

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11:00 a. m. on Wednesday, February 17,

## PRESENT:

Mr. Hamlin, presiding,      Mr. Warburg

Mr. Delano                      Mr. Harding

Mr. Williams                  Mr. Miller

Mr. Willis, Secretary.

The minutes of the afternoon meeting of February 15th were read and approved.

Mr. Delano on behalf of the Committee on Staff, to which had been recommitted the report regarding salaries in the office of the Counsel of the Board, reported that the subject had been reconsidered by his committee and that the former recommendation was reconfirmed.

On motion in accordance with the report of the Committee the salary of Mr. George L. Harrison, attorney in the office of the Counsel, was fixed at \$3,600 per annum.

Mr. Delano on behalf of the sub-committee appointed to take under consideration an article written by Mr. V. Gilmore Iden in the New York Journal of Commerce presented to the Board the findings of the investigation. The Board

received the report.

A telegram from Federal Reserve Agent Jay of New York, requesting permission to bid for warrants of the city of Rochester, N. Y., was presented to the Board and on motion was approved. The Secretary was directed to notify Mr. Jay by telegram of the decision.

The Secretary of the Board presented certain inquiries with reference to the question when the discount rate established by individual banks and approved by the Board actually become effective. On motion the papers relating to this matter were referred to Mr. Warburg as a committee of one to formulate a report on the subject for consideration by the Board.

Various opinions of Counsel of the Board were presented and on motion it was voted that the following be sent to all Federal Reserve Agents:

1. An opinion, dated February 9, relating to the question whether "taxable property" includes franchises under the Board's regulations.
2. An opinion relating to the question whether the Federal reserve banks are limited by the usury laws of the several states.
3. An opinion, dated February 15, relating to the question of protesting notes with waiver of demand, notice and protest.

A draft of a proposed amendment to Sections 5208 and 5209 Revised Statutes, prepared by the Counsel of the Board, was ordered referred to Messrs. Warburg and Harding as a special committee to report with reference to the proper disposition to make of the matter.

On motion the application of the State National Bank of Jennings, La. for reduction of capital stock from \$60,000 to \$50,000, recommended by the Comptroller of the Currency, was approved by the Board.

A letter from the board of directors of the United States National Bank of Owensboro, Ky., regarding the method of charging checks against it by the Federal Reserve Bank of St. Louis, was ordered referred to the Federal Reserve Agent at St. Louis.

It was voted to inform Mr. F. G. Kahmann, Cashier of the First National Bank of Washington, Mo., in answer to his inquiry, that in the opinion of the Board, the personal inspection of improved farm lands by bank officers is not necessary if such officers are duly informed by reliable representatives of the character of the land offered as security.

A letter from Mr. J. S. MacGinnis relative to trade with South America was presented to the Board and the

Secretary was instructed to send a general reply.

After hearing a communication from Federal Reserve Agent Curtiss, Boston, relative to the compensation of Deputy Federal Reserve Agent Hackney, it was voted, on motion duly made, that the plan presented for compensating Mr. Hackney, viz: \$25.00 a day for such days as he finds it necessary to be at the bank, such compensation to be additional to his regular fees as a director, be approved.

A letter from Federal Reserve Agent Rich respecting the establishment of a reserve supply of Federal reserve notes to be held in the subtreasury at Chicago for the joint use of the Chicago and Minneapolis banks; and a similar letter from Governor Strong of the Federal Reserve Bank of New York, were referred to the Committee on Issue and Redemption for report.

A letter from Governor Charles J. Rhoads of the Federal Reserve Bank of Philadelphia, asking for the designation of a representative to act for the bank in making shipments of currency was referred to the Committee on Issue and Redemption for report.

A communication from Mr. Claud Gatch, Deputy Federal Reserve Agent at San Francisco, regarding the

refunding of share capital to banks reducing stock subscriptions, was ordered referred to the Secretary and Counsel of the Board with authority to act.

A proposed draft of a letter to Gibson Arnoldi was presented to the Board and on motion referred back to the Governor and Secretary with power to act.

Letters of Federal Reserve Agent Ingle with reference to methods of changing capital stock payment on the second call for stock subscriptions were presented to the Board and on motion referred to Counsel for an expression of opinion.

Formal report of the meeting of the Federal Reserve Agents was presented to the Board by the Secretary, and on motion it was voted to refer the several committee reports accompanying the report of the meeting to the appropriate committees of the Board, the general report itself, having been distributed to every member of the Board.

Various operations undertaken by the reserve banks, particularly in connection with the discounting of notes of municipalities were referred to the Committee on Commercial Paper.

A communication from Federal Reserve Agent Rich relative to the division of rediscounts to be made for the

southern reserve banks by the reserve banks in other districts was referred to the Committee on Commercial Paper for examination and report.

An application for \$200,000 of Federal Reserve notes made by the Federal Reserve Bank of Richmond, duly approved by the Committee on Issue and Redemption, was approved by the Board, as follows:

Ten dollar notes .....\$200,000

A letter from Senator George W. Norris transmitting a communication from Mr. H. E. Sackett, Beatrice, Nebraska, relative to the right of a local bank to increase its exchange charges based upon the alleged expense attendant upon the Federal reserve system, was presented to the Board and the Secretary was instructed to secure more information regarding the subject.

On motion it was voted to rectify the minutes of February 9th relative to the application of the Federal Reserve Bank of Atlanta for Federal reserve notes, the change being due to the alteration proposed by the Atlanta bank in the denominations of the notes for which it made application.

The telegram from Mr. T. D. Webb of Nashville, Tenn., announcing the application of the national banks of Nashville to have that city designated a reserve city was ordered re-

ferred to the Federal Reserve Agent at Atlanta for report.

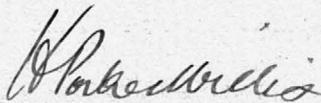
A communication from Mr. J. Frederick of the American Smelting & Refining Co., relative to the establishment of an official quotation for bills on Chile, was presented to the Board, and on motion it was voted to transmit the letter to the Secretary of Commerce for such action as he may see fit to take.

A communication from Governor J. B. McDougal of the Federal Reserve Bank of Chicago, inquiring as to the availability of Federal reserve bank notes was presented to the Board and, on motion, referred to the Comptroller of the Currency.

A letter from the Secretary of the Treasury relative to the possible designation of the city of Chattanooga as a reserve city was presented to the Board and the Secretary of the Board was directed to advise the Secretary of the Treasury of the present status of the application of Chattanooga.

On motion at 1.10 p. m. the Board adjourned to meet at 3.00 p. m. today.

APPROVED:



Secretary.



Chairman.