

At a meeting of the Federal Reserve Board held pursuant to adjournment in office of the Board, on Thursday, August 20, 1914, at 11 a. m.

PRESENT:

Mr. C. S. Hamlin	Mr. Adolph C. Miller
Mr. John Skelton Williams	Mr. Frederic A. Delano
Mr. W. P. G. Harding	Mr. Paul M. Warburg

Mr. C. S. Hamlin, Governor of the Board, acted as Chairman, and Mr. M. C. Elliott as Secretary of the meeting.

The minutes of the last meeting were read and approved as amended.

Mr. Delano, as chairman of the committee on by-laws governing conditions under which State banks may enter the system, offered the following resolution:

RESOLVED: That the Federal Reserve Board approves for adoption, until further notice, the Regulations and By-Laws adopted by the Reserve Bank Organization Committee, prescribing conditions under which State banks and trust companies may subscribe to the stock and become members of Federal reserve banks, issued from Washington, D. C., under date of February 20, 1914.

These regulations shall remain in effect until rescinded by order of this Board.

Mr. Warburg, a member of the committee, sug-

gested that the resolution be supplemented by adding that it is the sense of the committee that while the regulations approved, reserve to the Board the power to require examinations by national bank examiners, such examinations shall in all cases be made by examiners designated by the Federal Reserve Board, unless in particular cases the Board deems it advisable to accept the certificate of a State bank examiner based upon a regular examination of the applying bank.

After a general discussion the resolution with this supplement, which was agreed to by Mr. Delano, was seconded and adopted.

The Secretary asked instructions as to how pending applications of State banks and trust companies containing the certificates of State bank examiners should be handled, and on motion made and seconded Mr. Williams and Mr. Harding were appointed a committee of two to receive and examine all such applications and to submit the same to the Board with its recommendations.

Mr. Warburg reported, on behalf of the committee on foreign branches of member banks, that it was the sense

of the committee that action on the application of the Commercial National Bank of Washington to open a branch at Balboa should be for the present deferred; that the application of the National City Bank of New York should be acted upon by the Board, but before any final action should be taken that the National City Bank should be requested to send copies of such by-laws and regulations as it has prepared for use in the management of such branch banks together with any other data collected by it in connection with foreign branches for the consideration of the Board.

It was further suggested by the committee that the National City Bank should supplement its application by a written statement to the effect that any authority granted to it by the Board would be received with the distinct understanding that regulations and by-laws subsequently adopted by the Federal Reserve Board would be fully and completely complied with and observed.

On motion made and seconded Mr. Warburg was requested to prepare a letter embodying the views of the Committee in this matter and the Secretary was instructed

to communicate with the National City Bank on behalf of the Board, in accordance with the suggestions made.

The Chairman reported that he had prepared a rough draft of by-laws for the Federal Reserve Board.

On motion made and seconded Mr. Miller and Mr. Warburg were appointed a committee of two on by-laws, superseding the committee of five heretofore appointed and the proposed by-laws submitted by the Chairman were referred to this committee for consideration and report at a future meeting.

The Chair reported that a number of senators and congressmen had requested a list of candidates for Class "C" directors, and asked the sense of the meeting as to whether or not such a list should be given out. After a general discussion it was resolved that it was the sense of the meeting that no such list should be given out, and the Secretary was instructed to be governed accordingly.

The following telegram from Richard L. Crampton, Secretary of the Illinois Bankers Association, was read and the Secretary was authorized to reply on behalf of

the Board that the form of card suggested met the

Board's approval:

The following is submitted for card to recall invitations: "Owing the unexpected great pressure of public business since July fifteenth, when approval was given to the plan for a national celebration marking the period of the organization of Federal reserve banks in the United States, which was to have been held in Chicago, September first, and for a conference of members of the Federal Reserve Board with the directors of the Federal reserve banks to follow the celebration, the Federal Reserve Board now advises us that a postponement for about sixty days will be helpful in order that they may complete the appointment of all the directors and make the other arrangements with greater care. While regretting the necessity for this postponement we appreciate the national wide interest in the celebration and conference and believe a later date will be much more agreeable to many bankers and business men, who at this time are engrossed with their own affairs the opportunity to give further consideration to the advantages of the Federal Reserve Act in view of developments brought about by the European war will undoubtedly contribute to a much broader understanding of it and hasten its early and successful administration."

