

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11:00 a. m., September 24, 1914

PRESENT:

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

The Governor of the Board presided and Mr. H. P. Willis acted as secretary to the meeting.

After the reading and approval of the minutes of preceding meetings it was voted on motion that by-laws governing the establishment of branches of member banks should not be opened to general inspection.

On motion it was voted that the serial number (arabic numerals) of each Reserve Bank should be that of the district in which the bank is located and that the corresponding letter of the alphabet be added as follows:

Boston..... 1 A	Chicago..... 7 G
New York.... 2 B	St. Louis..... 8 H
Philadelphia 3 C	Minneapolis.... 9 I
Cleveland... 4 D	Kansas City.... 10 J
Richmond.... 5 E	Dallas..... 11 K
Atlanta..... 6 F	San Francisco... 12 L

The Secretary of the Board presented telegrams relating to the proposed gold fund, which were ordered filed.

The Governor of the Board laid before the meeting correspondence relating to the appointment of Class "C" directors in the Reserve Bank of Boston.

The Governor of the Board laid before the meeting a letter addressed to the Secretary of the Treasury with reference to the space in the Treasury Department required for the use of the Secretary's office. The letter was ordered transmitted.

The Secretary of the Board presented a memorandum from the Board's Counsel regarding the question whether Class "A" and Class "B" directors should be convened for the purpose of selecting a representative to appear in contested cases involving the limits of the Reserve Districts. It was ordered that this matter be deferred until the full Board of Directors can be organized in each district.

The Secretary of the Board presented a recommendation from the Counsel to the effect that the legend on checks should describe the districts as Federal Reserve,

and not as regional, districts. The recommendation was approved.

On motion it was voted that the Committee on Legislation carefully consider the advisability of an amendment to the Federal Reserve Act providing a new method of designating the chairman of each Federal Reserve Bank from among the Class "C" directors, so that Federal Reserve Agents should not necessarily be chairmen of their respective banks unless so designated by the Board.

The satisfactory completion of arrangements relating to the proposed gold fund was announced and the documents relating thereto were ordered spread upon the minutes as follows:

Washington, September 19, 1914.

To the honorable the SECRETARY OF THE TREASURY
and the FEDERAL RESERVE BOARD.

Gentlemen:

Referring to the recommendations contained in our communication of September 4:

We have, in compliance with your suggestion, given further consideration to the present international exchange situation, taking into account the changed conditions arising from the completion of plans for meeting the obligations of the city of New York payable in Europe.

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Arthur S. Howell Sec'y.

This committee is of the opinion that the continuance of the high credit of this country abroad will be demonstrated, and that normal conditions of the foreign exchange market will best be reestablished by the prompt creation of a large gold fund for export if necessary, as suggested in our former report. We therefore recommend that the central reserve and reserve city banks of the United States (both National and State institutions) be requested to contribute to a gold fund of \$100,000,000 instead of \$150,000,000, as originally proposed. Of this amount, \$25,000,000 should be made immediately available. The administration of the fund should be conducted by a resident committee in the city of New York, where the principal foreign exchange transactions of the country take place, and we suggest that the recommendation of the Clearing House Association of the City of New York for the appointment of the following gentlemen as such committee be approved, namely:

Albert H. Wiggin, chairman.	Francis L. Hine
William Woodward	Benjamin Strong, jr.
J. S. Alexander	F. A. Vanderlip.

We propose to arrange the details of the plan of administration with the New York committee so that the requirements of all parts of the United States for foreign exchange will be fairly and impartially dealt with, and we suggest, in the event of any complaint on the part of any contributor to the fund in connection with the distribution or use thereof, your board shall appoint a committee of bankers to pass upon any such question, whose decision, under such rules and regulations as you may prescribe, shall be final.

We further recommend that the National and State banking institutions in the central reserve and reserve cities of the United States be requested by you to contribute to this fund, due regard being given to their present holdings of gold as recently ascertained by your direction.

As recommended in our report of September 4, we believe that a committee representing the clearing-house association of each central reserve and reserve city should appoint in its district the amounts and supervise the payments

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J. Parker Wilson Sec'y.

of gold or gold certificates for the creation of this fund, and we therefore suggest that you address a letter to the chairman of the clearing-house committee in each of those cities recommending the appointment of such a committee, urging prompt cooperation in this plan and stating the amount of gold which you may consider to be the proper quota to be furnished by that city.

