

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11.00 a. m. on Thursday, March 18,

PRESENT:

Mr. Delano, presiding, Mr. Warburg
 Mr. Williams Mr. Harding
 Mr. Willis, Secretary.

The minutes of the meeting of 11.15 a. m. Wednesday, March 17th were read and approved.

A letter from Federal Reserve Agent Curtiss of Boston making inquiry regarding his power to issue Federal reserve notes was ordered answered with the statement that when notes are shipped to a Federal reserve agent it is with the implied authority to issue them to the Federal reserve bank to which he is accredited, under the conditions specified in the Federal Reserve Act and the general regulations of the Board.

Applications for the surrender of capital stock were presented to the Board and approved, as follows:

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| First National Bank | Roselle, N. J. | 6 shares |
| First National Bank | Scenery Hill, Pa. | 1 share |

Mr. Delano, on behalf of the Committee having in charge the question of the establishment of a reserve stock

of Federal reserve notes, to be held in sub-treasuries nearest the several Federal reserve banks, presented a report on this subject, which was read to the Board and ordered filed. After discussion, it was agreed that the report lie on the table for the time being, pending further inquiry on the subject.

A special committee having in charge the applications of various banks for power to act as executor, trustee, etc., reported in favor of approving such powers for the following institutions:

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| First National Bank | Boston, Mass. |
| National Shawmut Bank | Boston, Mass. |
| Middletown National Bank | Middletown, Conn. |
| First National Bank | Wallingford, Conn. |
| Union Market National Bank | Watertown, Mass. |
| Worcester National Bank | Worcester, Mass. |
| Manufacturers National Bank | Waterbury, Conn. |
| Second National Bank of | New Haven, Conn. |
| National Bank of | Danville, Va. |
| National Exchange Bank | Roanoke, Va. |
| United States National Bank | Denver, Colo. |
| First National Bank | Alexandria, Va. |
| Essex National Bank | Haverhill, Mass. |
| Merchants National Bank | Boston, Mass. |
| Second National Bank | Boston, Mass. |
| First National Bank | Birmingham, Ala. |

On motion the foregoing recommendations were approved.

(Note: The United States National Bank of Denver, Colorado, the National Shawmut Bank of Boston, Mass. and the First National Bank of Boston, Mass. had already been approved by the Board.)

The special committee aforesaid, reported in favor of

withholding, for the present at least, approval of the applications of the following banks:

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|--------------------------|----------------------|
| Jefferson National Bank | Charlottesville, Va. |
| Virginia National Bank | Petersburg, Va. |
| District National Bank | Washington, D. C. |
| Palmetto National Bank | Columbia, S. C. |
| Keene National Bank | Keene, N. H. |
| First National Bank | Concord, N. H. |
| City National Bank | Knoxville, Tenn. |
| Second National Bank | Washington, D. C. |
| Rockbridge National Bank | Lexington, Va. |
| Citizens National Bank | Covington, Va. |

On motion the recommendation was approved.

The Committee further reported that the First National Bank of Minotola, N. J. showed it to be in good condition, but recommended the withholding of approval for the present, in view of the fact that the bank has a capital of but \$25,000, pending the determination of a general policy on the part of the Board regarding such applications.

A letter from Secretary J. F. Curtis of the Federal Reserve Bank of New York relative to the position of the Bank of New York with regard to the securing of legislation favorable to the exercise of executor and trustee powers, the same being in answer to the Board's recent resolution, was read to the Board.

Mr. Williams moved that it is the sense of the Federal Reserve Board that, inasmuch as the laws of a number of the states make it possible for member banks to act as executor, trustee, etc., and inasmuch as there are a number of states in which existing

laws render nugatory the provisions of the Federal Reserve Act permitting the extension of such powers to member National banks, this Board would be pleased to see such restrictions now existing in the laws of the several states, removed.

After discussion, Mr. Williams' motion was adopted, subject to revision by Counsel of the Board with reference to the facts as stated.

|| The question of acceptances in trade between two foreign countries was ordered to lie on the table until further order. ||

The Secretary of the Board called the attention of the members present to the statement of earnings and expenses of the several Federal reserve banks, which had been compiled by the Division of Reports and Statistics.

Mr. Delano, on behalf of the special committee previously appointed by the Board for the purpose of drafting a letter to the Attorney General of the United States, respecting the definition of public moneys, made a brief statement of the existing situation in this matter. On motion, it was voted that the committee secure a personal interview with the Attorney General, also with Assistant Attorney General Warren, as early as possible, for the purpose of bringing to their attention the Board's views with reference to the matter in hand.

The question of permitting subscription blanks to be circulated among employees of the Board for any purpose was brought up, apropos of the proposed circulation of such a blank soliciting contributions to a baseball fund.

On motion it was voted that the Board enter a general disapproval of the circulation of any such blanks for any purpose, now or in the future.

A letter from Federal Reserve Agent Perrin relative to settlements between Federal reserve banks was referred to Mr. Warburg.

Letters from Federal Reserve Agents Wills and Ingle relative to certain problems in connection with the functions of trustee, executor, etc. were referred to Mr. Harding, with request that he write them fully, for their private information, as to the attitude of the Board.

The application of the Federal reserve Bank of Minneapolis for an issue of Federal reserve notes, duly recommended, was approved as follows:

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| Five dollar notes | \$680,000 |
| Ten dollar notes | 80,000 |
| Twenty dollar notes | 240,000 |

In answer to an inquiry from Federal Reserve Agent Perrin as to the question of rediscounts of long term paper between Federal reserve banks, the Secretary

was directed to say that for the present there is no prospect of the offering of such rediscounts, and that consequently the Board has not deemed it necessary to pass upon the matter.

An application from the Harriman Bank of Alaska for an issue of stock in the Federal Reserve Bank of the twelfth district having been presented to the Board, the Secretary was authorized to approve the application in advance of action by the Federal Reserve Bank of San Francisco, writing at the same time to Federal Reserve Agent Perrin in order to explain to him that this action was taken merely for the purpose of economizing time in the transmission of the application.

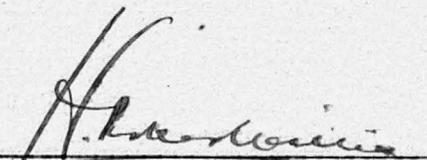
On motion it was voted that the sense of the Board is that Mr. Harding and if possible, one other member of the Board, should make a visit of inspection to the Federal Reserve Bank of Atlanta during the latter part of the coming week.

// Mr. Warburg stated that it might be opportune for the Board to record that, while the aggregate of discounts acquired by the Federal Reserve banks up to March 18 amounts to about \$7,000,000 the total which the Federal Reserve Banks have been able to acquire with the endorsement

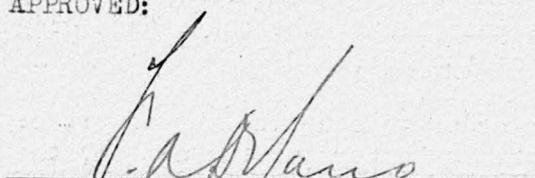
of a member bank amounts to only \$427,000 noting that this clearly bears out the policy of the Board adopted in framing its acceptance regulations. //

Application from Federal Reserve Agent Wills for special permission to purchase 50% of an issue of \$150,000 of short time notes or warrants of Fayette County, Pa., was, on motion, approved, it being stated however, to Mr. Wills that the action taken is not to be regarded as constituting a precedent.

On motion, at 1.00 p. m. the Board adjourned to meet at 11.00 a. m. Friday, March 19, unless otherwise ordered in the meantime.


Secretary.

APPROVED:


Chairman.