

At a special meeting of the Federal Reserve Board held in the office of the Board on Monday, November 23, 1914, at 12:00 noon

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.

The minutes of the preceding meeting were read and approved.

The report of the special committee appointed to consult with Assistant Secretary of the Treasury Malburn relative to certain points regarding relations between the Government and the Federal Reserve Banks reported to the Board the result of its inquiries. On motion the report, as presented, was adopted. The report in question was as follows:

November 23, 1914.

Your Committee, to which was assigned the consideration of certain questions touching the relations of the Federal Reserve Banks with the Treasury, begs leave to report that these questions were considered in a conference with Assistant Secretary of the Treasury Malburn, and the following conclusions reached:

1. As regards the availability of checks drawn upon Federal Reserve Banks in the payment of public dues, the Assistant Secretary reports as follows:

"Replying to your inquiry of yesterday as to whether drafts drawn by member banks on Federal Reserve Banks will be accepted in payment of any obligations due to the United States, I have the honor to advise you that as the law specifically provides what forms of money or representatives of money may be accepted in payment of the various kinds of obligations due to the United States, the collecting officers of the Government are limited to the acceptance of those specifically named forms. The collecting officers may, of course, receive any form of money or representative of money in payment of obligations, but if they do accept anything not provided for by statute, they do so at their own risk. They would doubtless be more willing to accept drafts on Federal Reserve Banks than on ordinary banks, but in the absence of legislation, they cannot be required to do so."

2. As to the disposition to be made of Government checks; that is, checks drawn by the Government in payment of its obligations when the same are offered to a Federal Reserve Bank for deposit: the most convenient and the most appropriate method of collecting such checks would be by the transfer of credit upon the books of the Reserve bank, wherever the Government was carrying an account with the given Reserve Bank. Where such was not the case, the most expeditious method of collection would be to send the check to the nearest National Bank acting as a United States Depository. The check might also be sent to the Treasury in Washington.

3. As regards the deposit of the five per cent gold redemption fund to be held against Federal reserve notes in sub-Treasuries, it appears that there is nothing in the law which would prohibit a Reserve Bank from depositing the required redemption fund in the sub-Treasury nearest to it.

4. As regards Federal Reserve banks presenting National Bank Notes for redemption at sub-Treasuries, it appears that there is no authority in law for the redemption of National bank notes at any other place than the Treasury in Washington.

5. As regards the transmission by Federal reserve banks of their five per cent redemption fund to the Treasury Department in Washington, the procedure governing National Banks in the transmission of the redemption fund which they are required to carry against their outstanding circulation is recommended for Federal Reserve Banks.

Respectfully submitted.

F. A. DELANO

A. C. MILLER

A general discussion of the question of a proper discount rate resulted in informal agreement to maintain the present level of rates pending the making of further inquiries as to conditions in the several districts.

A letter from Assistant Secretary Malburn with reference to conditions in the St. Louis sub-Treasury due to shipment of gold belonging to the Federal Reserve Bank at Kansas City was presented to the Board. On motion it was voted that the Secretary of the Board secure information with reference to the actual conditions in Kansas City and advise Mr. Malburn as to the result.

Mr. Warburg presented to the Board the question of consulting a select committee representing the American Bankers Association. On motion it was voted that such a consultation be held and Mr. Harding and Mr. Warburg were appointed a com-

mittee to fix the date for the conference.

The Secretary of the Board presented to the Board consolidated results of inquiries relative to the undertaking of clearing of checks. On motion this matter was referred to the committee on clearings, Mr. Warburg, Chairman.

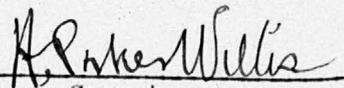
On motion the application of the Island Pond Bank for admission to the Federal reserve system was approved on condition that such application is found by Counsel to be in due order.

The Secretary of the Board presented a telegram from the Federal Reserve Bank of Chicago with reference to the purchase of certificates of municipal indebtedness. After discussion it was voted that the Federal Reserve Agent be advised that such purchase would probably be premature at this time as no regulations have been adopted to govern such purchases.

After discussion of the conditions under which notes should be issued and collateral received therefor by Federal reserve agents, it was voted that a committee consisting of the Governor, the Comptroller, the Vice-Governor and the Secretary examine into the subject and report thereon.

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

APPROVED:


Secretary.


Chairman.