

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11.00 a. m. on Wednesday, April 28.

## PRESENT:

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

The minutes of the meeting of Monday, April 26th were read and approved.

The report of Federal Reserve Agent Ingle regarding the application of the Peoples National Bank of Strasburg, Va., to act as trustee, executor, etc., being presented and discussed, it was voted that the application in question be indefinitely laid on the table.

Applications for the surrender of 726 shares of stock in Federal Reserve banks, duly recommended by Mr. Harding, were approved as follows:

<u>DISTRICT No. 3.</u>		Shares.
First National Bank	Scranton, Pa.	150
<u>DISTRICT No. 4.</u>		
Exchange National Bank	Pittsburgh, Pa.	420
Clymer National Bank	Clymer, Pa.	6
First National Bank	Parkers Landing, Pa.	3
Lincoln National Bank	Avella, Pa.	3
First National Bank	Beaver, Pa.	4

<u>DISTRICT No. 5.</u>		Shares.
National City Bank	Charleston, W. Va.	99
<u>DISTRICT No. 7.</u>		
Commercial National Bank	Cedar Rapids, Iowa	68
First National Bank	Fort Wayne, Ind.	15
<u>DISTRICT No. 8.</u>		
Peoples National Bank	Seymour, Mo.	3
American National Bank	Fort Smith, Ark.	30
<u>DISTRICT No. 10.</u>		
First National Bank	Paonia, Colo.	3
First National Bank	Terlton, Okla.	16
<u>DISTRICT No. 11.</u>		
First National Bank	Altus, Okla.	2
Commercial National Bank	Jefferson, Texas.	1
First National Bank	Ganado, Texas	3

The recommendation of the Comptroller of the Currency that the First National Bank of Farmington, N. M., be permitted to reduce its capital stock in the sum of \$25,000 was approved, but the Secretary of the Board was directed to telegraph the Federal reserve agent of the district to inquire whether, in his judgment, there was any objection to the permitting of this reduction.

On motion it was voted that the Secretary of the

Board draft a form of letter to be sent to all Federal reserve agents with reference to applications for reduction of capital stock by national banks, also a letter to the Comptroller of the Currency stating the views of the Board on the general question at issue.

The application of the Federal Reserve Bank of Cleveland, duly recommended by the Committee on Issue and Redemption, for the issue of Federal reserve notes aggregating \$1,200,000 was approved as follows:

\$5 denomination	.....	\$400,000
20           "	.....	800,000

The application of the Federal Reserve Bank of Kansas City, duly recommended by the Committee on Issue and Redemption, for the issue of Federal Reserve notes aggregating \$2,000,000 was approved as follows:

\$ 5 denomination	.....	\$1,000,000
10           "	.....	400,000
20           "	.....	400,000
50           "	.....	200,000

The minutes of the Executive Committee at the meeting held on April 27, recommending the employment of special counsel, and taking action on the matter of withdrawal of State deposits in Massachusetts from national banks which have opened savings departments, were read, and on motion received and filed.

On motion it was voted that Mr. Joseph P. Cotton of New York be invited to come to Washington for a preliminary conversation with a committee of the Board respecting his retention as special counsel.

The Secretary of the Board presented letters and reports from various Federal reserve agents with reference to the rates of discount, all recommending that the existing rates be maintained.

It appearing that Federal Reserve Agents Austin and Perrin favor the establishment of a special low rate of 3% for ten day accommodation to member banks, it was voted that a letter designed to draw out from Federal reserve agents their views with respect to the adoption of this plan, be drafted and transmitted.

The Secretary of the Board having presented a form of stock certificate, and a form of telegram relative to the cost of such certificate, for transmission to Federal Reserve banks, it was voted that the matter be placed in the hands of Mr. Harding and Counsel in order that they might report what, if anything, could be done for the purpose of revising the form of certificate with special reference to the application of the Internal Revenue Law.

An informal report respecting the rates asked by

bonding companies for a bond designed to protect the gold settlement fund was, on motion, referred to Mr. Warburg as a special committee, it being understood that he would secure information from the head officers of bonding companies.

Mr. Warburg presented the question of the form of transfer checks to be used in dealing with the gold settlement fund, the question at issue being how to keep the benefits of the proposed system for member banks, and suggested consultation with Messrs. McDougal and McKay of the Federal Reserve Bank of Chicago with reference thereto. It was agreed to take up the matter for consideration with Mr. Wolfe, Mr. Broderick and others on the 29th instant.

A letter from Mr. Williams with reference to the examination of State member banks and the relation of the Comptroller of the Currency thereto, was read, and, on motion was referred to the Committee on Audit and Examination.

The Secretary of the Board read a communication from the Federal Reserve Agent at Cleveland describing the vault arrangement employed at that bank, and a memorandum from Mr. Broderick approving of the same. On motion the Secretary was directed to inform the Federal Reserve Bank of Cleveland that the plan adopted by them is approved. He was also directed to write other Federal reserve agents indicat-

ing the action that had been taken, and suggesting the use of a uniform system.

A letter from Federal Reserve Agent Curtiss respecting the method of conducting elections for the directors of the Federal Reserve Bank of Boston and the opinion of counsel with reference thereto, was read to the Board, and the interpretation of counsel regarding the provisions of the Federal Reserve Act applicable thereto, was approved, the Secretary was directed to notify Mr. Curtiss to this effect, but also to inform him (if approved by Counsel) whether it is necessary for the Federal reserve agent to reclassify the banks of the district in three groups so as to take account of the new organizations' changes in capital and the like.

Mr. Williams reported that he had selected Mr. Abbott as chief examiner of District No. 6. He also indicated that a selection for the St. Louis district had been tentatively made.

Mr. Miller presented the draft of a letter to Federal Reserve Agent Martin with reference to the eligibility of renewal notes for rediscount. The letter was approved and ordered sent in substantially the form presented and was ordered published in the next issue of the Federal

Reserve Bulletin.

The recommendation of Federal Reserve Agent Curtiss relative to the application of the Peoples National Bank of Brattleboro, Vt., was presented to the Board, and, on motion, the application for executor and trustee powers was approved provided that the bank will inform the Comptroller of the Currency in writing that it is willing to make the changes in its loan account indicated by Federal Reserve Agent Curtiss.

A letter from Mr. J. B. Forgan addressed to Vice Governor Delano with respect to the tendency now at work to convert commercial deposits into so-called savings deposits protected by 5% reserves, was read to the Board and general discussion ensued.

On motion it was voted to admit to the Federal reserve system the First State Bank of Bremond, Texas, the same having been recommended by the Division of Audit and Examination.

A letter from Governor Hamlin with reference to the date for consideration of appeals in the redistricting matter, was read to the Board and noted.

A letter from Federal Reserve Agent Wills regarding the form of statement to be used by borrowers at member

banks, was ordered answered with the statement that the Board would be glad to have Mr. Wills submit his own plan for consideration; but that it is the desire of the Board to see the proposed plan individually developed in the several districts, although it stands ready to render such aid as it can in securing the practical application of the plan determined upon.

On motion at 1 p. m. the Board adjourned to meet at 11.00 a. m. on Friday, April 30.

*H. Parker Willis*  
Secretary.

APPROVED:

*P. H. ...*

Chairman.