

At a regular meeting of the Federal Reserve Board held in the office of the Board on Wednesday, June 9,

PRESENT:

Mr. Hamlin, presiding, Mr. Warburg

Mr. Delano Mr. Harding

Mr. Williams Mr. Miller

Mr. Willis, Secretary.

The minutes of the meeting of June 7, were read and approved.

Mr. Harding and Mr. Delano presented an informal report with reference to conditions existing in the Federal Reserve Bank of New York. It was agreed to invite Mr. George Foster Peabody, director in the Reserve Bank of New York, to confer with the Board on general conditions there.

On motion the recommendation of the Federal Reserve Bank of New York that Mr. Louis S. Sailer be appointed cashier of the Federal Reserve Bank of New York at a salary of \$10,000 per annum was approved.

On motion it was voted that a special committee consisting of Mr. Harding and Mr. Delano should report to the Board as soon as possible with reference to the character of State bank examinations in each State in the

Union, with special reference to the question whether such examination could be accepted by the Federal Reserve Board.

Mr. Warburg presented the facts with reference to the Old Colony Trust Company of Boston, Mass., which has been considering membership in the Federal reserve system, and which desired to know whether the Board would be willing to accept Massachusetts' bank examinations with reference to condition. The proposal was referred to the special committee already nominated, for recommendation.

On motion, the Executive Committee was authorized to communicate with the Old Colony Trust Company with reference to the probable attitude of the Board respecting acceptance of Massachusetts bank examinations, if it should appear that the special committee on State bank examinations found the Massachusetts examinations to be satisfactory.

The Secretary of the Board presented a communication from the National City Bank of Mobile, Alabama, with reference to the question whether their permission to exercise executor and trustee powers, could be made effective as of May 1. It was informally agreed that the Board could not make the permit effective prior to the date on

which it was actually approved.

Mr. Warburg having presented an amendment to the By-laws designed to govern the action of the Board with reference to the admission of State banks to the system, the usual seven days' notice required for the adoption of by-laws was, on motion, waived, in pursuance of a written agreement to that effect on the part of all members of the Board.

On motion, the proposed amendment to the by-laws was adopted as follows:

WHEREAS, Section 9 of the Federal Reserve Act requires that the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by State banks, banking associations and trust companies for stock ownership in Federal reserve banks, and,

WHEREAS, Section 9 further specifies that such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the Federal Reserve Board,

NOW, THEREFORE, BE IT RESOLVED, That this Board shall be governed in its conduct in acting upon all such applications by the rules and directions set forth in Regulation M, Series of 1915, relating to the filing and approval of applications, and,

BE IT FURTHER RESOLVED, That all applying banks and trust companies not organized under Federal law shall comply with the reserve and capital requirements set forth in the Federal Reserve Act, and shall submit to such examination as the Board may require, and to the provisions of Regulation M, Series of 1915.

The question how much information should be obtained from State banks becoming members of the Federal reserve system in their stated periodical reports having been presented for discussion, it was, on motion voted that, until further notice, condition reports of national banks should be regarded as the standard, and that State banks should be called upon to supply only a similar amount of data.

On motion the minutes of a conference between certain members of the Federal Reserve Board and certain Federal reserve agents, held on Friday, May 28, and duly recommended by Mr. Delano, to whom they had been referred, were approved.

A letter from Federal Reserve Agent Wills, explaining certain purchases of warrants by the Federal Reserve Bank of Cleveland, Ohio, having been read to the Board, was approved, and the Cleveland purchases of warrants were authorized.

On motion it was voted that the Secretary of the Board look into the question of having volume of the Monetary Commission's report relating to State banking laws brought up to date, and report back to the Board the details regarding the work.

The Secretary of the Board read a letter received from Federal Reserve Agent Miller regarding the transfer of certain Oklahoma counties from the Dallas District. The letter was noted and ordered filed.

A letter from Senator Pomerene regarding the appointment of a Settling Agent, was also read and similarly noted.

A letter from Federal Reserve Agent Ingle relative to the best method of correcting advertising practices of a member bank in the Richmond District relative to "real estate bonds", was read, and the Secretary directed to instruct him to carry out the plan indicated in a former letter.

The Secretary of the Board presented certain letters from Federal reserve agents suggesting criticisms of the present plan for managing the reduction of capital stock. On motion it was voted that the present plan be continued in effect.

The Secretary of the Board having presented a letter from Governor Rhoads relative to supplying reserve banks with copies of the reports of member banks on earnings and dividends, it was, on motion, voted that the question of the character of information to be furnished

by Chief examiners to reserve banks be referred to the Committee on Audit and Examination for inquiry and report. At the same time it was voted to refer to this same Committee the question of furnishing to reserve banks the full reports of member banks.

On motion it was voted that Mr. Harding be added for the purpose of the present investigation to the Committee on Audit and Examination.

A letter from Federal Reserve Agent Ingle making inquiry about the interpretation of the Federal Reserve Act's provision as to dividends, was referred to Counsel for an opinion.

An opinion of Counsel, accompanied by correspondence with the Commissioner of Internal Revenue, relative to the question of examinations of member banks by the latter for income tax purposes, was referred to the Governor to consult with the Secretary of the Treasury.

A letter from Federal Reserve Agent Jay asking approval of a purchase of notes issued by the City of Bath, Maine, was approved and the purchase authorized.

A communication from Assistant Secretary Malburn asking the opinion of the Board with reference to certain questions affecting the form of the new 3% notes and bonds,

was referred to Mr. Delano for report.

A letter from Federal Reserve Agent Ingle regarding the discounting of paper based on standing timber, was referred to Mr. Harding with power to reply in the way he had indicated.

A communication from Governor Strong of New York, relative to the interpretation of an opinion of Counsel as to the purchase of bonds, was referred to Counsel for further consideration of his opinion.

On motion at 1:05 p. m. the Board adjourned to meet at 11:00 a. m. Thursday.

H. Parker Willis

Secretary.

APPROVED:

C. H. Smith

Chairman.