

At a special meeting of the Federal Reserve Board held in the office of the Board on Wednesday, December 2nd, at 11:30 a. m.

## 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.

By unanimous consent consideration of the situation in the Federal Reserve Bank of Boston was taken up in advance of the calendar. The Governor of the Board read a letter from Federal Reserve Agent Curtiss stating that the Federal Reserve Bank of Boston had purchased City of Lowell thirty day notes to the amount of \$200,000., using \$100,000 of such note as collateral to protect an issue of \$100,000 Federal reserve notes.

After discussion, it was voted that a letter be written by the Governor, advising Federal Reserve Agent Curtiss of the illegal and irregular character of his action, directing the substitution of proper collateral in place of the municipal notes and the sale of the latter, and expressing the strong disapproval of the Board with reference to the action taken.

A letter from Deputy Federal Reserve Agent Hackney regarding the internal organization of the Federal Reserve Bank of Boston and his own relation thereto was referred to Standing Committee No. 3.

A letter from the Merchants National Bank of Baltimore with reference to its proposed action in accepting grain drafts was read to the Board and referred to the Secretary with instructions to say that the proposed business was entirely within the function of the bank, but with suggestion that specific questions affecting discounts should be referred to the Federal Reserve Bank of Richmond. The letter was ordered to be prepared in cooperation with Counsel and a copy sent to the Federal Reserve Bank of Richmond.

The Governor of the Board submitted a draft of regulations regarding the duties of Federal Reserve Agents. The matter was reserved for consideration and a copy was ordered sent to the Counsel of the Board.

A memorandum of the Secretary of the Board with reference to urgent business now awaiting action was read and referred to a committee consisting of Mr. Harding, Mr. Williams and the Secretary of the Board for consideration in so far as related to reserves and to Standing Committee No. 6 on Admission of State banks for study so far as related to State bank questions.

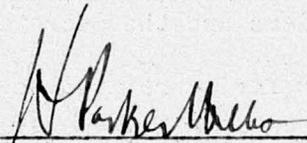
The Governor presented to the Board questions relating to the holding of required reserves against postal savings deposits and with reference to the admission of State banks which desire to continue as postal saving depositories, suggesting that the subject be dealt with as early as possible.

On motion it was voted that the Secretary write to Federal Reserve Agents inquiring how far the request contained in Circular No. 10 with reference to cash payment of reserves had been complied with.

Questions relating to statement of condition brought forward by Federal Reserve Agent Wills were referred to Mr. Warburg for study and report.

Inquiries from Federal Reserve Agent Perrin regarding the status of Federal reserve notes in certain particulars and similar questions from Federal Reserve Agent Austin were presented to the Board by the Governor with suggested answers and were referred to Mr. Miller as a special committee for report .

On motion the Board adjourned to meet at 3:00 p. m. on Thursday, December 3d.

  
Secretary.

APPROVED:

  
Chairman.