve Board, or possibly upon the exigencies of the situation that demanded that these banks should start without any policy or without any regulation on that matter. Personally I am going to feel no uneasiness or anxiety and I am not going to be mortified in New York if, at the end of six weeks, we notify the members in that district and the New York Clearing House Association that on and after a certain date checks on each of these Federal Reserve Banks are subject to check one to five days after they are deposited.

I am not speaking now as Chairman, but simply from the standpoint of the New York Bank, which seems to have precipitated this matter.

Mr. McCord: I concur with the Chairman in his view of

it. If we started to retract now it would be detrimental. A ruling of the Board would fix it on us and we could then fix it on our members with a good deal of ease and grace.

Mr. McDougal: It seems to me that we are reasonably sure what the Federal Reserve Board will do in this matter of time and it would probably be best not to go any further at the present time toward bringing into line the other banks to take items on par for immediate credit, or at par for immediate credit; but to stop it right here where it is -- we will have to do it ultimately -- and allow time for collection.

The Chairman: Is it your view, Mr. McDougal, that we should at once start to allow time for collection?

Mr. McDougal: It is; yes, sir. I think that is what it is coming to. Every indication points in that direction now.

Mr. Aiken: Might I suggest that an embarrassing situation might arise. Suppose we are not correct in our assumption as to the final decision of the Federal Reserve Board. Suppose we alter this practice and put these items on the deferred time schedule and the Federal Reserve Board decides that par means par for immediate credit? We once more move backwards. That would make the situation worse still.

Mr. Seay: May I ask Governor McDougal whether he drew his inference from the attitude of the entire board or whether it arose from the expression of any individual member?

Mr. McDougal: I understood, from the expression of members that they were of the opinion that we had no ground to believe that such items were to be taken on receipt for

immediate credit at par.

Mr. Aiken: May I suggest that there were two extremely important absences from the meeting of the Federal Reserve Board to-night. Both of those gentlemen are very important and very forceful persons. They may not agree at all with some of the opinions expressed.

The Chairman: I want to repeat the request that, in voting on this resolution, no special consideration be given to the position of New York in this matter--

Mr. Aiken (Interrupting): In order to have it concretely before the meeting, I move it is the sense of the meeting that we accept checks from Federal Reserve Banks for immediate credit at par, pending the report of the special committee to the meeting of the Governors to be held in Washington on January 22nd.

Mr. McGord: I suggest that you add to that "or a decision of the Federal Reserve Board", which may come earlier.

Mr. Aiken: Yes.

Mr. Gray: There was a resolution of that character passed earlier in the day, with the exception of the words "immediate credit", which were stricken from the resolution as offered.

Mr. Aiken: That is the "nub" of the whole thing.

The Chairman: It is understood that those words were eliminated in the expectation that the word "par", as it appeared in the statute, might be construed by the Federal Reserve Board, making clear what it meant in our resolution. The Board not having construed the word "par", it is up to

us to decide what ~~xxx~~ we are going to do.

Mr. Seay: I did not know whether it was an oversight in the resolution we had already passed or whether it was with that in mind that this resolution was being offered by Governor Aiken:

Mr. Oscar Wells: That was lost for want of a second.

Mr. McCord: Now I second that motion. I asked him to add the words, which we agreed to do, and I second the motion.

Mr. McDougal: Every Governor, or most every one, who expressed himself there tonight was opposed to taking these items at par.

Mr. Weld: Most every one, but not all.

Mr. Bardwell: I telegraphed to Governor Kain, who has not been heard personally, asking him for his opinion on this subject. I told him in the telegram that I was going to propose the plan that we offered to the committee of five this morning. The telegram that I received in reply is as follows:

"Chicago much preferable to Wn. as depository for purposes interdistrict exchanges. We are in sympathy with tendency against accepting customers cheques on other districts at present and also to recognize outstanding time in accepting checks of all kinds."

He is in favor of recognizing time on checks of all kinds. That is the view I have been taking and I wanted to have it affirmed by Governor Kains before finally submitting it as the views of San Francisco.

The Chairman: There is a motion that has been second-

ed. Is there any further debate on Governor Aiken's motion?
Are you all clear as to what the motion is.

(The Secretary thereupon repeated the motion)

(Calls for the question.)

The Chairman: The question has been called for on the motion as read by the Secretary. I will ask for a vote on it.

