

At a regular meeting of the Federal Reserve Board held in the office of the Board at 3:00 p. m. on Monday, November 23, 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.

The Secretary of the Board presented a letter from the Secretary of the Treasury requesting that each Federal Reserve bank maintain a redemption fund of 5% in gold in the Treasury against its outstanding notes. The letter was ordered spread on the minutes.

TREASURY DEPARTMENT

Washington

November 20, 1914.

Sir:

The vote of the Federal Reserve Board requesting me to state, in accordance with Section 16 of the Federal Reserve Act, what amount of gold, in my judgment, should be maintained with the Treasurer of the United States for the redemption of Federal Reserve notes by the Treasurer when such notes have been presented to him for such redemption, has been received by me.

The Statute states that such fund shall be in no event less than five per centum, but that it shall be

counted and included as part of the forty per centum reserve required to be held against such notes by Federal Reserve Banks.

Until further advised, you may require each Federal Reserve Bank to maintain on deposit in the Treasury of the United States a sum in gold equal to five per centum of the amount of Federal Reserve notes issued to it for the redemption, by the Treasurer, of such notes.

Respectfully,

W. G. McADOO

Secretary.

Hon. Charles S. Hamlin,
Governor, Federal Reserve Board,
Washington, D. C.

On motion it was voted to send a telegram to each Federal reserve agent where there is shortage of reserve payments inquiring into the reasons for such shortage.

On motion it was voted that all communications concerning a credit bureau and commercial paper be turned over to a special committee and be referred to Mr. Broderick to make a digest thereof.

On motion it was voted that all letters received by members regarding admission of State banks, and power to act as trustee, be turned over to a special committee and digested.

On motion it was voted that an invitation be extended to the banking committee of the American Bankers Association to

meet with the Federal Reserve Board at Washington.

On motion it was voted that a copy of Counsel's opinion on usury rates be sent to each Federal Reserve bank.

After a discussion of various communications regarding bank acceptances it was voted that acceptances of private bankers based on goods imported and exported shall be eligible for discount at Federal reserve banks if the bills are endorsed by member banks and as long as purchased subject to such endorsement shall not be subject for the present to the requirement of 'Statement of Condition' to be prepared and filed by the private banker accepting the same.

A draft of a telegram to be sent to Federal reserve banks relative to the condition of reserves in their districts was read and approved by the Board and ordered sent.

The Governor of the Board presented a report with reference to Section 8 of the Clayton Act prepared by Counsel. On motion this was referred to Standing Committee No. 5.

A list of banks which have filed application for admission to the Reserve system was referred to Standing Committee No. 6, Mr. Harding Chairman, for action.

A communication relating to the paper of manufacturers was referred to Mr. Broderick for consideration and report.

The Board took up a number of questions relating to savings deposits and passed upon them as follows:

In the case of the First National Bank of Westminster, Maryland, it was agreed that if the thirty day clause be stamped on depositors' books, it would bring this bank within the 5% reserve requirement.

In answer to an inquiry from the Peoples National Bank of Pittsburgh, it was agreed to suggest that all accounts be made subject to the thirty day withdrawal privilege and the bank be requested to follow carefully the provisions of Section 19.

In answer to an inquiry from Federal Reserve Agent Austin of Philadelphia, it was agreed that if a signature card is kept on file, duly signed by the depositor, containing the thirty day clause, it would be satisfactory as bringing the time deposits of the bank under Regulation No. 7.

In answer to a communication from Mr. John W. Simpson, Vice-President of the Central National Bank of Spartanburg, South Carolina, it was agreed that sufficient notice is afforded by the provisions mentioned by Mr. Simpson.

It was agreed that in answer to a letter of Mr. A. Z. Schoch, President of the Bloomsburg National Bank, he should be asked for further information and particularly whether his pass-books must be presented at the time of drawing money.

A communication from the First National Bank of Salisbury, North Carolina, was referred to Mr. Harding for further examination.

A letter from Assistant Secretary Malburn relative to the employment of sub-Treasury clerks in Federal reserve banks was referred to the Secretary of the Treasury, the matter to be taken up with him by the Governor of the Board in due form.

After an informal discussion of the conditions under which Federal reserve notes may be delivered to Federal reserve agents, it was informally agreed to continue for the present as heretofore.

On motion the application of the Federal Reserve Agent of New York for additional Federal reserve notes was favorably acted upon, on condition that it be put into due and approved form.

On motion, Mr. Miller and the Counsel of the Board were named as a special committee to look into the question of conditions surrounding the issue of Federal Reserve notes.

A letter from Governor Wold respecting the basis on which interest is to be computed by Federal reserve banks was referred to Mr. Harding.

The Secretary of the Board was requested to answer a letter from Mr. R. H. Malone of Denver, relative to the

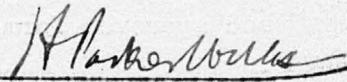
amendment of the laws of Colorado to the effect that the Board was indisposed to authorize any legislative representations.

A communication from Governor J. B. McDougal, Chicago, relative to purchase of bankers acceptances was ordered answered with the statement that all such acceptances might be purchased if endorsed by member banks.

On motion Mr. Warburg was appointed a committee of one to make a draft of open market regulations the same to be presented to the Board for consideration.

On motion it was voted that Federal reserve banks be advised to refrain from becoming members of the American Bankers association.

On motion the Board adjourned at 5:30 p. m. to meet at 3:00 p. m. Tuesday, November 24th.


Secretary.

APPROVED:


Chairman.