

At a meeting of the Federal Reserve Board,  
duly called and held in the Treasury Building, Wash-  
ington, D. C., August 27, 1914 at 11 a. m.

## PRESENT:

Mr. McAdoo	Mr. Delano
Mr. Hamlin	Mr. Warburg
Mr. Miller	Mr. Williams
Mr. Harding.	

On motion, duly made and seconded, Mr. Harding  
was requested to act as Secretary of this meeting.

The following resolution was submitted for the  
Board's consideration:

RESOLVED: That it is the sense of this meet-  
ing that no State bank shall be permitted to join the  
Federal reserve system as a State bank under the pro-  
visions of Section 9 of the Federal Reserve Act un-  
less it has a paid up and unimpaired capital sufficient  
to entitle it to become a national banking association  
under the provisions of the National Bank Act.

It may be advisable, however, to permit such a  
State bank to become a member of the Federal reserve  
system under Section 8 of the Federal Reserve Act by  
being converted first into a national banking associa-  
tion and to this end to amend Section 8 by adding there-  
to a proviso substantially as follows:

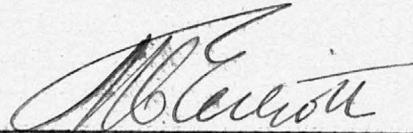
PROVIDED FURTHER, that any State bank having an  
unimpaired capital of not less than fifteen thousand  
dollars, and a surplus of not less than twenty per cent  
of its capital, located in a place having a population  
of not more than three thousand inhabitants,

may be converted into a national banking association by complying with the necessary provisions of Section 5154 of the Revised Statutes as amended, and by taking the necessary steps at the same time to increase its capital stock to a minimum of twenty-five thousand dollars, the subscriptions for such increase to be paid for not later than January 1, 1916, under regulations to be prescribed by the Federal Reserve Board, and the Comptroller of the Currency may, with the approval of the Federal Reserve Board, issue to a bank so converted his certificate authorizing it to do business as a national banking association, and upon the issuance of such certificate such bank may subscribe to the stock and become a member of the Federal reserve bank of the district in which it is located, and shall thereupon be entitled to such privileges and subject to such limitations and restrictions as other national banks which are members of the Federal reserve system (except that no such bank shall be permitted to issue national currency secured by United States bonds, or otherwise) until its paid up and unimpaired capital shall equal twenty-five thousand dollars.

On further consideration, after a general discussion it was decided, by unanimous vote of the Board, to withhold its approval of the proposition to recommend to Congress the conversion of State banks having a capital stock of fifteen thousand dollars, with surplus of twenty per cent.

The Secretary of the Treasury discussed with the Board the situation that has arisen in New York regarding the collection of checks on the sub-Treasury, and appointed the Comptroller of the Currency and Mr. Harding as a committee to talk the matter over with Assistant Secretary Malburn.

There being no further business before the meeting, on motion duly made and seconded the meeting adjourned.



Secretary pro tem.

APPROVED:

\_\_\_\_\_  
Chairman.