In order to facilitate the transfer of gold or gold certificates to New York by the contributing banks, it is recommended that they be permitted to deposit their contributions with the nearest subtreasury of the United States, and that all expenses incident to transfers, whether made through subtreasuries or otherwise, shall be an expense of the fund and shall not be borne by the respective contributors.

The Committee representing the New York Clearing House Association should have authority to call upon the contributors for gold or gold certificates from time to time in instalments as required (provided, that the contributors shall not be called upon to pay any portion of an instalment which may make their investment in the fund at any one time exceed 25 per cent of their original contribution), to arrange for shipments of gold to other countries, to sell exchange and cable transfers against such shipments at such prices as they may fix, to determine to whom and under what conditions foreign exchange may be sold, to distribute the proceeds of such sales among the contributing banks in New York funds, and to fix a date for the termination and final settlement of the fund. We, therefore, recommend that the gold or gold certificates be deposited in trust for the contributors in the vaults of the Clearing House Association of the City of New York, subject to the control of the New York committee, and that such committee issue to each contributing bank a certificate evidencing its contribution. The proceeds of sales of exchange may then be distributed by the committee among the contributing banks in New York funds and the amount of such repayment indorsed upon each certificate.

We have recommended that contributors to the fund be confined to the banks and trust companies in the central reserve and reserve cities, so that banks which are members of the Federal reserve system may make their payments at the time of the organization of the Federal reserve banks out of their own cash.

We attach forms for pledges to be signed by contributing institutions and certified resolutions to be passed by their boards of directors or trustees. In case the plan should meet with your approval, we respectfully suggest that you inclose copies of these forms in your letter to be addressed to the chairmen of the clearing-house associations.

Respectfully submitted,

(Signed)

Jas. B. FORGAN, Chicago,

LEVI L. RUE, Philadelphia,

BENJAMIN STRONG, Jr., New York,

THOMAS P. BEAL, Boston,

SOL WEXLER, New Orleans,

Committee.

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A. P. ... Sec'y.

Washington, September 19, 1914.

To the honorable the SECRETARY OF THE TREASURY
and the FEDERAL RESERVE BOARD.

Gentlemen:

Referring to our report of this date:

We have made the following calculations of contributions to a fund of \$100,000,000, based upon the figures submitted at our meeting today, and suggest that you adopt them in case you approve the plan and decide to carry it out:

Banking institutions in New York City.....	\$45,000,000
" " " Chicago.....	16,000,000
" " " Philadelphia.....	8,000,000
" " " Boston.....	7,000,000
" " " St. Louis.....	5,000,000
" " " Albany.....	No returns
" " " Atlanta.....	500,000
" " " Baltimore.....	1,000,000
" " " Cedar Rapids.....	50,000
" " " Cincinnati.....	1,500,000
" " " Cleveland.....	1,750,000
" " " Columbus.....	500,000
" " " Dallas.....	500,000
" " " Denver.....	1,000,000
" " " Des Moines.....	200,000
" " " Detroit.....	750,000
" " " Dubuque.....	No returns
" " " Fort Worth.....	50,000
" " " Galveston.....	100,000
" " " Houston.....	500,000
" " " Indianapolis.....	500,000
" " " Kansas City, Mo....	1,000,000
" " " Kansas City, Kans..	No returns
" " " Lincoln, Nebr.....	50,000
" " " Los Angeles.....	1,000,000
" " " Louisville.....	500,000
" " " Milwaukee.....	1,000,000
" " " Minneapolis.....	1,250,000
" " " Muskogee.....	50,000

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Banking institutions in New Orleans.....	\$600,000
" " " Oklahoma City.....	100,000
" " " Omaha.....	750,000
" " " Pittsburgh.....	3,000,000
" " " Portland, Oreg....	1,500,000
" " " Pueblo.....	100,000
" " " Richmond.....	750,000
" " " Salt Lake City....	250,000
" " " San Antonio.....	150,000
" " " San Francisco.....	3,500,000
" " " Savannah.....	No returns
" " " Seattle.....	750,000
" " " Sioux City.....	100,000
" " " South Omaha.....	No returns
" " " Spokane.....	500,000
" " " St. Joseph.....	150,000
" " " St. Paul.....	1,000,000
" " " Tacoma.....	250,000
" " " Topeka.....	50,000
" " " Waco.....	50,000
" " " Washington, D. C..	No returns
" " " Wichita.....	50,000

These amounts (exclusive of cities from which no figures have been received and whose contributions, therefore, could not be estimated), if all contributed, would produce a fund of \$108,350,000, and we suggest that any amount pledged in excess of \$100,000,000 should be applied to a pro rata reduction of all contributions to the fund.

