

BOARD OF GOVERNORS

INDEX TO PROCEEDINGS

AUGUST 22 - 23, 1916

BOSTON, MASS.

- I Index
- II Programme
- III Governor Strong's telegram
- IV Secretary's minutes
- V Report to the Federal Reserve Board
- VI Report of the committee on questions submitted by Federal Reserve Board touching foreign relations
- VII Meeting of governors of certain Federal reserve banks with respect to the marketing of United States 3% Conversion Bonds, June 28, 1916.
- VIII Meeting of the committee on the sale of conversion bonds, July 24, 1916.
- IX Report of committee on the sale of conversion bonds to the governor's conference, Boston, August 22, 1916.
- X Report of committee on the sale of conversion bonds, New York, October 31, 1916.
- XI Report of a committee appointed by the conference of governors to recommend a basis for apportionment of investments made by one Federal reserve bank for other Federal reserve banks, February 23, 1916, (with table of estimated deficits and percentages)
- XII Report of committee appointed by the conference of governors to consider the method of computing dividends and other matters relating thereto.
- XIII Results of inquiries made by the secretary in connection with service charges on government checks deposited with Federal reserve banks
- XIV Press statement.

		Pages
ACCOUNTS WITH FEDERAL RESERVE BANKS	Should two be maintained	308 - 317
ALIEN INDORSEMENTS	Atlanta vs. St. Louis	178 - 189
ALLOTMENT OF INVESTMENTS	Report of committee on	80 - 92
AMERICAN BANKERS ASSOCIATION	Limit on "No protest" items	306 - 308
	Meeting in Kansas City	96
AUDIT OF GOLD SETTLEMENT FUND		10 - 12
AUDITORS	Conference of	9 - 10
AVAILABILITY OF BANK DRAFTS ON MEMBER BANKS LOCATED OUTSIDE OF FEDERAL RESERVE CITIES		279
BANK DRAFTS DRAWN ON MEMBER BANKS LOCATED OUTSIDE FEDERAL RESERVE CITIES	Immediate availability of	279
BOARD, FEDERAL RESERVE	Communications between, Federal reserve banks and Federal reserve agents	24 - 25
	Conference with, re collection and transit operations	5 - 6
	Matters to be presented to	12 - 21
BRANCHES OF GOLD SETTLEMENT FUND IN NON-SUBTREASURY FEDERAL RESERVE CITIES	Establishment of	283 - 288
CALCULATION AND REPORT ON RESERVES		200 - 208
CALCULATION OF DIVIDENDS	Report of committee on	46 - 80
CERTIFICATE OF DEPOSIT NOT A CHECK	Opinion of Judge Elliott	281 - 283
CHAIRMAN	Election of Governor Aiken	2
CHARGES COLLECTED BY MEMBER BANKS FROM PATRONS, AND CHARGES FOR CLEARING BY FEDERAL RESERVE BANKS		330 - 333
CHECKS	District numbers on	288 - 292
CHECKS DRAWN ON MEMBER BANKS OUTSIDE FEDERAL RESERVE CITIES	Immediate availability of	256 - 279

CHECKS DRAWN PAYABLE ON DEMAND FROM CITIES IN OTHER DISTRICTS WHICH ARE ONE-DAY POINTS		348 - 350
CHECKS PAYABLE IN NEW YORK FUNDS AT CURRENT RATES		280 - 283
CHECKS RECEIVED FROM COLLECTORS OF CUSTOMS AND INTERNAL REVENUE, CARRYING EXCHANGE CHARGES		(13 - 21 (" 35
CLEARING CHARGES COLLECTED BY MEMBERS FROM PATRONS AND BY FEDERAL RESERVE BANKS		330 - 333
COLLECTION CIRCULAR	Inconsistencies in	350 - 353
COLLECTION DEPARTMENT	Cost of operating, items to be included, etc.	(160 (162 - 175
COLLECTION OF ITEMS ON NONMEMBER BANKS	Compensation to member banks for	333 - 340
COLLECTIONS AND CLEARANCES		115 - 344
COLLECTORS OF CUSTOMS AND INTERNAL REVENUE	Checks received from, carrying exchange charges	(13 - 21 (" 35
	Copies of instructions to	21 - 24
COMMITTEE APPOINTED TO INVESTIGATE RESERVE BANKS AS FISCAL AGENTS OF GOVERNMENT		114
COMMITTEE ON ALLOTMENT OF INVESTMENTS		80 - 92
COMMITTEE ON CALCULATION OF DIVIDEND		46 - 80
COMMITTEE ON CONVERSION AND DISPOSITION OF GOVERNMENT BONDS		92 - 95
COMMITTEE ON POSTMASTERS AS COLLECTORS	Surety bonds	154
COMMITTEE ON QUESTIONS SUBMITTED BY FEDERAL RESERVE BOARD TOUCHING FOREIGN OPERATIONS		37 - 46

COMMITTEE ON RESERVE AND CENTRAL RESERVE CITIES		56
COMMITTEE ON UNIFORMITY IN BILLING SERVICE CHARGES BETWEEN FEDERAL RESERVE BANKS		344
COMMITTEE TO CONFER WITH FEDERAL RESERVE BOARD ON PENALTIES FOR EN- CROACHMENT ON RESERVES		217 - 219
COMMUNICATIONS BETWEEN FED- ERAL RESERVE BOARD, FEDERAL RESERVE BANKS AND FEDERAL RESERVE AGENTS		24 - 25
COMPENSATION TO MEMBER BANKS FOR COLLECTION OF ITEMS ON NONMEMBER BANKS		33 - 340
CONFERENCE OF AUDITORS		10
"CONSENT OF FEDERAL RESERVE BANKS"		141
CONVERSION AND DISPOSITION OF GOVERNMENT BONDS		92 - 95
COST OF OPERATING COLLEC- TION DEPARTMENT	Items to be included, etc.	(160 (162 - 175
CURRENCY SHIPMENTS		298 - 305
"DIRECT ROUTING" OF CHECKS	Uniform forms for	115 - 137
DISPOSITION AND CONVER- SION OF GOVERNMENT BONDS		92 - 95
DISTRICT NUMBERS ON CHECKS		288 - 292
DIVIDENDS, CALCULATION OF	Report of committee on	46 - 50
DOUBLE ACCOUNTS WITH FEDERAL RESERVE BANKS		308 - 317
DRAFTS ON FEDERAL RE- SERVE BANKS	Immediate availability of	221 - 256
EARNINGS, STATEMENTS OF MEMBER BANK		25 - 34
	Publication of	34 - 36
INDORSEMENT	See indorsement	
ENTERTAINMENT	Informal discussion	34

