

At a regular meeting of the Federal Reserve Board held in the office of the Board at 10:30 a. m., Saturday, October 3, 1914

## PRESENT:

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

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

On motion the salary of the Federal Reserve Agent at Atlanta, Georgia, was fixed at \$6,000 per annum.

A communication from the National Currency Association of Georgia regarding the use of cotton warehouse receipts as security for currency was referred to Mr. Harding for report.

On motion it was voted that Mr. Harding and Comptroller Williams investigate the whole state of affairs with reference to the selection of directors for the Federal Reserve Bank of Dallas with the power to incur any necessary expense and to deal with the situation as he might deem best.

Dispatches endorsing the candidacy of Mr. H. P. Wolfe for a Class "C" directorship in the Federal Reserve

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*J. H. Williams* Sec'y.

Bank of Cleveland were laid before the Board.

An inquiry from the Des Moines Clearing House Association regarding the participation of State banks in the Gold Fund was referred to the Counsel of the Board.

Dispatches and correspondence relative to the situation in San Francisco with respect to the proposed Gold Fund were laid before the Board. Mr. Miller was requested to prepare for submission to the Board a draft of a dispatch to be sent to the Clearing House banks of San Francisco relative to their participation in the proposed Gold Fund.

On motion the Board adopted a report presented by Mr. Delano relative to the division and distribution of work now pending before the Board and the report was ordered spread on the minutes.

The report referred to follows:

Washington, October 2, 1914.

The Committee submits a list prepared by Governor Hamlin, enumerating the various duties to be performed by the Federal Reserve Board in connection with putting the Federal Reserve Banks into operation, marked Exhibit "A".

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*H. K. Miller* Sec'y.



The Committee submits (as Exhibit "B") an analysis of the foregoing statement which has been sub-divided under two general heads: (1) enumerating all duties to be performed before the system can be put into operation and (2) enumerating all those functions which can properly be postponed, the idea being that the banks would open prepared only for the most necessary work that the emergency will now require; that is, they should be prepared to accept the instalments payable on account of the stock capital of the banks and receive the deposits in cash or part payment in discounts. It will be necessary for the Federal Reserve Banks to be prepared to issue Federal Reserve Notes and to accept for rediscount additional paper which may be handed in by the Member Banks. The Member Banks should be placed in a position to take up the acceptance business immediately upon the opening of the Federal Reserve Banks and the Federal Reserve Banks should be placed in a position to purchase such paper immediately.

Problems other than the above enumerated ones can be taken up by the committees to be organized by the Federal Reserve Board and by the Federal Reserve Banks and be disposed of as promptly as possible. From this point of view, the Committee has placed on the "deferred" list all questions touching clearings and collections, opening of foreign branches, sales of Government bonds and the other questions itemized on that list which explain themselves.

The Committee recommends that problems Nos. 1, 6 and 21 be attended to by the undersigned Committee; that the Committee on Commercial Paper already appointed by the Chairman, consisting of Mr. Harding and Mr. Warburg, will take up questions Nos. 10, 11 and 12 with a committee to be appointed by the Federal Reserve Banks, and that a new committee shall be appointed by the Chairman, to be called the "Committee on Duty of Federal Reserve Agent" to take up questions, Nos. 4, 7, 8 and 16.

The Committee recommends that question No. 2 be turned over to the Counsel of the Board, Mr. Elliott, for report, while questions Nos. 19 and 23 have been

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*H. H. Hall* Sec'y.

disposed of by this Board in a temporary manner which, for the time being, can be continued.

Respectfully submitted.

F. A. DELANO

PAUL M. WARBURG

W. P. G. HARDING

Committee on Organization of  
Federal Reserve Banks.

EXHIBIT "A".

September 23, 1914.

Dear Mr. Warburg:

I have hastily gone over my Digest, and suggest committees to cover the following subjects:

1. To establish by-laws for the conduct of the Board in acting upon applications of State banks for stock ownership in Federal Reserve Banks. (Section 9)
2. Regulations as to transfers of stock in Federal Reserve Banks. (Section 2)
3. For operation of the branch banks by their boards of directors. (Section 3)
4. As to establishment of the local office of the Board to be maintained by the Federal Reserve agent on the premises of the Federal Reserve Bank. (Section 4)

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*W. P. G. Harding* Sec'y.