Respectfully submitted,

Jas. B. FORGAN, Chicago,

LEVI L. RUE, Philadelphia,

Benj. STRONG, Jr., New York,

Thos. P. BEAL, Boston,

SOL WEXLER, New Orleans,

Committee.

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H. H. H. H. Sec'y.

Gold pool apportionment suggested by Comptroller's office for five cities for which no returns are available. These cities are not included in the total of \$108,000,000 apportioned by the bankers' committee.

Dubuque.....	\$ 50,000
Kansas City, Kans.....	100,000
Savannah.....	100,000
South Omaha.....	100,000
Washington, D. C.....	750,000

Washington, D. C. has thirteen National Banks.

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FEDERAL RESERVE BOARD .

The President Clearing House Association,

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At the invitation of the Secretary of the Treasury and the Federal Reserve Board, a conference of delegates from clearing house associations was held at the Treasury Department in Washington on September 4 for the purpose of considering problems growing out of the extraordinary derangement of our foreign exchange markets following the outbreak of the European war. This conference, after a day's deliberation, appointed a bankers' committee charged with the duty of recommending to the board a plan for dealing with this situation. The committee so named submitted on September 4 its first report, which advised the creation of a gold fund of \$150,000,000. This recommendation, owing to changes in the situation, was modified in subsequent

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H. M. Williams Sec'y.

report, dated September 19, favoring the creation of a gold fund of \$100,000,000 to be contributed by the Banks and trust companies located in central reserve and reserve cities.

The board has carefully considered the committee's report, and concurs in its conclusions and recommendations. The board is convinced of the necessity of an adequate plan of national cooperation to meet a situation which is of national dimensions, and it has no hesitation, therefore, in giving its approval to the plan proposed by the committee, and recommends your earnest cooperation.

The board shares the committee's belief that the creation of a large gold fund at this juncture will have a far-reaching effect for good, and will prove an effective factor in restoring confidence, in bringing relief, in protecting and strengthening the country's credit, and in facilitating the exportation of our products.

The board, therefore, recommends that your association appoint a committee to secure from the national banks and State banking institutions of your city subscriptions aggregating \$..... to the proposed gold fund. The board regards this amount as the fair quota to be raised in your city, based upon the holdings of gold and gold certificates by the central reserve and reserve cities as recently ascertained. The allotments provide a fair margin above the total amount named. Any sums pledged in excess of \$100,000,000 will be applied to a pro rata reduction of all subscriptions to the fund.

Forms of subscription and certified resolutions to be executed by participating institutions have been prepared by the bankers' committee and are forwarded herewith. This board recommends that the sums specified be pledged as promptly as possible and that you send the pledges and resolutions, duly executed, to the secretary of the Federal Reserve Board at Washington, D. C., in order that they may be available for the committee not later than October 1.

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A. H. ...
..... Sec'y.

For the terms and conditions upon which the subscriptions to the proposed gold fund are made your attention is particularly called to the report and plan signed by the bankers' committee and handed to you herewith.

Respectfully,

C. S. HAMLIN,

Governor, Federal Reserve Board.

I am in accord with the views of the Federal Reserve Board and recommend the adoption by the banks of the proposed plan.

W. G. McADOO,

Secretary of the Treasury.

Washington, D. C., September 21, 1914.

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W. G. McAdoo sec'y.

.....Bank,

....., September, 1914.

On motion, it was resolved that the president, vice president, cashier, or treasurer, or any one of them, be, and he hereby is, authorized, in behalf of this bank (company) to subscribe dollars, payable in gold or gold certificates, to a gold fund to be created and administered in accordance with the terms set forth in the report of the committee, dated September 19, 1914, appointed by the delegates to the conference of clearing-house associations of the central reserve and reserve cities held in Washington on September 4, which committee recommended that a gold fund of \$100,000,000 be contributed by the banks (both National and State institutions) located in such cities, said report having been approved by the Federal Reserve Board, as set forth in their letter of September 21, 1914.

I hereby certify that the above is a true extract of the minutes of a meeting of the board of directors or trustees or of a duly authorized committee thereof of the....., held....., September....., 1914.

(SEAL)

Secretary of the Board.

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Sec'y.

The report of the bankers' committee and the letter of the Board regarding the proposed gold fund, together with a general statement were ordered given to the press.

On motion the meeting adjourned at 1:00 p. m. to meet at 3:00 p. m. this day.

A. H. ...
Secretary.

APPROVED:

C. S. ...
Chairman.

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Ph... Sec'y.