

At a meeting of the Federal Reserve Board held pursuant to adjournment in the office of the Board on Friday, August 21, 1914, at 11 a. m.

PRESENT:

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

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. Warburg, on behalf of the committee on the establishment of foreign branches of member banks, submitted the following suggested form of letter to be sent to the National City Bank of New York, which was read and approved:

The National City Bank of New York,
Frank A. Vanderlip, Esq.,
President.

Dear Sir:

The Federal Reserve Board at its yesterday's meeting gave full consideration to your letters of August 10th and July 22d by which you request that authority be given to your bank for establishing branches in Buenos Aires and Rio de Janeiro and in which you state that a capital of \$1,000,000 for

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M. C. Elliott Sec'y.

each branch has been set aside by resolution of your Board of June 30, 1914.

Owing to the pressure of business it will not be possible for the Board to promulgate at this time rules and regulations governing the opening of branches of American banks in foreign countries, but the Board understands that, owing to the emergency of the situation, your bank is prepared to open these branches immediately without any such rules and regulations having been published at this time, but that you would be prepared to undertake to submit to the rules and regulations as they will be promulgated by the Board in due course.

Before considering further your request, the Board would be pleased to receive from you a confirmation of this understanding and to receive from you a copy of such by-laws and regulations as may have been prepared by you to govern your South American branches. The Board would also be obliged if you would furnish it with any copies of by-laws governing other foreign banks doing business in foreign countries and foreign banks doing business in the United States, which you may have available, for its information.

On motion made and seconded the Governor was requested to send, over his signature, the letter suggested to the National City Bank.

The committee on by-laws announced that it was ready to make a report but, owing to the fact that the tentative draft prepared had not been delivered to the Secretary in time to make copies for all members

of the Board for their consideration before the meeting, on motion made and seconded the submission of the report was deferred until the next meeting and the secretary was instructed in the meantime to furnish all members with copies of the proposed report.

On motion made and seconded the following committee was appointed as a committee on legislation: Mr. Williams, Mr. Warburg, and Mr. Harding, with the Governor as ex-officio chairman of the committee.

The Secretary was instructed to obtain from the proper authorities copies of all bills introduced in Congress relating to financial matters, and to refer the same to the committee on legislation. He was also instructed to obtain for the library of the Board copies of all reports of the Monetary Commission and copies of all testimony taken before the Senate and House committees in connection with the passage of the Federal Reserve Act.

The Secretary read, at the request of the Comptroller, the following telegram:

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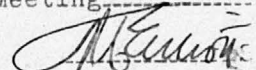
Al E. Williams
Sec'y.

San Francisco, Cal.,
August 18, 1914.

John Skelton Williams,
Comptroller of the Currency,
Washington, D. C.

Telegram received. Situation on this coast well under control and we believe we can take care of needs of the country banks and all clients who want money for legitimate purposes. No loans are being called and requests for accommodation being freely met. Public although used to gold are taking kindly to new currency as they are familiar with national bank notes. Believe attempt to inaugurate Federal Reserve bank at this time would make the banks cautious about extending loans until they saw the effect of withdrawal of gold for capital and reserve purposes and believe that attempt to force federal reserve notes would cause considerable friction and uneasiness with population particularly if new notes are as we understand it different in appearance from present national bank notes. National currency association machinery working smoothly and giving satisfaction. Our own candid views are that no extension of currency association required in California at present. If Sacramento and Reno anxious to join we might amend our by-laws accordingly. Utah could take steps to form association in the intermountain district. Department could prepare emergency circulation for banks so as to provide for the possibility of conditions becoming worse instead of better but we believe that the country is on the mend and will continue so unless something unexpected happens. This telegram sent as result of a conference between the executive committee and Mr. Frank Anderson.

JAMES K. LYNCH, President,
National Currency Association,
San Francisco, Cal.



On motion made and seconded the Secretary was instructed to prepare copies of this telegram and to obtain and prepare copies of the telegram sent by the Comptroller, to which this is the reply, and to furnish each member of the Board with such copies.

Mr. Warburg submitted, on behalf of the committee appointed for that purpose the following form of circular, which was read, approved, and adopted; and the Secretary was directed to have printed copies and to send a copy to each of the member banks over his signature as Secretary of the Reserve Bank Organization Committee and as Secretary pro tem of the Federal Reserve Board. He was further instructed to have the information obtained by these circulars analyzed and submitted to a future meeting of the Board.

A similar circular to the following was addressed to the member banks in nonreserve cities the only change being that in the request for the statement of the condition of the bank as it would appear if the first installment of one per cent of capital and surplus had been paid on subscription to the stock of the Federal Reserve

bank of its district under the heading "Resources", not less than one-sixth of total reserve was required instead of one-fifth as in the case of reserve city banks.

FEDERAL RESERVE BOARD

Washington

Circular No. 3.

August 25, 1914.

Sir:

You are requested to furnish the following information on the accompanying form for the use of the Reserve Bank Organization Committee and the Federal Reserve Board in connection with the organization of the Federal reserve banks.

This information is not intended for publication, but for the use of the Board.

Please supply carefully the information called for on pages 2, 3, and 4, and return this blank promptly in the inclosed addressed envelope which requires no postage. Your immediate attention to this request will facilitate the determination of the questions involved and will, it is hoped, enable the Board to develop plans, to accomplish the results desired with the least inconvenience.