Please wire answer.

The following plan of procedure to be followed in appeals from the decision of the Reserve Bank Organization Committee was submitted and, after a general discussion, approved and adopted. Under the direction of the Governor of the Board the Secretary was instructed to send printed copies to those who had filed notices of protest:

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M. E. Egan Sec'y.

PROCEDURE IN APPEALS FROM DECISION OF THE
RESERVE BANK ORGANIZATION COMMITTEE.

(1) PETITIONS FOR CHANGES IN DESIGNATION OF
FEDERAL RESERVE CITIES.

Petitions for review of the action of the Reserve Bank Organization Committee in designating Federal reserve cities must be signed by duly authorized officers of a majority of the member banks respectively in the city requesting a review.

Such petitions must set forth briefly the grounds and reasons relied upon for such review.

Within five days after mailing said petition the petitioner shall file twenty copies of a brief setting forth fully the grounds relied upon for a review of the action of said Reserve Bank Organization Committee.

The Secretary of the Board shall notify all member banks in the Federal reserve city of the district in question that such petition has been filed, and shall request such banks to designate a representative to act for such city at the hearing thereon. He shall also send to the representative of such banks, when designated, a copy of the brief filed by the petitioner, and said representative shall be given seven days within which to file twenty copies of his brief in reply.

The Federal Reserve Board will thereupon fix a date for the hearing of oral arguments by counsel, which arguments will be limited to one hour upon each side.

The Board will not hear testimony, but the parties will be limited to the record before the Organization Committee.

The record need not be printed, but reference may be made in the briefs by page to the report filed by the Organization Committee with the Senate of the United States and ordered printed, and may likewise be made by page and volume to the typewritten testimony of the witnesses appearing before the Organization Committee at the hearings held by the Committee.

PETITIONS FOR CHANGES IN THE GEOGRAPHICAL LIMITS OF
FEDERAL RESERVE DISTRICTS.

Petitions for review of the determination of Federal reserve districts by the Organization Committee must be signed by duly authorized officers of at least two-thirds of the member banks in the territory which the petition asks to have taken out of one district and annexed to another.

Proceedings as to notice, filing of briefs and arguments shall be the same as for petitions for changes in the designation of Federal Reserve cities, except that the Board of Directors of the Federal Reserve Bank and not the member banks in the Federal Reserve City shall select the representative to appear and answer the petition. Class A and B directors elected may act pending appointment of Class C directors, in the selection of such representative.

At all hearings held hereunder all questions of law or fact including jurisdiction and powers of the Federal Reserve Board may be argued.

It was suggested that in order to facilitate consideration of forms, regulations, by-laws, and reports the Secretary should furnish, as far as possible,

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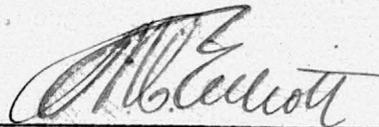
M. E. ... Sec'y.

copies for each member of the Board in advance of meetings to be held and the chairmen of all sub-committees were requested to file with the secretary copies of the reports intended to be presented as far in advance of meetings as possible.

The Chairman referred to a letter from Mr. F. L. Hine, President of the New York Clearing House Association, asking for an interpretation of Section 22 of the Federal Reserve Act. The Secretary was requested to prepare a memorandum of opinion on this section for submission to the Board at a future meeting, at which time the Board will give the matter consideration.

The Chair announced that the Secretary of the Treasury had requested the Board to meet with him in a conference with certain New York bankers at 3 o'clock in the Board Room.

Subject to this conference the meeting adjourned to meet again at 11 o'clock on Friday morning, August 21st.



Secretary pro tem.

APPROVED:



Chairman.

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Sec'y.