

At a regular meeting of the Federal Reserve Board held in the office of the Board on Monday, November 30th, at 2:30 p. m.

PRESENT:

Mr. Hamlin

Mr. Warburg

Mr. Delano

Mr. Harding.

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

Mr. Harding presented telegrams requesting the presence of Mr. H. Y. Brooke in a legal proceeding in Alabama, and on motion, leave was granted to Mr. Brooke.

On motion it was voted that the Secretary of the Board write Federal Reserve Agent Wellborn that it is the feeling of the Board that no director of a Federal reserve bank should serve as Counsel to such bank.

Questions relating to the changing of the rate of discount of Federal Reserve Banks was then taken up and were discussed. On motion it was voted to alter the rates of discount in the southwestern banks at those points where changes had been asked by the banks themselves and to inform other banks in the adjacent portions of the country, of the changes thus made, that they might ask for similar changes if desired.

Pursuant to this determination the following telegrams were sent:

TREASURY DEPARTMENT TELEGRAM

Federal Reserve Board.

November 30, 1914.

Mr. Wm. Ingle,
Federal Reserve Agent,
Richmond, Va.

Mr. C. H. Bosworth,
Federal Reserve Agent,
Chicago, Ill.

Mr. D. C. Wills,
Federal Reserve Agent,
Cleveland, Ohio.

Mr. John Perrin,
Federal Reserve Agent,
San Francisco, Calif.

At today's meeting of the Federal Reserve Board discussed various communications regarding rediscount rates and voted that if you desire to establish a rate of five and one half per cent for maturities up to thirty days and six per cent for longer maturities the Board is prepared to approve those rates and you may announce them. No change has been made in the eastern rates of five and one half and six per cent and none in St. Louis rate of six per cent or Kansas City rate of six and six and one half per cent. No applications were received for changes at those points.

Secretary.

OFFICIAL, charge Federal Reserve Board.

Federal Reserve Board.

November 30, 1914.

Mr. M. B. Wellborn,
Federal Reserve Agent,
Atlanta, Ga.

Wm. Ingle,
Federal Reserve Agent,
Richmond, Va.

At today's meeting the Federal Reserve Board discussed various communications, regarding rediscount rates and voted that if you desire to establish a rate of six per cent for

all maturities the Board is prepared to approve this rate and you may announce it. No change has been made in the eastern rates at five and one half and six per cent and none at St. Louis with six per cent or at Kansas City with six and six and one half per cent. No applications were received for changes at those points.

Secretary.

OFFICIAL.

Federal Reserve Board

November 30, 1914.

Mr. Frederic H. Curtiss,
Federal Reserve Agent,
Boston, Mass.

Mr. J. Z. Miller,
Federal Reserve Agent,
Kansas City, Mo.

Mr. Richard Austin,
Federal Reserve Agent,
Philadelphia, Pa.

Mr. Pierre Jay,
Federal Reserve Agent,
New York.

Mr. Wm. McC. Martin,
Federal Reserve Agent,
St. Louis, Mo.

Board today wired Reserve Banks at CLEVELAND, RICHMOND, CHICAGO, and SAN FRANCISCO saying:

"At today's meeting the Federal Reserve Board discussed various communications regarding rediscount rates and voted that if you desire to establish a rate of five and one half per cent for maturities up to thirty days and six per cent for longer maturities the Board is prepared to approve those rates and you may announce them. No change has been made in the eastern rates of five and one half and six per cent and none in St. Louis rate of six per cent or Kansas City rate of six and six and one half per cent. No applications were received for changes at those points."

Secretary.

OFFICIAL.

TREASURY DEPARTMENT TELEGRAM.

Federal Reserve Board.

November 30, 1914.

John H. Rich,
Federal Reserve Agent,
Minneapolis, Minn.

Have sent today the following telegrams:

Federal Reserve Agents at BOSTON, PHILADELPHIA, ST. LOUIS, KANSAS CITY and NEW YORK:

"At today's meeting the Federal Reserve Board discussed various communications regarding rediscount rates and voted that if you desire to establish a rate of five and one half per cent for maturities up to thirty days and six per cent for longer maturities the Board is prepared to approve those rates and you may announce them. No change has been made in the eastern rates of five and one half per cent and six per cent and none in St. Louis rate of six per cent or Kansas City rate of six and six and one half per cent. No applications were received for changes at those points."

ATLANTA and DALLAS:

"At today's meeting the Federal Reserve Board discussed various communications regarding rediscount rates and voted that if you desire to establish a rate of six per cent for all maturities the Board is prepared to approve this rate and you may announce it. No change has been made in the eastern rates at five and one half and six per cent and none in St. Louis rate of six per cent or Kansas City rate of six and six and one half per cent. No applications were received for changes at those points."

Secretary.

OFFICIAL, charge Federal Reserve Board.

The question of operations of the Federal Reserve Bank of Minneapolis was then taken up for consideration and it was voted to permit the purchase of accepted drafts covering the exportation or importation of goods when endorsed by a member bank, their purchase without such endorsement not being as yet covered by regulations; while it was also voted that the grain paper proposed for purchase by the Minneapolis Bank was satisfactory in kind, but should have some definite date of maturity. It was voted to refer to a special committee consisting of Messrs. Delano and Warburg the question of conditions under which state or municipal warrants might be purchased.