Respectfully,

M. C. ELLIOTT

Secretary Reserve Bank Organization Committee,
Secretary pro tem Federal Reserve Board.

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M. C. Elliott
Sec'y.

Statement of condition of.....National Bank
of.....at the close of business on.....day
of....., 1914.

L I A B I L I T I E S .

Capital stock, surplus, and undivided profits.....\$.....	.....
Time deposits (including all deposits not payable for 30 days or more, and all deposits which are sub- ject to 30 days' notice - that is, upon which the bank may require 30 days' notice before withdrawal).....	.....
Demand deposits.....	.....
Bills payable.....	.....
Circulation outstanding:	
Secured by United States bonds.....	.....
Secured otherwise than by United States bonds...	.....
Bank balances.....	.....
All other liabilities.....	.....
Total.....	.....

R E S O U R C E S .

Loans, discounts, and overdrafts.....\$.....	.....
Bonds and other securities.....	.....
Banking house, real estate, furniture, and fixtures. ....	.....
United States bonds to secure circulation.....	.....
United States bonds to secure deposits.....	.....
Balances with approved reserve agents and counted as reserve (give name of city and amount carried in each city.).....	.....
.....
.....
.....
Five per cent redemption fund.....	.....
Cash items.....	.....
Cash.....	.....
Gold or gold certificates.....	.....
National bank notes.....	.....
U. S. Legal tender notes.....
Silver and silver certificates.....
Minor coin.....
All other assets.....
Total.....

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Al. C. ... Sec'y.

Statement of condition of.....National Bank of..... as it would appear if first installment of 1 per cent of capital and surplus had been paid on subscription to the stock of the Federal Reserve Bank of its district on same date as is shown in statement of condition on opposite page, and if new reserve requirements had at that time gone into effect, and transfer of proportionate amount of reserve had been made to the Federal Reserve Bank of its district.

NOTE.- While capital stock payments and reserve transfers need not be made simultaneously, for the purposes of this statement it will be assumed that they will be so made.

L I A B I L I T I E S .

Capital stock, surplus, and undivided profits.....	\$.....
Time deposits.....	.....
Demand deposits.....	.....
Bills payable.....	.....
Circulation outstanding:	
Secured by United States bonds.....	.....
Secured otherwise than by United States bonds...	.....
Bank balances.....	.....
All other liabilities.....	.....
Total.....	\$.....

R E S O U R C E S .

Loans, discounts, and overdrafts.....	\$.....
Bonds and other securities.....	.....
Banking house, real estate, furniture, and fixtures..	.....
United States bonds to secure circulation.....	.....
United States bonds to secure deposits.....	.....
Reserve balances:	
With Federal Reserve Bank(not less than one-sixth of total reserve required).....	.....
With approved reserve agents (give names of cities)	.....
.....
.....
Five per cent redemption fund.....	.....
Cash items.....	.....
Cash:	
Gold or gold certificates.....	.....
National Bank notes.....	.....
United States legal tender notes.....	.....
Silver and silver certificates.....	.....
Minor coin.....	.....
Federal Reserve Bank stock(amount of first installment-that is, 1 per cent of your capital and surplus.)	.....
All other assets.....	.....
Total.....	.....

M. E. ... Sec'y.

STOCK SUBSCRIPTIONS.

Please state from what city or cities you would probably withdraw balances in order to pay the first installment of your subscription to the capital stock of the Federal Reserve Bank of your district, giving amount, if any, that you would probably withdraw from each city:
.....\$.....
.....
.....

Please state what amount of the first installment of your subscription to capital stock you would probably pay in gold or gold certificates out of funds in your own vaults.....

RESERVE BALANCES.

Please state what amount, if any, you would probably withdraw from approved reserve agents in order to make transfer of required reserve to the Federal reserve bank of your district if call were made and new reserve requirements became effective at any time within 30 days from date.....\$.....

Please give names of cities from which such withdrawals would probably be made, showing amount you would probably withdraw from each city.....
.....
.....

Please state what amount you would probably transmit from your own vaults in cash to the Federal reserve bank to meet new reserve requirements.....

Please state what amount, if any, you would probably desire to rediscount with the Federal reserve bank of your district in order to pay part of your reserve in eligible paper.....

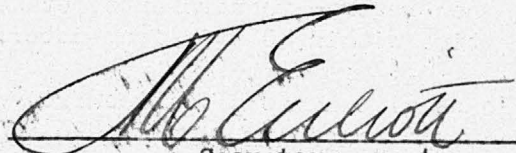
NOTE:- In answering the foregoing questions it may be assumed that payment of subscription and transfer of reserve are made simultaneously.

[Handwritten Signature] Sec'y.

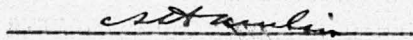
It was moved and seconded that the consideration of Class "C" directors by the Board be definitely fixed for the meeting on Tuesday, August 25, 1914.

The application of the Central National Bank of St. Louis to reduce its capital-stock from one million dollars to eight hundred thousand dollars, submitted by the Comptroller with his recommendation, was read and approved.

On motion the meeting adjourned to meet again on Monday, August 24th, at 11 a. m., at the office of the Board.


Secretary pro tem.

APPROVED:


Chairman.