Mr. Seay: There is one point that I want made perfectly clear and that is whether that is going to involve announcement on the part of those banks which are not now doing that, if they will do it?

Mr. McDougal: It may not involve announcement, but it will impose upon them the responsibility of doing it.

(After further discussion on the question of announcement, the motion was withdrawn.)

Mr. Seay: If the motion has been withdrawn, I will make a motion that, until further notice, in order that there may be a decision by this body, that we receive from member banks, subject to immediate credit at par, checks on other Federal Reserve banks; and notice to that effect shall be sent to member banks in the respective districts that have not already been notified to that effect.

Mr. Oscar Wells: I second that motion.

The Chairman: I think the motion should read as originally stated, with the addition "until further notice, or pending a ruling by the Federal Reserve Board."

Mr. Oscar Wells: Does not that put responsibility on the Board -----

Mr. Seay: I will eliminate those words and let it

read: "Until further notice."

Mr. McDougal: I am individually opposed to taking these items without making time allowance but if it is the wish of the majority present that we begin operations under the plan indicated by the resolution as changed, I will be very glad to stand by the majority.

(Informal discussion followed, which the stenographer was directed not to report.)

Mr. Curtis, the Secretary, thereupon read the pending motion as follows:

"Moved that we accept checks from other Federal Reserve Banks for immediate credit at par until further notice."

Mr. Seay: I consent to let that motion come before the meeting.

Mr. McCord: I second the motion.

(There were calls for the question.)

The Chairman: I will ask all those in favor of the motion to signify by saying "aye". Those opposed will please say no.

(The chair was unable to determine whether or not the motion had carried on a yea and nay vote.)

The Chairman: I will ask those in favor of the motion to raise their right hands.

(Those in favor thereupon raised their right hands.)

The Chairman: I will ask those opposed to the motion to raise their right hands.

(Those opposed to the motion thereupon raised their right hands.)

The Chairman announced the vote as follows:

Those in favor of the motion, 4.

Those opposed to the motion, 3.

The Chairman: It is unfortunate that we are not going to have a complete vote.

Mr. Aiken: I will vote in favor of the motion.

Mr. Bardwell: I vote in favor of the motion, if it does not establish a precedent.

The Secretary: May I ask whether the two gentlemen who are now voting in favor of the motion voted so before, or did not vote at all?

Mr. Bardwell: I did not vote before.

Mr. Aiken: I did not vote before.

The Chairman: The vote now stands 6 yeas and 3 nays. I will ask again that those in favor of the motion raise their right hands.

(Seven voted in favor of the motion, three opposed it.)

The Chairman: The motion is carried.

(Discussion followed.)

Mr. Aiken: I move that the matter of consideration of the handling of checks other than those already provided for be deferred until the next meeting of the Governors, to be held in Washington, January 22nd, 1915.

Mr. Rhoades: I second that motion.

Mr. Oscar Ellis: I am willing to abide by the affirmative part of the motion, except that I would like to have counsel advise as to how it can best be done. Handling it partially in our district is not satisfactory. I believe it may involve some difficulty to continue the matter for six weeks without giving some reasonable excuse for doing so.

(After discussion)

The Chairman: I will have to rule that there is nothing in Governor Aiken's motion which will in any way limit the freedom of action of any Federal Reserve Bank. The meeting has not adopted any uniform practice in that regard and each Federal Reserve Bank is consequently obliged to follow its own course.

(Informal discussion followed.)

Mr. Bardwell: I would like ~~to~~ to offer this amendment to that motion: That we recommend to the Committee of Five that the policy eventually adopted, whatever that may be, as to outstanding time, apply uniformly to checks of member banks and to checks of Federal Reserve Banks."

(Discussion followed.)

The Chairman: I shall have to rule that that will have to come up later. It is not pertinent to Governor Aiken's motion.

Mr. Bardwell: Then that will close the matter and this will not be in order again.

The Chairman: I ~~will~~ will correct my ruling and permit the meeting to consider the amendment offered to Governor Aiken's motion, the effect of which is to ask Governor Aiken if he will incorporate in his motion the suggestion that the Committee of Five already appointed consider the question of handling Federal Reserve checks and that the committee will also consider the question of time on all checks handled by Federal Reserve Banks.