HAMMILL

BOND

HAMMILL

BOND

		<u>Pages</u>
EXCHANGE	Method of dealing with member banks that deduct	219 - 221
EXPENSES OF MOVING GOLD	Distribution of - Gold Settlement Fund	6 - 9
FEDERAL RESERVE BANKS, ACCOUNTS WITH	Should two be maintained	308 - 317
FISCAL AGENTS OF THE GOVERNMENT, RESERVE BANKS AS		100 - 115
	Committee appointed	114
	Committee	287 - 288
FOREIGN OPERATIONS	Committee on questions touching, submitted to Federal Reserve Board	(37 - 46 (350
	Report of Governor Strong to Federal Reserve Board concerning	(37 - 46 (350
GOLD SETTLEMENT FUND	Audit	10 - 12
	Branches, Establishment of in non-subtreasury Federal reserve cities	283 - 288
	Distribution of expense of moving gold	6 - 9
GOVERNMENT BONDS	Committee on disposition and conversion of	92 - 95
GOVERNMENT CHECKS DEPOSITED WITH FEDERAL RESERVE BANKS	Service charge on	345 - 346
HENDRICKS, L. H.	Appointed secretary pro tem	99
HOXTON, W. W.	Accredited representative of Federal Reserve Bank of St. Louis	4
IMMEDIATE AVAILABILITY AT FEDERAL RESERVE BANKS OF CHECKS DRAWN ON MEMBER BANKS OUTSIDE FEDERAL RESERVE CITIES		256 - 279
IMMEDIATE AVAILABILITY OF BANK DRAFTS ON MEMBER BANKS LOCATED OUTSIDE OF FEDERAL RESERVE CITIES		279
IMMEDIATE AVAILABILITY OF DRAFTS ON FEDERAL RESERVE BANKS		221 - 256

FRASER MILL

INDORSEMENT STAMPS	(Double)	292 - 298
INDORSEMENTS, ALIEN	Atlanta vs. St. Louis	178 - 189
INVESTMENTS	Committee on allotment of	80 - 92
MCKAY, C.-R., DEPUTY GOVERNOR, FEDERAL RESERVE BANK OF CHICAGO	Invited to sit with conference	70
MEETING	Minutes of previous	4
MEMBER BANKS' EARNINGS STATEMENTS		25 - 34
	Publication of	34 - 36
METHOD OF DEALING WITH MEMBER BANKS THAT DEDUCT EXCHANGE		219 - 221
MINUTES OF PREVIOUS MEETING		4
"NO PROTEST" ITEMS		305 - 308
PENALTIES FOR ENCROACHMENT ON RESERVES		209
	Committee to confer with Board	217 - 219
POSTMASTERS AS COLLECTORS, SURETY BONDS		149 - 154
	Committee	(154 (283
PRESS STATEMENT		98
RAILROAD VOUCHERS	Considered as checks	346 - 347
REMITTANCE BASIS FOR MEMBER BANKS ON ITEMS DRAWN ON STATE BANKS		193 - 199
REPORT ON RESERVES	Uniformity of calculation	200 - 208
RESERVE AND CENTRAL RESERVE CITIES	Committee on	36
RESERVE BANKS AS FISCAL AGENTS OF THE GOVERNMENT		100 - 115
	Committee appointed	114
	Committee	287 - 288
RESERVE REQUIREMENTS	Uniformity of computation and report	200 - 208
RESERVES	Calculation and report on	200 - 208

MEMBER RAILROAD BOND FRASER

		<u>Pages</u>
RESERVES, PENALTIES FOR ENCROACHMENT ON		209 - 219
	Committee to confer with Board	217 - 219
RETURNED ITEMS	Routing of	141 - 149
ROUTING OF RETURNED ITEMS		141 - 149
ST. LOUIS FEDERAL RESERVE BANK REPRESENTED BY MR. HOXTON		4
SECRETARY PRO TEM	Mr. Hendricks appointed	99
SERVICE CHARGE FOR ITEMS FORWARDED DIRECT BY MEMBER BANKS FOR FEDERAL RESERVE BANKS		340 - 341
SERVICE CHARGE ON GOVERN- MENT CHECKS DEPOSITED WITH FEDERAL RESERVE BANKS		345 - 346
SERVICE CHARGES BETWEEN FEDERAL RESERVE BANKS, UNIFORMITY IN BILLING		341 - 344
	Committee on	344
SERVICE CHARGES	Elimination on collections handled for member banks	175 - 178
"SERVICE CHARGES" PER ITEM VS. PER THOU- SAND		154 - 161
STATEMENT TO THE PRESS		98
STATEMENTS FOR FEDERAL RESERVE BANKS	Showing balances, daily, weekly or monthly	189 - 193
STATEMENT FOR MEMBER BANKS	Showing available balances	189 - 193
STRONG, GOVERNOR	Report to Federal Reserve Board on European trip in regard to foreign operations	37 - 46
	Telegram from and reply	2 - 3
SURETY BONDS, POSTMASTERS AS COLLECTORS		149 - 154
	Committee on	154
TRANSFER CHARGES ON CHECKS		137 - 140
TRANSFERS BETWEEN FEDERAL RESERVE BANKS		(283 (317 - 330

UNIFORMITY IN BILLING
SERVICE CHARGES
BETWEEN FEDERAL
RESERVE BANKS

341 - 344

Committee on

344

HAMMERMILL
BOND

FRASER
CONFERENCE

EIGHTH CONFERENCE OF GOVERNORS

of

FEDERAL RESERVE BANKS

—0000—

The Eighth Conference of Governors of Federal Reserve Banks was held at the Somerset Hotel, Boston, Mass., on August 22 and 23, 1916.