On motion it was voted to send to the Federal Reserve Agent in each district the applications made by state banks thus far to Federal Reserve Agents in such districts for such comment as they might see fit. The Secretary of the Board was instructed to write a letter for submission to the Board for use in this connection.

A letter from Federal Reserve Agent Jay relative to the meaning of the word "annually" in connection with the choice of members of the Advisory Council was read to the Board, and on motion it was voted that the

first term of such members should run through December 31, 1915 in each case.

On motion, the Commercial National Bank of Washington, D. C., was authorized to establish a branch at Cristobal, as proposed, the sum of \$100,000 having been set aside for the operations of such branch. The Counsel of the Board was instructed to prepare the necessary forms relating thereto.

On motion, it was voted to send to all Federal Reserve Banks a copy of the opinion of the Solicitor of the Treasury with reference to the date when the powers granted by the so-called "Clayton Act" to the Federal Reserve Board became operative.

On motion, the salaries for cashier and auditor proposed by the Federal Reserve Bank of Richmond were approved at \$2,750 and \$3,000 respectively, and information to that effect was ordered sent to the Federal Reserve Bank of Richmond.

On motion, a communication with respect to the acceptance of abraded gold was referred to the Federal Reserve bank in the district in which it originated.

In reply to a letter from Federal Reserve Agent Tenison with respect to the acceptance of suitable quarters for the

Federal Reserve Bank of Dallas, it was voted to ask for an estimate of the cost of preparing such quarters by remodeling its present quarters.

A report from Mr. Joseph A. Broderick, Chief of the Division of Audit and Examination on manufacturers' paper was referred to Standing Committee #3.

Two special applications for examination for appointment to the staff of the Board were referred to the Committee on Staff, with the recommendation that the time limit for requesting the applications be extended.

On motion, it was voted that Assistant Secretary of the Treasury Malburn be informed that he may get help at the St. Louis sub-treasury in connection with the reception of deposits for the credit of the Federal Reserve Bank of Kansas City, such additional staff to be at the expense of the Bank of Kansas City, and the Secretary to notify Mr. Malburn to that effect.

On motion it was voted that the Secretary of the Board write to Mr. Malburn that Federal reserve banks shall be requested to favor sub-treasury clerks in making selections for their own staff whenever such clerks have been actually dropped as the result of lack of work due to the taking over of fiscal functions by Federal reserve banks.

On motion, the report of the Chief of Division of Audit and Examination, Mr. Broderick, relating to the organization of his staff, was referred to Standing Committee #1, Sub-committee A.

A letter from Federal Reserve Agent Ingle was presented and ordered filed.

On motion, a report presented by Mr. Harding with reference to the number of days to be used in computing interest at Federal reserve banks was adopted, as follows:

November 25, 1914.

MEMORANDUM FOR THE SECRETARY TO THE FEDERAL RESERVE BOARD:

In reference to the attached communication from the Governor of the Federal Reserve Bank of Minneapolis, would state that according to the best of my information and belief it is customary in nearly all sections of the United States to compute interest and discount on the basis of 360 days to the year, making twelve calendar months of thirty days each. It is the established banking practice to figure the actual number of days a paper has to run, and to treat each day as the 360th part of a year. While such computation might under strict construction subject banks to penalties for usury, I have never heard of such construction being judicially held. On the contrary, I have seen citations of many cases where such calculation has been upheld by the courts, by some on the principle of established usage, and by others on that of de minimis non curat lex. I know that in most of the larger cities banks use interest tables based on 365 days to the year, but my observation has been that such tables are used only in figuring interest allowed by the banks on deposits and that they are not used in ordinary discount calculations.

I can, therefore, see no reason why Federal reserve banks should not be permitted to conform to the general custom and use interest tables based on 360 days to the year.

W. P. G. HARDING,
Member.

Letter referred to -

FEDERAL RESERVE BANK

Ninth District

Minneapolis, Minn.,

November 19, 1914.

Federal Reserve Board,
Washington, D. C.

Gentlemen:

In the matter of computation of interest, the question arises whether we should compute on a basis of 360 or 365 days to the year. It has been the custom here, and I believe is customary in all the larger cities, to compute interest upon what is known as the banking basis, or 360 days to the year.

We would be very glad indeed to have you advise us of your wishes in the matter, and we will act accordingly.

Yours truly,

THEO. WOLD,

Governor.

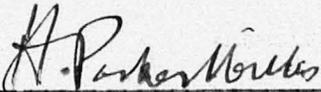
On motion, it was voted that recommendation from the Counsel to the effect that the Board rule only on con-

crete cases regarding eligibility of paper, when such cases have been presented by Federal Reserve agents, be adopted.

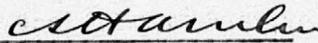
The Secretary to the Board presented a draft of a letter to Federal Reserve Agent Perrin regarding the form in which bank statements should be given out. On motion, this letter was approved.

A letter from Assistant Secretary Malburn was ordered filed.

On motion, at 5:30 p. m., the Board adjourned to meet at 11:00 o'clock on Tuesday, December 1st.


Secretary.

APPROVED:


Chairman.