Mr. Oscar Wells: I desire to make a point of order, and that is that the Committee of Five was appointed for the

purpose of considering the general subject of handling checks on Federal Reserve Banks, the twelve banks, and the settlement of resulting balances. It has nothing to do with the question of handling checks for member banks.

The Chairman: I shall have to overrule the suggestion because we are now considering the question of whether we shall adopt a policy or whether we shall defer adopting a policy as to handling checks other than those covered by the resolution to which you refer. Governor Aiken's motion is to defer action on the matter.

Will you read the motion again?

Mr. Bardwell: It is moved that we recommend to the Committee of Five that the policy eventually adopted as to outstanding time apply uniformly to checks on member banks and to checks on Federal Reserve Banks.

Mr. Aiken: I should like to hear read the vote under which that committee was appointed. I did not understand that that committee was to consider the whole matter of clearance of all the checks in the United States.

The Secretary thereupon read as follows:

"Moved and seconded that a committee of 3 be appointed to consider the whole question of the settlement between Federal Reserve Banks and to make a report to be presented to the next meeting of the conference."

Mr. Bardwell: I am willing to withdraw the amendment.

The Chairman: Governor Aiken's motion is made and seconded in an effort to defer discussion on this subject six weeks.

Offering an amendment in that form brings up a discussion of

the whole matter at this time, and I am afraid we will have to take a vote on Governor Aiken's motion before entertaining an amendment to it which would defeat the object of his motion entirely.

Mr. Pancher: Will the Secretary please read the motion?

The Secretary: Moved that any further discussion of the method of handling checks drawn on Federal Reserve Banks within their own district be deferred to the next general meeting."

(After discussion the motion was put on a yeas and nays vote and carried.)

Mr. Pancher: I move that it be the sense of this meeting that the transit operations which we may undertake in our respective districts be in accordance with the report of the committee having that in charge at the Conference of Governors held here in October.

Mr. Oscar Wells: I second that motion.

(The motion was put on a yeas and nays vote and carried.)

The Chairman: Are there any other topics to be taken up to-night? I will go over the matter which has not been discussed and each member may state what he deems to be the most important.

The subject of open market transactions has been partially covered by discussion of the statute of the Federal Reserve Board in regard to revenue warrants, which leaves open only one item of real importance, and that is the purchase of national bank acceptances; the question of demand notice and protest; telegraph code; compensation of directors and councilmen; the effect of the provision

of the Act in regard to directors of national banks deriving and profit in dealings with other banks; the question of discount rates; the question of policy in regard to the definition of time deposits; the question of collecting notes; the relations with the sub-treasury; relations of clearing house in regard to collection charges, and the appointment of bank examiners as deputy Federal Reserve agents.

Mr. Seay: I wish to make a correction in the draft submitted to the Federal Reserve Board. On page 4, line fourth from the bottom the word "valuable" should be "unavailable."

The Chairman: It would perhaps be well to call the accounting committee in at this time.

Mr. Bardwell: Gentlemen, the accounting committee desires to make a report. (The report was thereupon submitted to the Chairman.

The Chairman: Gentlemen, do I understand that the paper you have just handed me is a report of the result of your discussion on the matter of accounting.

Mr. Fleming (Of Accounting Committee): Yes, sir.

The Chairman: I will read the report into the record:

"Dec. 11, 1914.

"Gentlemen:

The undersigned representing the auditing and accounting departments of the Federal Reserve Banks beg leave to submit, in compliance with your suggestion, the following recommendations:

(1) That each Federal Reserve Bank establish and main-

tain a system of records suitable to its requirements which will enable it to make such reports and furnish such data as may be required by the Federal Reserve Board.

(2) That an effort be made to secure uniformity in all forms used in transactions between Federal Reserve Banks.

(3) That each Federal Reserve Bank strongly urge its member banks to have its A. B. A. Number (in small type) and its district number (in large skeleton type) imprinted on all checks payable in its district.

(4) That in all other respects each Federal Reserve Bank adopt (for the present at least) such accounting systems as may be approved by its officers.

Respectfully submitted,

Wm. E. Cadwallader, Richmond.

Geo O. Bordwell, San Francisco.

Adolph, Kansas City.

M. J. Fleming, Cleveland

Thomas Cannon, Jr., Philadelphia.

Edwin R. Kenzie, New York.