PRESENT:

Mr. Aiken, Chairman of the Conference,
Messrs. Treman, Rhoads, Fancher, Seay,
McCord, McDougal, Wold, Miller and Kains;

also

Mr. W. W. Hoxton, Deputy Governor,
Federal Reserve Bank of St. Louis,
and Mr. J. F. Curtis, Secretary.

The meeting was called to order at ten o'clock a. m. on August 22nd.

TOPIC NO. 1 - APPOINTMENT OF CHAIRMAN. - On motion duly made and seconded put by the Secretary, it was

VOTED that Mr. Aiken be elected Chairman of the Conference.

Whereupon Mr. Aiken took the chair.

A telegram of regret from Governor Strong was read to the meeting.

Whereupon, on motion it was

VOTED that the Secretary be requested to prepare a telegram to Governor Strong sending him the affectionate greetings of the conference and expressing their regret that he is not here and hope that he will soon return.

The Chairman stated that Mr. Hoxton, Deputy Governor of the Federal Reserve Bank of St. Louis, was present as the duly accredited representative of Governor Wells. Whereupon, on motion it was

VOTED that Mr. Hoxton be invited to join the conference as the representative of Governor Wells.

On motion, it was

VOTED that the programme prepared by the Secretary be adopted as the order of business of the conference.

TOPIC NO. 2. - MINUTES OF THE SEVENTH CONFERENCE OF GOVERNORS. - On motion it was

VOTED that the minutes of the Seventh Conference of Governors be approved without reading.

TOPIC NO. 3. - UNFINISHED BUSINESS.

(a) Distribution of expenses of moving gold for Gold Fund, and

(b) Retroactive liability for expense of operating Gold Fund.- After a brief discussion, it was

VOTED that these topics be continued on the programme.

(c) Conference of Auditors.- A brief report on this subject was submitted by the Secretary, which was accepted and incorporated in the records, and the topic was passed by consent.

(d) Audit of Gold Fund.- After a brief discussion, it was

VOTED that the Chairman be authorized to appoint the representatives of the Federal reserve banks to be present at the audit of the Gold Settlement Fund for the remaining quarters of the year.

(Note: It was understood that the Chairman would remind Mr. Ferris concerning the appointment of auditors to represent the Federal reserve agents.)

(e) Disposition of matters reported to Federal Reserve Board. - The Secretary reported the correspondence he had had with the Federal Reserve Board in relation to the following matters:

1. Checks received from collectors of customs and internal revenue carrying exchange charges.
2. Copies of instructions to collectors of customs and internal revenue.
3. Communications between Federal Reserve Board, Federal reserve banks and Federal reserve agents.
4. Member banks' earnings statements.
5. Publication of earnings of Federal reserve banks.

After a brief discussion, it was

VOTED that the resolution heretofore adopted and forwarded to the Federal Reserve Board with relation to the method of conducting correspondence between the Board, the banks and the agents be readopted and respectfully forwarded to the Federal Reserve Board.

The said resolution was as follows:

WHEREAS it is reported at this conference that considerable inconvenience has been caused by the failure of mail addressed to the Federal reserve agents to be promptly acted upon in the absence of the Federal reserve agents, and for other reasons;

BE IT RESOLVED that it is the sense of this conference that all communications addressed by the Federal Reserve Board to the Federal reserve banks should be addressed to the bank or to the chief executive officer of the bank, and only those communications which pertain particularly to the duties of the Federal reserve agent should be addressed to him personally.

IT WAS FURTHER VOTED that no action be taken at the present time in the matter of member banks' earnings statements.

TOPIC NO. 4. - COMMITTEE REPORTS.

(a) Committee on reserve and central reserve cities. - Mr. Seay, for the committee, stated that he had no report to submit. Whereupon, it was

VOTED that the committee be continued and the topic be retained on the programme.

(b) Committee on questions submitted by Federal Reserve Board touching foreign operations. - Mr. Kains, for the committee, submitted a written report. After considerable discussion, it was

VOTED that the report of Governor Kains be accepted with thanks and spread upon the record.

(Note: The report may be found on pages 37 to 39 of volume 1 of the stenographic minutes.)

(c) Committee on method of calculating dividends. - Mr. Seay, for the committee, submitted a written report.

During the discussion of the report recess for lunch was taken at 1:10 p. m.

The meeting reassembled at 2:30 p. m.

All present; also Mr. McKay, Deputy Governor of the Federal Reserve Bank of Chicago.

Further discussion of the report of the committee on method of calculating dividends was had, after which the following actions were taken:

FIRST - That paragraph (a) of the topic "Dividend Payments" be amended to read as follows:

"The committee is of the opinion that Federal Reserve banks through their directors should notify the Board of the declaration of the dividend and at the time should submit to the Board information as to the earnings of the bank upon which the declaration is based, and that the dividend should be declared subject to the approval of the Board, and that announcement of the dividend should be withheld until approval of the Board is received.

SECOND -- That paragraph (b) of the same topic be amended to read as follows:

"The committee is of the opinion that dividends should be paid annually or semiannually, if earned, books to be closed at the close of business on June 30th or December 31st. It agrees that undistributed earnings should be carried in the profit and loss account, and that no transfers should be made to surplus account until such time as all accrued dividends shall have been paid to date. The committee is further of the opinion that dividends should be paid at the full rate of 6% up to a specified date."

Messrs. Rhoads and Seay desired to be recorded as voting in the negative with respect to the change made in paragraph (b) as they are opposed to the payment of semiannual dividends. The Chairman desired to be recorded as stating that, if he were voting, he would also vote in the negative with respect to the change in paragraph (b) for the same reason. Whereupon, it was

VOTED that the report as amended be adopted and forwarded to the Federal Reserve Board as expressing the opinion of the conference of governors with respect to memorandum No. 601 of the Federal Reserve Board.

The same gentlemen desired to be recorded as voting in the negative for the same reasons.

(d) Committee on allotment of investments. -- Mr. Seay, for the committee, submitted a written report. After considerable discussion, it was

VOTED that the report of the committee as submitted be adopted, and that the allotment of investments purchased by one bank for other Federal reserve banks be made in accordance therewith, such allotment to be effective as of August 1, 1916.

AND IT WAS FURTHER VOTED that the committee on allotment of investments be authorized to make readjustments in the distribution of such investments each quarter without obtaining the formal approval of the governors.

