

At a regular meeting of the Federal Reserve Board
held in the office of the Board at 3.00 p. m. on Monday,
January 18

PRESENT:

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

Mr. Willis, Secretary.

The minutes of the preceding meeting were read
and approved.

On motion of Mr. Delano, on behalf of the Com-
mittee on Issue and Redemption, it was voted to request
the Comptroller of the Currency to ship Federal Reserve
notes as follows:

To the Federal Reserve Bank of New York	\$2,200,000
To the Federal Reserve Bank of Chicago	1,600,000

in denominations indicated in the respective applications
of these banks, as duly approved by the Committee on Issue
and Redemption.

The Secretary of the Board presented drafts of
letters to Senator Robert L. Owen regarding the bestowal
of the legal tender quality on certain forms of currency.
On motion it was voted that the Governor of the Board pre-
pare a new draft on this subject, putting the reply into

a single letter, and transmit the same, it being the sense of the Board that the bestowal of the legal tender quality on gold and silver certificates should be authorized, and that with reference to the legal tender quality for Federal reserve notes, it should merely be indicated that the present is not considered a favorable time to act on the subject either one way or the other.

The Secretary of the Board presented a letter from Senator James A. Reed, asking certain questions regarding the Federal Reserve system. On motion, the Secretary of the Board was directed to prepare a suitable letter, calling attention to those portions of the annual report in which the matter relating to Senator Reed's questions is contained.

On motion, the Board approved applications for stock in the Federal Reserve Bank of Richmond, as follows:

Peoples National Bank	Orangeburg, South Carolina
First National Bank	New Market, Virginia.

and for stock in the Federal Reserve Bank of Chicago, as follows:

Commercial National Bank	Indianapolis, Indiana.
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On motion, the Board approved the application of the State Bank of Eufaula, Alabama, same having been previously approved by Mr. Harding, Chairman of the Committee on Admission of State Banks.

On motion, the annual report of the Board was made a special order for 3.00 p. m. Tuesday, January 19, the Secretary of the Treasury to be so advised.

On motion, it was voted to appoint Mr. Frank V. Grayson for two months at one hundred and fifty dollars a month, owing to pressure of work in the Division of Reports and Statistics, the rate of compensation being fixed in view of the inadequate pay hitherto received by him while on temporary appointment during the period of organization of the staff.

A telegram from Federal Reserve Agent Martin regarding Federal reserve notes and State bank reserves, was read to the Board and it was agreed that the Governor of the Board send him a reply saying that the Board sees no more reason for allowing National bank notes to count in reserves than it does for permitting Federal reserve notes to count.

In answer to a letter from Mr. E. T. Meredith of the Federal Reserve Bank of Chicago and another from Federal Reserve Agent Miller of Kansas City, calling attention to the fact that legislatures are now in session and inquiring what action is desired with reference to legislation permitting State banks to enter the system, it was voted that the Secre-

tary write, saying that a suitable bill has been drafted by Counsel and enclosing a copy of the bill, but adding that the Board is indisposed to urge any legislation whatever upon State legislatures.

On motion, it was voted to transmit this letter with the bill, to all Federal reserve agents.

A telegram from certain Michigan trust companies protesting against the extension of trustee powers to National banks having been read, it was voted to reply saying that tentative regulations have already been prepared on this subject, but that the Board will be glad to consider a brief relating thereto, if the trust companies wish to file one.

A letter from George W. Norris of Philadelphia, regarding the proposed salary for Deputy Federal Reserve Agent La Monte, was read, and on motion referred to Mr. Delano and Mr. Warburg as a special committee to pass on the letter, in consultation with Governor Rhoads.

On motion, it was voted that Messrs. Delano and Warburg, acting as a special committee, be given authority to make final revision and issue the circular on commercial paper.

In answer to an inquiry from Federal Reserve Agent Perrin, it was voted to say that the Board is not now prepared to authorize exchange of 2% for 3% bonds, no matter what the

legal status of this question may be.

A letter from Mr. Alba Johnson of the Federal Reserve Bank of Philadelphia, suggesting a lower rate on acceptance business was presented to the Board and on motion it was voted to say to Mr. Johnson that full consideration of the matter would be had when the acceptance regulations now under consideration are complete.

A letter from Cashier Hecht of the Hibernian National Bank of New Orleans, suggesting joint subscriptions by National banks to banking institutions authorized to engage in foreign trade, having been read, it was voted to say to Mr. Hecht that the matter is one which, for the present, must be deferred in common with other proposed amendments to the Federal Reserve Act.

The question of change in discount rates at the Federal Reserve Bank of Atlanta was laid on the table until the established discount day.

Letters from Federal Reserve Agent Perrin and Secretary Curtiss of the Federal Reserve Bank of New York, regarding the proper methods of dealing with banks which are reducing or retiring their shares in Federal Reserve banks, were referred to Counsel.

In answer to certain requests made for the re-rating of examination papers of failed candidates who took the recent

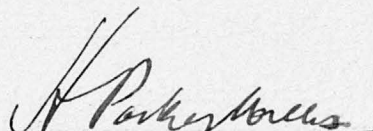
test, it was voted to allow such re-rating upon application.

A communication from the Counsel of the City of Seattle relative to the purchase of certain short-term bonds of that State was referred to the Governor and Counsel as a special committee, to report.

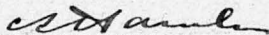
The Secretary of the Board presented a plan offered by the Chicago Federal Reserve Bank for continuing the clearing operation. On motion it was voted that this be reproduced and distributed.

A number of letters relating to the clearing house question were ordered referred to Mr. Harding.

On motion, 5.30 p. m. the Board adjourned to meet at 3.00 p. m. Tuesday, January 19.


Secretary.

APPROVED:


Chairman.