Ernest M. Leavitt, Boston.

Olin M. Atterbury, St. Louis."

The Chairman: Gentlemen, what is your pleasure in regard to this report?

Mr. Gold: I move that it be adopted and mm that each member be furnished with a copy.

(The motion was put on a yea and nay vote and carried.)

The Chairman: Is it proper to suggest that this report, which has just been received and ordered distributed, con-

tains a recommendation for uniformity. If this committee can continue its labors tomorrow in an effort to bring about uniformity, it will vastly facilitate putting their report into effect because no organization will exist to co-operate towards bringing that about after they disband.

A member of the Committee: I might say that the gentleman who met with us to-day expects to keep up more or less of an organization, through correspondence, indefinitely. We expect to work out different things by correspondence and possibly through the medium of a few meetings.

The Chairman: That answers every question I have in mind.

(The committee was thereupon excused with the thanks of the Conference.)

The Chairman: We have an open calendar, if you are ready to make suggestions as to the next matter to be discussed.

Mr. McCord. Waiver of demand notice and protest.

(Informal discussion followed.)

The Chairman: I would like to make a motion that the respective Governors of the Reserve Banks submit the question of waiver of demand notice and protest to their counsel for opinions, and that the Governors report upon the same at the next meeting.)

(The motion was put on a ye and nay vote and carried.)

The Chairman: Without objection we will pass the discussion of discount rates, with the anticipation that it will be discussed at the meeting with the Federal Reserve Board tomorrow morning.

(Informal discussion followed.)

Mr. McCord: I would like to make a motion to the effect: that upon the receipt of notice of change in the discount rate the Governor shall give notice to each member bank by mail. Whether that notice be given by card or letter is not material.

The Chairman: I suggest that the motion be amended to read that upon receipt of advice of the approval of a discount rate --

Mr. McCord: Yes.

The Secretary: I submit a further amendment. I do not think this body ought to commit itself to a proposition that it needs prior approval before the discount rate is established.

Mr. Aiken: I second the amendment to the amendment.

The Chairman: We have the motion of Governor McCord with the suggested amendments, to the effect that announcement of discount rates to member banks be conveyed by mail from the Governor of the bank.

Mr. Vold: I second the motion.

(The motion was put on a yeas and nays vote and carried.)

The Chairman: The next subject to be considered is "Telegraph Code"

(After informal discussion followed.)

Mr. Aiken: I move that we continue the use of the American Bankers' Code, and that if the officers of the Federal Reserve Bank of New York are willing that they take up again the matter of a code for the Federal Reserve Banks

with the expert with whom they have consulted and to report at the next meeting of Governors to be held in Washington on January 22nd.

Mr. Rhoades: I second the motion.

The Chairman: The motion was to refer this matter to Governor Rhoades?

Mr. Aiken: I desire to change my motion in this way: that the Chair appoint a committee of one, who shall not be the mover of the motion.

The Chairman: Is there a second to that.

(The motion was seconded; put to a yea and nay vote and carried.)

The Chairman: Is it your pleasure to take up the discussion of directors' compensation.

Mr. Aiken: I move that the meeting do now adjourn.

Mr. Rhoades: I second the motion.

The Chairman: We will not have an opportunity to meet again as a complete body, as some of us will return home after the meeting with the Federal Reserve Board tomorrow morning. Might I suggest that you authorize the chairman and secretary to go ahead with the necessary communications in conveying these recommendations, that are authorized to be conveyed, in writing to the Federal Reserve Board. It may be that we will have to do some corresponding and so forth, to get these things together so that we will know what we have been doing here means.

Mr. Wold: I move that we take that course.

(The motion was put on a yea and nay vote and carried.)

The Chairman: Gentlemen, I wish to express my sincere thanks to you for your courtesy in electing me and also the courtesy extended to me in our meetings.

Mr. Seay: Gentlemen, I move that we tender a vote of thanks to our Chairman.

(The motion was carried.)

The Chairman: Unless there is objection, it is understood that the expense of these proceedings shall be divided into twelve parts, to be borne by the districts represented.

Gentlemen, we will adjourn at this time until tomorrow morning at about 9 o'clock.

(Whereupon at 1:50 o'clock a. m. the hearing was adjourned until Saturday, Dec. 12, 1914 at 9 o'clock a. m.)