(Note: The text of the committee's report may be found on pages 80 to 83 of volume 1 of the stenographic minutes.)

(e) Committee on disposition of government bonds. -- Mr. Rhoads, for the committee, submitted a written report. Whereupon, it was

VOTED that the report of the committee be accepted, that the action of the committee be confirmed, and that the committee be continued.

(Note: The report of the committee may be found on pages 93 to 95 inclusive of volume 1 of the stenographic minutes.)

MEMORANDUM

TOPIC NO. 8. - AMERICAN BANKERS ASSOCIATION MEETING IN KANSAS CITY. -

A brief discussion of the desirability of the governors' attending the conference individually was had but no action was taken.

TOPIC NO. 9. - PRESS STATEMENT. - On motion, it was

VOTED that the Secretary be requested to prepare a statement for the press with reference to the conference.

TOPIC NO. 10. - NEXT MEETING. - On motion, it was

VOTED that the Secretary be empowered to call a meeting of the governors on request of any two governors or of the Federal Reserve Board.

On motion, the meeting duly adjourned at 4:30 p. m. until 9:30 a. m. on August 23rd.

August 23, 1916.

The meeting reassembled at 10 o'clock a. m.

All present, except the Secretary. There were also present Messrs. Harding, Delano and Hamlin of the Federal Reserve Board and Messrs. McKay, Hendricks, Hardt, Bullen and Attebury of the Federal Reserve Banks of Chicago, New York, Philadelphia, Boston and St. Louis.

On motion, Mr. Hendricks was appointed Secretary pro tem.

TOPIC NO. 5. - RESERVE BANKS AS FISCAL AGENTS OF THE GOVERNMENT. -

Mr. Delano made a statement concerning this subject and general discussion followed. At the close of the discussion, it was

VOTED that the Chairman be authorized to appoint a committee of three, including himself, for the purpose of investigating and considering the question of the reserve banks' acting as fiscal agents of the Government, and of cooperating with the Federal Reserve Board in this regard, and of reporting at a later conference.

(Note: The following committee was appointed by the chair: Messrs. Aiken, ^{Chairman,} Treman and Fancher.)

TOPIC NO. 6. - COLLECTIONS AND CLEARANCES.

(a) Direct routing of checks. Transfer charges. Should uniform rates and forms be established. Consent of Federal reserve banks. - After considerable discussion, it was

VOTED that it is the sense of the meeting that uniform forms be used by all member banks for direct routing of checks, and that such direct routing of checks be confined at present to the sending of checks between member banks and Federal reserve banks, and that such direct routing be only permitted when the volume of items warrants such action in the judgment of the governor of the bank.

(b) Routing of returned items. - After considerable debate, the following motion was made and seconded:

THAT it is the sense of the conference that returned checks should be routed through the channels used for presentation, but that, in case a check is sent direct from a member bank in one district to a Federal reserve bank in another district, such check when returned should be sent through the Federal reserve bank of the district from which it was originally sent, and a notice of nonpayment sent to the member bank forwarding the item.

Whereupon, the motion was voted on by the conference and declared lost. Thereupon, it was, on motion duly made and seconded,

VOTED that returned items be routed through the same channels as those used in their presentation, and that advice of nonpayment be sent to the Federal reserve bank of the district from which the check was sent in case it was sent direct by a member bank.

(c) Postmasters as collectors. Surety bonds. - Governor Harding made a brief statement in regard to this topic, and, after discussion, it was

VOTED that the chair be authorized to appoint a committee of three to cooperate with the committee of the Federal Reserve Board in the matter of the use of postmasters for collecting nonmember bank items.

The Chairman thereupon appointed the following committee: Messrs. Rhoads / Chairman, Seay and McDougal.

At this point Mr. Hamlin of the Federal Reserve Board joined the meeting.

(d) Service charges. Per item vs. per thousand, and

(e) Cost of operating collection department. Items to be included. Distribution of expenses. Postage on mixed mail. - A general discussion of these topics was had but no action was taken thereon.

(f) Elimination of service charge on collections handled for member banks. - General discussion, but no action was had thereon.

(g) Alien indorsements. Atlanta vs. St. Louis. - After considerable discussion, it was

VOTED that the conference reaffirm the principle embodied in its former declaration of principles in connection with the operation of the collection system, to the effect that Federal reserve banks should not receive from their member banks checks on other district bearing indorsements of banks situated in other districts; with the understanding that each Federal reserve bank should exercise discretion in handling situations peculiar to its own district, to the end that the advancement of the collection system may be promoted.

(h) Waiver of restrictions relating to indorsements. - This topic was considered covered by the action taken under (g).

(i) Statements for member banks showing available balances. Daily, weekly or monthly? (j) Statements showing balances between Federal reserve banks. Daily, weekly or monthly? (k) Remittance basis for member banks. (l) Remittance basis for member banks on items sent them drawn on State banks. - General discussion, but no action was had thereon.

Recess was taken at 1 o'clock p. m.

The meeting reassembled at 2:30 p. m.

All present.

TOPIC NO. 6. - COLLECTIONS AND CLEARANCES (Continued).

(m) Reserve requirements. Uniformity of computation and report, and (n) Penalties for encroachment on reserves. - After considerable debate on these topics, it was

VOTED that a committee of three be appointed by the chair to cooperate and confer with the Federal Reserve Board with respect to the use of uniform reports of reserves to be used by member banks, and to the enforcement of penalties for encroachment upon such reserves.

The Chairman thereupon appointed the following committee: Messrs. Chairman, McDougal, Wold and Fancher.

(o) Method of dealing with member banks that deduct exchange. - A brief discussion, but no action was had thereon.

(p) Immediate availability of drafts on Federal reserve banks. - Mr. Delano read to the conference a letter he had received from Mr. J. B. Forgan in regard to this subject, and also made a statement of his own views. After a prolonged discussion, it was

VOTED that this topic be continued on the programme.

(q) Immediate availability at Federal reserve banks of checks drawn on member banks located outside Federal reserve cities, and (r) Immediate availability of bank drafts on member banks located outside Federal reserve cities. - Mr. McDougal read to the conference correspondence between himself and Mr. Delano of the Federal Reserve Board on this subject, and made a statement of his views.

with respect thereto. After considerable discussion, these topics were passed by consent without action.

