

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11.00 a. m. on Wednesday, April 7

PRESENT:

Mr. Delano, presiding, Mr. Warburg

Mr. Williams Mr. Harding

Mr. Willis, Secretary.

The minutes of the meeting of Monday, April 5th were read and approved.

Applications for the surrender of capital stock in Federal reserve banks duly recommended by Mr. Harding, were approved as follows:

<u>DISTRICT No. 2.</u>		Shares
Citizens National Bank	Saratoga Springs, N. Y.	1
<u>DISTRICT No. 4.</u>		
Citizens National Bank	Mansfield, Ohio.	6
First National Bank	Monongahela, Pa.	12
First National Bank	Bentleyville, Pa.	3
Colonial National Bank	Connellsville, Pa.	5
Third National Bank	Pittsburgh, Pa.	30
<u>DISTRICT No. 7.</u>		
Rock Island National Bank	Rock Island, Ill.	120
<u>DISTRICT No. 10.</u>		
Carson National Bank	Auburn, Nebr.	18
Delta National Bank	Delta, Col.	3

<u>DISTRICT No. 11.</u>		Shares
First National Bank	Gorman, Texas	2
First National Bank	Center, Texas	6
First National Bank	Verden, Okla.	1

Applications for the issue of new stock in Federal Reserve banks, duly recommended by Mr. Harding, were approved, as follows:

<u>DISTRICT No. 3.</u>		Shares.
Citizens National Bank	Bloomsbury, N. J.	15

The application of the Federal Reserve Bank of Richmond for a total of \$440,000 Federal reserve notes, duly recommended by the Committee on Issue and Redemption, was approved as follows:

Ten dollar denomination	\$200,000
Twenty dollar denomination	240,000

Applications of National banks for power to exercise the functions of executor and trustee, duly recommended by Mr. Williams and Mr. Harding, were approved as follows:

City National Bank	Holyoke, Mass.
Strafford National Bank	Dover, N. H.
First National Bank	Florence, Ala.
First National Bank	Portland, Me.

Applications of National banks for the exercise of the functions of registrar of stocks and bonds, duly recommended by Mr. Harding and Mr. Williams, were approved as follows:

Suffolk County National Bank Riverhead, N.Y.  
First National Bank Hempstead, N.Y.

Applications of National Banks for power to exercise the functions of executor, trustee, etc., were referred to Mr. Harding and Mr. Williams, as follows:

National Bank of Commerce, New York City  
Peoples National Bank Strassburg, Va.  
Planters and Merchants Nat'l. South Boston, Va.

The Secretary of the Board reported the receipt of a memorandum from Assistant Secretary of the Treasury Malburn relating to the conversion of 2% into 3% securities, and indicating that further conference with the Secretary of the Treasury would be necessary before final action could be taken.

On motion, the subject was laid on the table.

A plan for establishing a system of settling balances between Federal reserve banks, recommended by certain Governors of reserve banks who have been acting as a committee on the subject, was presented to the Board and given tentative discussion. Final action was deferred.

On motion, the application of the Union Bank of San Diego, Cal. for reduction of its capital stock from \$200,000 to \$100,000 duly recommended by the Comptroller of the Currency, was approved.

A letter from Assistant Secretary of the Treasury Malburn with reference to the color of seal to be used on

Federal reserve notes having been read to the Board, the Secretary was directed to communicate the substance of the letter to Hon. Henry F. Hollis, who originally raised the question.

A letter from Federal Reserve Agent Wellborn to the effect that the Board's letter of suggestion and criticism on conditions in the Federal Reserve Bank of Atlanta would be brought to the attention of the Board of Directors of that bank on April 28th, was read to the Board and noted.

A letter from the Gold Fund Committee transmitting copies of the final statement of conclusion of operations, was presented to the Board and the Secretary was directed to acknowledge the same, stating that the correspondence had been so presented.

On motion, Mr. Warburg was authorized to transmit to Governor Fancher and Deputy Governor McKay, the opinions of Messrs. J. F. Curtis, Weed and Williams, Counsel respectively of the Federal Reserve Banks of New York, Boston and Philadelphia, relating to the question of withdrawals of State banks from membership in the Federal reserve system.

A request from Chief of Division Broderick for permission to change his itinerary so as to examine the Federal Reserve Bank at San Francisco at a time that would

enable him to participate in the meeting of Supervisors of State banks at Oakland, having been read to the Board, the request was, on motion, approved.

The Secretary of the Board was instructed to advise Mr. H. Y. Brooke, examiner, of the facts as to sick leave and to express the regret of the Board at his illness.

On motion, the Secretary of the Board was authorized and instructed to prepare a brief digest of the regular reports of Federal reserve agents for publication in the Federal Reserve Bulletin.

A letter from Mr. A. P. Bourland asking for the presence of a member of the Board at the Southern Conference of Education and Industry on April 27th to 30th, was ordered declined, with regrets.

The acting Governor of the Board presented a communication just received from Governor J. B. McDougal, Chairman of the Clearance Committee of Governors, relative to the procedure recommended in controlling rediscounts between Federal reserve banks, as follows:

TELEGRAM

Chicago, April 15, 1915.

Mr. F. A. Delano,  
Vice Governor, Federal Reserve Board,  
Washington, D. C.

By request of Mr. McKay you are advised action by Governors' Clearance Committee at New York meeting regarding rediscounts between Federal Reserve Banks was as follows:

"VOTED, that it is the sense of this Committee that the rediscount Operations between Federal Reserve Banks should be operated on the following lines:

- (a) The borrowing bank to be authorized to name the exchange desired and the bank or banks which it prefers to receive the loan;
- (b) The Federal Reserve Board to invite applications from other banks desiring to participate in the loan;
- (c) Loans not exceeding five hundred thousand dollars to be placed only with one or two loaning banks;
- (d) The paper rediscounted to be delivered direct to the loaning bank or banks;
- (e) The rate of rediscount to be the regular rate established by the loaning bank or banks;
- (f) Collateral notes with discount to be used if possible, the maturity thereof not to exceed the maturity of the collateral;
- (g) The bills, notes or rediscount should run for the period of rediscount required, if possible;
- (h) All transactions to be cleared through New York or Chicago or any other point desired by the borrowing bank to meet its requirement for funds for both payment and repayment.

J. B. McDOUGAL,

Chairman, Clearance Committee.

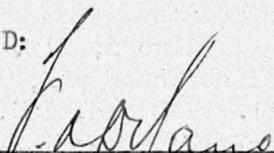
The Acting Governor of the Board reported that arrangements had been made for a consultation between a committee and Governor Geo. J. Seay of the Federal Reserve Bank of Richmond for tomorrow, April 8th.

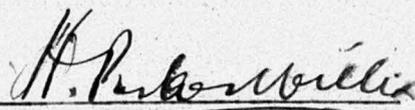
It was informally agreed that henceforward the Secretary of the Board should close the daily calendar one hour before the time set for the meeting and that subjects turned in after that time should be held over for action at a following meeting, except by unanimous consent.

The Secretary was instructed to look into the present arrangements for notifying Federal reserve banks concerning the action of member banks which are reducing capital and to take such steps as may be required.

On motion, the Board adjourned to meet on Friday, April 9th at 11.00 a. m.

APPROVED:

  
Chairman.

  
Secretary.