

At an adjourned meeting of the Federal Reserve Board held in the office of the Board on Tuesday, June 22, at 3.00 p. m.

PRESENT:

Mr. Delano, presiding, Mr. Warburg

Mr. Williams Mr. Harding

Mr. Willis, Secretary.

The question of policy to be followed with reference to the granting of applications for the exercise of the powers of executor, trustee, etc., was given consideration, and after discussion the whole subject was deferred until some day during the week beginning June 28, preferably Tuesday, June 29 or Wednesday, June 30, with the understanding that on that day Mr. Joseph P. Cotton of New York should be invited to a conference in Washington at which the whole subject should be considered.

The Secretary of the Board presented Circular No. 15 and Regulation N in proof form. On motion the publication of the Circular and Regulation was authorized.

The Secretary of the Board presented a letter from Federal Reserve Agent Curtiss of Boston, recommending the acceptance by the Board of the State bank examinations of Massachusetts, Rhode Island, Connecticut, New Hampshire and Vermont.

On motion the subject was referred to Chief of Division Broderick for report.

The Secretary of the Board presented a letter from the Texas Cattle Raisers Association relative to desired changes in the treatment of agricultural paper at Federal reserve banks. In reply he was instructed to inform the Cattle Raisers Association of the limitation imposed by the law upon the granting of rediscounts.

The Secretary of the Board read a communication to the Board proposing advances in salaries for members of the staff for the coming year, duly approved by the Committee on Staff. On motion the increases suggested were approved as follows:

Helen J. P. Starr, stenographer to the Secretary of the Board, from \$1,000 to \$1,200.

W. M. Imlay, Division of Audit and Examination, from \$2,000 to \$2,250.

Nelson Stuart, Clerk in Charge of Secretary's Office, from \$1,400 to \$1,600.

The Secretary of the Board presented a list of replies received by him in answer to a letter sent out to Federal reserve agents making inquiry about the question to whom correspondence relating to the Gold Settlement Fund should be addressed. On motion it was voted that correspondence on this subject be addressed to the Federal Reserve banks and not to the Federal reserve agents, the

purpose in mind being that of saving time and delay. The Secretary was directed to inform those Federal reserve agents that had opposed the plan of the reasons for introducing it.

The Secretary of the Board presented a file of letters commenting upon the bank condition reports sent to the Comptroller of the Currency. On motion the file was referred back to the committee which had had this matter in charge (Mr. Delano, Chairman).

A letter from Federal Reserve Agent Martin of St. Louis, making inquiry as to whether State banks which are members of the Federal reserve system may accept domestic bills of exchange, was discussed, and, on motion, referred to a special committee consisting of Mr. Delano, Mr. Warburg and Mr. Harding.

The Secretary of the Board having presented a letter from Federal Reserve Agent Bosworth making inquiry as to the limit on agricultural paper at Federal reserve banks, he was directed to ascertain what Mr. Bosworth recommended for his own bank, and to inform him of the action in the cases of other Federal reserve banks on this subject.

The Secretary of the Board presented an opinion of Counsel with respect to the question whether member banks

reducing their surplus must also reduce their capital stock in Federal reserve banks. It was noted by Mr. Warburg that some changes were needed in the language of the opinion, and on motion, the matter was referred to him, with Counsel, as a committee, to make minor changes, the opinion to be released and transmitted, as well as published in the Federal Reserve Bulletin, when finally approved.

The question of the form to be given to the opinions of counsel published in the Bulletin, was discussed, and on motion, it was resolved that all opinions on controverted questions should be put in skeleton form for publication, such form to include a re-statement of the question at issue, and a digest of conclusions, but without presentation of the reasoning in full.

A letter from Senator Robert L. Owen, accompanied by correspondence relative to the question of the retention of Johnston County in the Dallas District, was read to the Board. On motion the Secretary was instructed to say that the Board could not now reconsider its decision in the re-districting matter.

The Secretary of the Board presented a telegram from John Anthony, Esq., of New York City, referred to the

Board by Secretary of the Treasury McAdoo. He was directed to send a suitable acknowledgment.

The Secretary of the Board presented a letter from Chief of Division Broderick making certain suggestions with reference to examinations of applying member banks. On motion it was voted that the Secretary of the Board put into effect Mr. Broderick's suggestions so far as possible pending the arrival of Mr. Broderick, the remainder of his suggestions to be taken up for action at that time.

A plan transmitted by Governor A. L. Aiken of Boston, on behalf of the Conference of Governors, whereby the Federal Reserve Bank of Boston would be authorized to purchase the total amount of warrants outstanding of counties, cities or towns within its district, to an amount not to exceed \$50,000, for the purpose of enabling the Federal Reserve Bank of Boston to purchase for its own account or for the account of other Federal reserve banks, was, on motion, approved, and the Secretary directed to inform Governor Aiken to that effect.

The Secretary of the Board having presented a letter from Federal Reserve Agent Perrin enclosing a communication from the Lumbermen's National Bank of Portland, Oregon, rela-

tive to a lower rate on trade acceptances, it was ordered that Mr. Perrin be advised that the whole subject of trade acceptances and preferential rates is now under consideration.

On motion it was voted that all reserve banks be advised that the question of a short term rate for maturities of ten or fifteen days would be considered by the Board during the current week.

On motion it was voted that in view of the probable absence of several members of the Board during the balance of the current week, a special executive committee be authorized to grant a rate for very short term paper from 2% to 3 $\frac{1}{2}$ %, according to its best judgment.

Discussion having been had with respect to the best method of circulating the executive correspondence, it was informally agreed that Mr. Warburg and the Secretary of the Board prepare a general plan for use by the Secretaries of the members in regard to the circulation of such correspondence.

The Secretary of the Board having presented a communication from the Citizens Bank of Portland, Oregon relative to the capitalization of State banks joining the reserve system, he was instructed to reply with the state-

ment that such action as suggested would necessitate a change in the law.

The Secretary of the Board presented a letter from Mr. John Perrin, Federal Reserve Agent at San Francisco, relative to litigation in California, and after discussion it was voted that the Board ascertain what the contemplated probable cost of the proposed litigation would be.

On motion it was voted that Mr. McAdoo, Mr. Harding and Mr. Williams constitute a special committee to act in the question of the establishment of a branch of the Federal Reserve Bank of Atlanta at New Orleans, Mr. Harding and Mr. Williams to see Mr. McAdoo on Wednesday, June 23, and to inform him of the preliminary action of the Board in regard to the matter, the said committee, to be vested with power to act if, in its judgment, the conference of the committee resulted in such a way as to render action desirable.

A letter received from Federal Reserve Agent Perrin relative to the status of his assistant, Mr. Clifford J. Shepherd, was referred to Mr. Harding for report.

The Secretary of the Board having presented a letter drafted by Counsel for transmission to Federal Reserve Agent

Miller relative to executor and trusteeships in Iowa, the letter was authorized and ordered sent.

On motion at 4:45 p. m. the Board adjourned to meet at 3:00 p. m. on Monday, June 28.

H. Parker Willis
Secretary.

APPROVED:

P. Adams
Chairman.