(s) Checks payable in New York funds at current rates. - After a brief discussion and in view of the recent circular of the Federal Reserve Board on the subject, this topic was passed by consent without action.

At this point the Chairman announced the appointment of the committees which have heretofore been reported under the appropriate topics.

(t) Transfers between Federal reserve banks. - This topic was passed temporarily by consent.

(u) Establishment of branches of Gold Settlement Fund in non Sub-treasury Federal reserve cities. - After a brief discussion, it was

VOTED that consideration of the problem existing in the case of Federal reserve banks located in cities in which there are no Subtreasuries of the United States be referred to the committee appointed to consider the question of Federal reserve banks' acting as fiscal agents of the Government.

A recess was taken at 5:30 p. m.

The conference reassembled at 8:30 p. m.

All present, except Governor Harding, Mr. Delano and Mr. Hamlin.

Also present Mr. Howe, Cashier of the Federal Reserve Bank of Boston, and Mr. Curtis, who resumed acting as Secretary.

TOPIC NO. 6. - COLLECTIONS AND CLEARANCES (Continued).

(x) District numbers on checks. - After a brief discussion, this topic was passed by consent without action.

(w) Double indorsement stamps. - After a statement of the views of each of the governors present with respect to the advisability of using double indorsement stamps, it was

VOTED that it is the sense of the conference that the use of double indorsement stamps is desirable,

Messrs. McCord, Fancher, Wold and Kains voting in the negative. The Chairman announced that, if voting, he would vote in the negative.

(v) Currency shipments. - After a statement of the practice obtaining in the Federal reserve districts in this regard by each of the governors, this topic was passed by consent without action.

(y) "No protest" items. - After a brief discussion, it was

VOTED that the Federal reserve banks make no change in their existing practice with respect to the handling of "no protest" items.

AND IT WAS FURTHER VOTED that the Secretary be requested to notify Mr. Thralls of the American Bankers Association of the action of the conference.

(z) Should two accounts be maintained between Federal reserve banks.

After considerable discussion and the reading of various memoranda on this subject, the topic was passed by consent without action.

At this point Governor Harding and Mr. Delano joined the conference.

(t) Transfers between Federal reserve banks. - After considerable discussion, the following motion was duly made and seconded:

RESOLVED that when a member bank makes a deposit in a Federal reserve bank for the credit of another Federal reserve bank it should not be construed as a transfer of funds, and no charge should be made therefor.

Whereupon, the motion, being voted upon, resulted in ayes 3, nays 8.

So the motion was declared lost. Whereupon, the topic was passed by consent.

(aa) Charges to be collected by member banks from their patrons, and charges to be imposed for clearing or collecting by Federal reserve banks. -

Governor Harding stated that it was hoped that an amendment to section 16 might be passed by Congress in the near future. Thereupon, the topic was passed by consent without action.

(bb) Compensation to member banks for collecting items on nonmember banks. - After considerable discussion, the following motion was made:

RESOLVED that it is the sense of the conference that Federal reserve banks should be given discretion to offer member banks compensation for collecting items on nonmember banks in cases where it is necessary or expedient to collect items on a nonmember bank in the same locality as a member bank.

Whereupon, the motion, being voted upon, was declared lost.

Governor Harding made a suggestion that the Federal Reserve Act might be amended so as to permit nonmember banks, for exchange and collection purposes, to maintain accounts with Federal reserve banks under certain limitations. After a further brief discussion, the topic was passed by consent without action.

(cc) Service charge for items forwarded direct by member banks for Federal reserve banks. - After a brief discussion, this topic was passed by consent without action.

(dd) Uniformity in billing service charges between Federal reserve banks. - After a brief discussion, it was

VOTED that on or before the tenth day of each month a bill be rendered by each Federal reserve Bank to every other Federal reserve bank covering the services rendered in the preceding month.

AND IT WAS FURTHER VOTED that the chair appoint a committee of two transit men to prepare a form of statement for such bills.

Whereupon, the chair appointed Messrs. Hendricks and Hardt as such committee.

(ee) Service charge on government checks deposited with Federal reserve banks. - After a brief discussion, this topic was passed by consent without action.

At this point Mr. Rhoads left the meeting.

Mr. McCord presented for discussion the matter of collecting voucher checks drawn by railroad companies payable through certain banks. After a brief discussion, this topic was passed by consent without action.

INFORMAL TOPICS. - Mr. Hendricks brought up for consideration the question of receiving as cash all demand items payable on presentation in the cities of Boston, Philadelphia and Richmond. After a brief discussion, this topic was passed by consent without action.

TOPIC NO. 7. - FOREIGN OPERATIONS. - The disposition of the report of the committee presented by Mr. Kains earlier in the conference was brought up for consideration. Whereupon, it was

VOTED that the report of the committee submitted by Mr. Kains with reference to the questions presented by the Federal Reserve Board touching foreign operations be referred to the committee on foreign arrangements, consisting of Messrs. Strong, Aiken and Wold, for such use as they may deem proper.

INCONSISTENCIES IN COLLECTION PLANS. - Mr. Wold presented for consideration certain inconsistencies which appear in the various time schedules published by the different Federal reserve banks. After a brief discussion, this topic was passed by consent without action.

On motion, the meeting duly adjourned, subject to call, at 11 p. m.

BOARD OF GOVERNORS

INDEX TO PROCEEDINGS

DECEMBER 11, 12, 13, 14, 1916.

WASHINGTON, D. C.

- I Report of transit managers' conference, December 4, 5, and 6, 1916.
- II Report of auditors' conference, December 4, 5, and 6, 1916.
- III List of possible amendments to the Federal Reserve Act received from the Federal Reserve Board, December 11, 1916.
- IV Programme.
- V Report of committee on central reserve and reserve cities.
- VI Report to the Federal Reserve Board from the secretary of the conference of resolutions adopted by the governors, dated January 11, 1917.
- VII Press statement.
- VIII Secretary's minutes.
- IX Report of committee to confer with the Federal Reserve Board with respect to the use of uniform reports of reserves, etc.
- X Report of committee on the sale of conversion bonds.
- XI Copy of proposed plan for purchase by committee of United States 2% bonds (amended copy).
- XII Report of committee on apportionment of investments.
- XIII Index.