5. As to payment for stock surrendered by member bank reducing its stock, or voluntarily liquidating. (Section 5)
6. As to permitting State banks, etc., to become member banks. (Section 9)
7. As to delivery by Comptroller of the Federal Reserve notes to Federal Reserve Agents applying therefor. (Section 11)
8. As to safe-guarding all collateral, bonds, Federal Reserve notes, etc., in the hands of the Federal Reserve agents. (Section 11)
9. As to special permit to national banks to act as trustee, executor, administrator or registrar of stocks and bonds, etc. (Section 11)
10. As to rediscount by Federal Reserve Banks of bills receivable, domestic or foreign bills, and acceptances, authorized by the Act. (Section 13)
11. Definition of paper eligible for discount. (Section 13)
12. Percentage of capital of reserve banks up to which notes, etc., for agricultural purposes or live stock having maturity of not exceeding 6 months may be discounted. (Section 13)
13. As to purchase and sale in open market, etc., of cable transfers, bankers acceptances, bills of exchange, etc. (Section 14)
14. As to purchase and sale of United States bonds, and notes and bills, revenue bonds and warrants in anticipation of the collection of taxes, etc. (Section 14)
15. As to appointment of foreign agents, etc. (Section 14)

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*H. H. H. H.*  
Secretary.

16. As to substitution of collateral with Federal Reserve Agent. (Section 16)
17. As to charges to be collected by member banks from patrons whose checks are cleared through the Federal Reserve Banks. (Section 16)
18. As to charges to be imposed for service of clearing or collection rendered by the Federal Reserve Bank. (Section 16)
19. Distinctive letter and serial number to be assigned to each Reserve Bank. (Section 16)
20. As to transfer of funds, and charges therefor, among the Federal Reserve Banks and their branches. (Section 16)
21. As to permission to member banks to check against reserves in Federal Reserve banks, etc., (Section 19)
22. As to establishment of foreign branches. (Section 25)
23. To approve reductions in capital stock of national banks. (Section 28)

Very truly yours,

C. S. HAMLIN.

Hon. Paul M. Warburg,  
Federal Reserve Board.

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*Alfred H. Nelson* Sec'y.



I

Organization Committee:

1. To establish by-laws for conduct of Board in acting upon applications of State Banks for stock ownership in Federal Reserve Banks. Sec. 9.

6. Permitting State Banks, etc., to become member banks. Sec. 9.

21. Permission to member banks to check against reserves in Federal Reserve Banks. Section 19.

Elliott

2. Regulations as to transfers of stock in Federal Reserve Banks. Section 2.

II

Committee on Commercial Paper  
(Messrs. Harding and Warburg.)

10. As to rediscount by Federal Reserve Banks of bills receivable, domestic or foreign bills, and acceptances, authorized by Act. Sec. 13.

11. Definition of paper eligible for discount. Section 13.

12. Percentage of capital of reserve banks up to which notes etc., for agricultural purposes or live stock having maturity not exceeding 6 months may be discounted. Sec. 13.

III

Committee on duties  
of Federal Reserve Agent:

4. Establishment local office of Board to be maintained by Federal Reserve Agent on premises of Federal Reserve Bank. Section 4.

7. Delivery by Comptroller of F. R. Notes to F. R. agents applying therefor. Sec. 11.

8. Safeguarding collateral, bonds, F. R. notes, etc. in hands of Federal Reserve Agents. Sec. 11

16. Substitution of collateral with Federal Reserve Agent. Section 16.

Done or being Done.

19. Distinctive letter and serial number to be assigned to each Reserve Bank. Section 16.

23. To approve reductions in capital stock of national Banks. Section 28.

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*H. J. ...*  
Sec'y.


Defer ActionBut may be Discussed at Coming Conferences.

3. For operation of the branch banks by their boards of directors. (Section 3)
5. Payment for stock surrendered by member bank reducing its stock, or voluntarily liquidating. (Section 5)
9. Special permit to national banks to act as trustee, executor, administrator or registrar of stocks and bonds, etc., (Section 11)
13. Purchase and sale in open market, etc. of cable transfers, acceptances, bills of exchange, etc. (Section 14)
14. Purchase and sale of United States bonds, and notes and bills, revenue bonds and warrants in anticipation of the collection of taxes, etc. (Section 14)
15. Appointments of foreign agents, etc. (Section 14)
17. Charges to be collected by member banks from patrons whose checks cleared through Federal Reserve Banks. (Section 16)
18. Charges to be imposed for service of clearing or collection rendered by Federal Reserve Bank. (Section 16.)
20. As to transfer of funds and charges therefor among Federal Reservebanks and their branches. (Sec. 16)
22. As to establishment of foreign branches. (Section 25)

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The Governor named Mr. Miller and Mr. Harding as  
a sub-committee on duties of Federal Reserve Agents.

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On motion, duly seconded, it was voted, after a discussion of the accounting material before the Board that Mr. Harding be named a subcommittee of one to examine and pass upon both proposed systems of accounting.

Mr. Delano presented a report on the making of appointments to the staff of the Board. Further consideration of the report was deferred until Monday, October 5.

On motion the question of appointing a chief clerk was referred to a sub-committee.

On motion the Board adjourned at 1:00 p. m.

*H. Robert Willis*  
Secretary.

APPROVED:

*Estimote*  
Chairman.

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*H. Robert Willis* Sec'y.