ACCEPTANCES	Informal discussion by Mr. Warburg; not reported	22
	Up to 100% of capital and surplus	25
ACCOUNTS WITH OTHER FEDERAL RESERVE BANKS	Recommendations of Auditors Conference re consolidation of "Due to" and "Due from" accounts	249 - 273
	Re Gross vs. Reserve balances	261 - 262
	Should two be maintained	275
ACCUMULATION OF GOLD		154 - 166
ACKNOWLEDGMENT OF REMITTANCES BETWEEN FEDERAL RESERVE BANKS		273
ACT, FEDERAL RESERVE	Amendments proposed by Federal Reserve Board	(345 - 346 352 - 400)
AGENT, FEDERAL RESERVE AND FEDERAL RESERVE BANKS	Division of	343 - 344
ALLOTMENT OF INVESTMENTS	Report of committee on	26 - 46
	Letter from Federal Reserve Bank of New York, re	29 - 32
AMENDMENTS TO FEDERAL RESERVE ACT	See Act, Federal Reserve	
ASSOCIATE OR "CLEARING" MEMBERSHIPS IN SYSTEM		25
AMERICAN BANKERS ASSOCIATION COMMITTEE	Questionnaire sent to State Bank Association	314 - 315
ATTENDANCE OF OTHERS THAN GOVERNORS AT GOVERNORS' CONFERENCES		4 - 9
	Committee	9
AUDIT OF GOLD SETTLEMENT FUND		344
AUDITORS' CONFERENCE	Mr. Bullen's report on recommendations of	248 - 273
	Text in full of report bound in this volume	

BOARD, FEDERAL RE- SERVE	Announcement concerning French and English Treasury Bills	22
	Committee to confer re Comp- trollers policy regarding transit items in reserves	305 - 306
	Invitation extended to meet with Governors' Conference	133
	Joint conference with Governors	{ 19 - 26 (166 - 167
BOARD, FEDERAL RE- SERVE, LETTER TO AGENTS RE	Purchase of United States 2% Bonds	57 - 60
BOARD, FEDERAL RE- SERVE	Matters to be presented to	10 - 11
BOARD, FEDERAL RE- SERVE, REPORTS TO	Recommendations of Auditor's Conference on	(249 (258 - 272
	Committee on	272
BOARD, FEDERAL RE- SERVE	Statement, daily on Form 34, number required by Banks	306

"BOND SELLING" COMMITTEE		47 - 81
BONDS, UNITED STATES	See Government Bonds	
BRANCH BANKS	To be changed to offices or agencies	(21 (332 - 337
	Resolution	334 - 337
BRANCH BANKS IN CITIES		24 - 25
BRANCH BANKS	In Non-Subtreasury Federal Reserve Cities	342 - 343
	Representatives at Conferences	(5 (6 (9
CALCULATION OF RESERVES		265 - 267
CALCULATION OF TRANSIT COST		262 - 264
CAPITAL STOCK (PAID-IN)	Reduction of Federal reserve banks	(24 (328 - 332
	Resolution to amend law	329 - 332

		<u>Pages</u>
CENTRAL RESERVE CITIES	Report of committee on	(11 - 19 395 - 396
CERTIFICATES OF DEPOSIT PAYABLE IN GOLD	Issue of to member banks depositing gold	347 - 349
CHAIRMAN	Governor Aiken elected	1
CHARGES COLLECTED BY MEMBER BANKS FROM PATRONS, AND CHARGES FOR CLEARING BY FED- ERAL RESERVE BANKS		283 - 288
	Federal Reserve Board Memo 901 re	(283 - 288 417 - 419
CHECKS	District number on	283 - 284
CHECKS DRAWN ON MEMBER BANKS OUTSIDE FED- ERAL RESERVE CITIES		207 - 210
CHECKS ON NONMEMBER BANKS WHOSE NAMES HAVE BEEN WITHDRAWN FROM PAR LISTS BETWEEN PUBLICATIONS OF SUPPLEMENTS	Policy to be followed	221 - 225
CHICAGO FIRST NATIONAL BANK (REP. BY E. C. HARDENBROOK)	Proposal to acquire \$5,000,000 of government bonds	48 - 54
"CLEARING OR ASSOCIATE" MEMBERSHIP IN FED- ERAL RESERVE SYSTEM		25
CLEARING HOUSE RULES GOVERNING EXCHANGE CHARGES		215 - 220
CLEARING	See Collection and Clearance	
"COLLECTIBLE AT PAR THROUGH FEDERAL RESERVE BANKS"	Use of words on checks	307 - 314
COLLECTION CHARGES	Collected by member banks from patrons and charges for clear- ing by Federal reserve banks	(283 - 288 417 - 419
COLLECTION DEPARTMENT IN FEDERAL RESERVE BANKS FOR HANDLING TIME ITEMS		(315 - 325 326
	Committee on	325 - 326

COLLECTIONS ON
NONMEMBER BANKS

Compensation to member
banks for (236 - 238
(275

COMMITTEE REPORTS

11

COMMITTEE

On Allotment of Investments
Report 26 - 46

Letter from Federal Reserve
Bank of New York, re 29 - 32

On attendance of others than
Governors at Conference (9
(416

On Collection Department in
Federal reserve banks for
handling time items 325 - 326

On Conversion and Disposition of
Government Bonds (47 - 54
(55 - 79
(79 - 81

On District Numbers on Checks
To confer with American Bankers
Association 283 - 284

On Federal Reserve Banks as Fiscal
Agents of Government (71
(81 - 82

On form of statement for service
charges 133 - 136

On immediate availability of
Federal reserve bank drafts 207

On loans on farm lands and other
real estate 152

On postmasters as collectors 82 - 84

On purchase by one Federal Re-
serve bank of investments or
acceptances originating in
another district 111 - 131
Also in Governors Conference
5th 217 - 219
6th 312 - 317
7th (93 - 94
(130 - 140

On reports to Federal Reserve
Board 272

On Regulations governing loans
on farm lands and other real
estate (151 - 152
(416 - 417

HAMMERMILL
BOND

Pages

		<u>Pages</u>
COMMITTEE	On Reserve banks as fiscal agents of the Government	79 (81 - 82
	On Reserve and Central Reserve Cities	(11 - 19 (395 - 396
	On Returned Items	228
	On Silver and Legals	342
	On Time Schedule correction for collection operations	292 - 304
	On uniformity in billing service charges between Federal reserve banks	(111 (133 - 136
	On vault facilities for Gold Settlement Fund	344
COMPENSATION TO MEMBER BANKS FOR COLLECTING ITEMS ON NON-MEMBER		(236 - 238 (275
CONVERSION AND DISPOSITION OF GOVERNMENT BONDS	Committee	47 - 81
CONVERSION OF 3% TREASURY NOTES INTO 3% GOVERNMENT BONDS		137 - 139
CREDIT STATEMENTS, UNIFORM		(210 (400
CURRENCY LEGISLATION, NEEDED		345 - 347
CURRENCY AND RESERVES		(21 - 22 (344
	Resolution in re needed legislation	345 - 346
CURRENCY SHIPMENTS		283
	Of Federal Reserve Notes	238 - 248
DEFICIENT RESERVES AND PENALTIES		(84 - 95 (264
	Committee on	84 - 95
DIFFERENTIALS	For country banks	275

		<u>Pages</u>
DIRECT ROUTING	Between member banks in different districts	(228 - 230)
	Between member banks in same district	228 - 230
DISTRICT NUMBERS ON CHECKS	Committee to confer with American Bankers Association	283 - 284
DIVISION BETWEEN BANKS AND FEDERAL RESERVE AGENTS		343 - 344
EARNINGS AND EXPENSES	Forms for reporting	273
EXCHANGE	Clearing House rules	215 - 220
	Method of dealing with member bank that deduct	275
EXPENSE OF MOVING GOLD FOR GOLD SETTLEMENT FUND	Distribution of	9 - 10
EXTENSION OF PAR FACILITIES		215 - 220
FARM LANDS AND OTHER REAL ESTATE, LOANS ON	Regulations governing	(149 - 152) (416 - 417)
	Committee on	152
FEDERAL RESERVE BANK DRAFTS, IMMEDIATE AVAILABILITY OF		(20 (168 - 207 (232
	Committee on	207
FIFTEEN DAY NOTES	Collateral for note issue	25
FISCAL AGENTS OF THE GOVERNMENT, FEDERAL RESERVE BANKS AS	Committee on	(81 - 82
FOREIGN ARRANGEMENTS		(22 (416
GOLD	Accumulation of	154 - 166
GOLD SETTLEMENT FUND	Audit	344
	Daily settlement	(20 - 21 (337 - 340
	Distribution of expenses of moving gold for	9 - 10
	Liability for expenses of operating	9 - 10
	Vault facilities for	344

GOLD SETTLEMENT FUND IN VAULTS OF TREASURY DEPARTMENT	Method of handling	210 - 211
GOVERNMENT BONDS 3%	Chicago proposal to purchase \$5,000,000 worth	48 - 54
GOVERNMENT BONDS	Committee on Disposition and Conversion	47 - 61
GOVERNMENT BONDS 2%	Plan proposed for purchase by committee	57 - 61
GOVERNMENT CHECK DEPOSITS WITH FEDERAL RESERVE BANKS	Service charge on	292
HANDLING OF TIME ITEMS		315 - 325
IMMEDIATE AVAILABILITY OF	Checks drawn on member banks outside Federal Reserve Cities	207 - 209
	Drafts on Federal reserve banks	(20 (168 - 207 (232
	Committee on	206 - 207
INDIRECT ROUTING		235 - 236
INDORSEMENTS	Of banks on par list and not on par list	232 - 235
INQUIRIES MADE OF A RESERVE BANK BY MEMBER OR OTHER BANKS IN OTHER DISTRICTS		127 - 131
	Resolution of Governor Seay	130 - 131
INSPECTION OF VAULT FACILITIES FOR GOLD SETTLEMENT FUND		344
INVESTMENTS, ALLOTMENT OF	Report of Committee on	26 - 46
	Letter from Federal Reserve Bank of New York, re	29 - 32
INVESTMENTS	Purchase by one Federal reserve bank, originating in another district	111 - 131
	Also in Governors Conference	
	5th	217 - 219
	6th	312 - 317
	7th	(93 - 94
		(130 - 140

FEDERAL RESERVE BANK OF ST. LOUIS

7711

JOINT CONFERENCE WITH FEDERAL RESERVE BOARD		(19 - 25 166 - 167
KAINS, GOVERNOR	Telegram to	
	Telegram from Mr. Calkins concerning	415
LOANS ON FARM LANDS AND OTHER REAL ESTATE	Regulations governing	149 - 152
LOANS UP TO 100% OF CAPITAL AND SURPLUS	Amendment to Section 5200 of National Bank Act	139 - 149
MAILS, DELAYS IN		276 - 277
MEETING, MINUTES OF PREVIOUS	Reading dispensed with and stenographic report adopted	3
MEETING, NEXT		418
METHOD OF DEALING WITH MEMBER BANKS THAT DEFAULT EXCHANGE		275
MINUTES OF PREVIOUS MEETING	Adopted and reading dispensed with	3
MISSOURI ROUTING	Method of handling	230
NATIONAL BANK ACT, SECTION 5200 PERMITTING NATIONAL BANKS TO LOAN UP TO 100% OF CAPITAL AND SURPLUS	Amendments to	139 - 149
NATIONAL BANK NOTE CIRCULATION	Supertax on	21
NATIONAL BANKS AS INSURANCE AGENCIES	Rulings of State Authorities	152 - 154
NEW YORK, FEDERAL RESERVE BANK	Letter to Committee on Allotment of Investments	29 - 32
NOTES, FEDERAL RE- SERVE, ISSUE OF	Fifteen day notes as collateral for	23

WONDERMILL

NOTES, FEDERAL RE-
SERVE

Promissory notes of member
banks, collateral for 347

Shipment (238 - 243
(278

Uniformity in charging cost of
shipment between Federal re-
serve banks 267 - 268

OPTIONAL RESERVES 104 - 110

Resolution to Federal Reserve
Board 110

ORGANIZATION EXPENSES Amortization of 44 - 46

Uniformity in treatment of 326 - 328

PAR FACILITIES Extension of 215 - 220

PAR LIST No discrimination to be
attempted against indorse-
ments of nonmember banks 235 - 236

PAR LISTS Methods and time of issuing 213 - 214

PENALTIES FOR DE-
FICIENT RESERVES (84 - 95
(264

Committee on 84 - 95

PLAN, PROPOSED FOR
PURCHASE BY A
COMMITTEE OF
U. S. 2% BONDS 57 - 81

POSTMASTERS AS
COLLECTORS Committee on 82 - 84

PRESS STATEMENT Secretary to prepare and to
furnish each governor with
copy 400

PRIME EXCHANGE 231

PROGRAMME Adoption of that prepared by
the Secretary 2 - 3

PROMISSORY NOTES OF
MEMBER BANKS,
COLLATERAL FOR
FEDERAL RESERVE
NOTES Collateral for Federal Reserve
Notes 347
347

PURCHASES BY ONE FEDER-
AL BANK OF INVEST-
MENTS OR ACCEPTANCES
ORIGINATING IN ANOTHER
DISTRICT Committee on 111 - 131
Also in Governors Conference
5th 217 - 219
6th 312 - 317
7th (93 - 94
(130 - 140

FRASER
ST. LOUIS
FEDERAL RESERVE BANK

		<u>Pages</u>
REAL ESTATE	Regulations governing loans on real estate	(149 - 152 416 - 417)
	Committee on	152
REAL ESTATE AND FARM LANDS, LOANS ON	Regulations governing	149 - 152
REMITTANCE BASIS FOR MEMBER BANKS		278 - 293
REMITTANCES BETWEEN FEDERAL RESERVE BANKS	Acknowledgments	273
REMITTANCES IN PAYMENT OF ITEMS	Compensation for collecting items on nonmember banks	236 - 238
REPORTS ON RESERVES	Uniformity in	84 - 111
RESERVE AND CENTRAL RESERVE CITIES		11 - 18
	Committee on	395 - 396
RESERVES	Calculation of	265 - 267
	Book and forms to be sent out by Federal Reserve Bank of Cleveland	91 - 92
	Money in Transit Counted as	(305 - 306 400 - 401 (20 (22 - 24
	Penalties for deficiencies in	(20 (84 - 95 (264
	Committee on	84 - 95
	Calculation and report on	84 - 111
	Committee to report to Federal Reserve Board on	104 - 110
	Resolution to Board	410 - 415
RESERVES AND CURRENCY		21 - 221
RETIREMENT OF GREEN BACKS		344 - 345
RETURNED ITEMS	Routing and uniform forms for	(225 - 228 (276
	Committee on	228
ROUTING, DIRECT-INTERDISTRICT		283 - 284

SALARIES, BONUSES, ETC.		(401 - 408
SEAY, GOVERNOR	Plan for making drafts on Federal reserve banks immediately available at all other Federal reserve banks	232 - 235
SERVICE CHARGE		262 - 263
SERVICE CHARGES	Abolish as between Federal reserve banks	228
	Elimination of on collections for member banks	291
	For items forwarded by member for Federal reserve banks	291
	On government check deposits with Federal reserve banks	292
SERVICE CHARGES, BETWEEN FEDER- AL RESERVE BANKS	Uniformity in billing	(111 (288 - 291
	Committee on	133 - 136
SHIPMENTS BETWEEN FEDER- AL RESERVE BANKS	Uniformity in charging cost	(267 - 268 (283
SILVER AND LEGALS	Mr. Gidney's plan	340 - 342
	Committee on	342
STATE BANKS REMITTING AT PAR		315
STATEMENTS SHOWING BALANCES BETWEEN FEDERAL RESERVE BANKS		274
STATEMENTS FROM MEMBER BANKS SHOWING AVAILABLE BALANCES		274
STATEMENTS OF CONDITION		234
STATISTICS FOR FEDERAL RESERVE BOARD		272 - 273
STENOGRAPHERS' MINUTES OF EIGHTH CON- FERENCE	Adopted	3
STRONG, GOVERNOR	Telegram from	149
	Telegram to	3
SUBSTITUTES AT GOVERNORS CON- FERENCE		5 - 9
	Committee to draft resolution	8 - 9

		<u>Pages</u>
SUPERTAX ON NATIONAL BANK NOTE CIR- CULATION		24
TELEGRAMS	To Governor Strong and Governor Kains	3
3% TREASURY NOTES	Conversion into 3% Government Bonds	137 - 139
TIME ITEMS	Handling of	315 - 325
TIME SCHEDULES	Correction of for reserve banks' collection operations	292 - 304
	Committee on	296 - 304
TRANSFERS		(251 (238 - 248 (278
TRANSIT ITEMS AS RESERVES		(305 - 306 (400 - 401
TRANSIT COST AND SERVICE CHARGE		262 - 264
TRANSIT DEPARTMENT	Expense of	263 - 274
TRANSIT MEN'S CON- FERENCE	Report and discussion	215 - 248
	Full text of Report bound in this volume	
TRANSPORTATION CHARGES ON CURRENCY SHIP- MENTS FROM OTHER BANKS		238
TREASURY BILLS, FRENCH AND ENGLISH	Announcement of Federal Reserve Board	22
TREASURY BILLS, 3%	Conversion into 3% Government Bonds	137 - 139
UNIFORM ACKNOWLEDGEMENTS OF REMITTANCES BE- TWEEN FEDERAL RESERVE BANKS		273
UNIFORM CREDIT STATEMENTS		(210 (400
UNIFORM REPORTS OF RE- SERVES	Committee on	84 - 111
UNIFORM STATIONERY	For direct routing	229 - 230
UNIFORMITY IN BILLING SERVICE CHARGES BETWEEN FEDERAL RESERVE BANKS		133 - 156

Pages

UNIFORMITY OF SERVICE CHARGES		288 - 291
VAULT FACILITIES FUND	For Gold Settlement Fund	344
VAULT RESERVES	Transfer of, Amendment to law	349 - 352
WALKER, MARCUS, OF NEW ORLEANS BRANCH	Present at Conference as guest, at request of Federal Reserve Board	(4 (5 (9
WARBURG, GOVERNOR	Meeting of Conference with	305

BOND
 HAWMIREBRIFF