

At a regular meeting of the Federal Reserve Board, held in the Directors' Room of the Federal Reserve Bank of New York at 10.45 a. m. Tuesday, August 10, 1915.

PRESENT:

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

Oral notice was given by the Assistant Secretary to Mr. Miller and Mr. Williams.

The reading of the minutes of the preceding meeting was dispensed with.

On motion the actions of the Executive Committee of the Board at its meeting of August 6th were ratified and approved.

The draft of a letter to Governor Strong of the Federal Reserve Bank of New York, further developing the views of the Board regarding the question of lines of acceptance credit to be extended by member banks, was presented by Mr. Harding. After the reading of the proposed draft Mr. Harding stated that he had been informed by Governor Strong that a certain letter addressed by him

(Mr. Harding) to Governor Strong under date of August 7, correctly stated and presented the legal questions raised by Governor Strong and to which a reply was desired. The proposed draft now offered by Mr. Harding was, therefore, to be regarded as being directed to the precise questions at issue.

Discussion of the draft letter ensued, and it was agreed to add a final paragraph designed to make the intent plainer.

A cable message from Vice Governor Delano, dated Colon, August 7, was read as follows:

Thanks for message greetings. Favor extending of credit arrangements suggested.

Mr. Harding stated that the Secretary of the Treasury was also in accord with the ideas expressed in the proposed draft.

On motion it was voted that the letter be adopted as modified and that the Secretary be authorized to transmit it to Governor Strong.

Mr. Miller read a statement expressing his personal views regarding the general future policy of the Board as affected by the letter to Governor Strong, and on motion the same was ordered entered in the minutes of the meeting as follows:

"The transactions in acceptances authorized by this ruling of the Comptroller and the Board, on the powers of member banks may in time involve the extension of rediscount facilities by the Federal Reserve banks, as these acceptances come within the maturity admissible to rediscount and are otherwise made eligible; and I desire to be recorded as expressing for myself the opinion that this ruling should not be construed as committing the Board at this time to the adoption of any policy with reference to the discount or purchase of Bankers' acceptances by Federal Reserve banks other than what has hitherto been laid down in the Regulation (J), the Board having broad powers and responsibilities to impose 'restrictions, limitations, and regulations' upon the rediscount of acceptances by reserve banks which have not been conferred upon it with respect to the making of acceptances by member banks."

The Secretary of the Board read a letter from the Secretary of the Treasury regarding the question of establishing joint agencies of Federal Reserve banks in South American countries and asking the appointment of a committee to examine the subject. Mr. Harding stated that the Secretary of the Treasury had asked him to obtain a legal opinion as to the power of the banks to establish joint agencies in the way proposed.

On motion the subject was referred to the Executive Committee, with instructions to secure such opinion of counsel as needed and to report early in September.

The Secretary of the Board presented an application for Federal reserve notes for the Federal Reserve

Bank of Richmond, totalling \$640,000, duly recommended by the Committee on Issue and Redemption, as follows:

\$5 denomination	\$200,000
10 denomination	200,000
20 denomination	240,000

On motion the application was approved.

The Governor of the Board reported the result of communications between himself and Federal Reserve Agent Curtiss of Boston, regarding the admission of the Old Colony Trust Company of Boston to membership. It was informally agreed that previous instructions on this subject should stand and that the Governor's action in so notifying Mr. Curtiss was approved.

On motion applications for the surrender of stock in Federal reserve banks, totalling 34 shares, duly recommended by Mr. Harding, were approved, as follows:

		Shares
National Bank of Commerce	Hollis, Okla.	18
First National Bank	Talihina, Okla.	16

The Secretary of the Board presented a letter from Federal Reserve Agent Jay relating to the cost of bank examinations and suggesting that the facts be fully set forth in the Federal Reserve Bulletin.

On motion it was voted that the Secretary ask the Comptroller of the Currency to prepare a statement

showing the comparative cost of examinations under the old and new systems of examination, for country banks, reserve city banks, and central reserve city banks; and also that he ask the Comptroller for detailed data to render possible a complete reply to recent letters from the Bank of New York, N. B. A., on this subject.

The Governor of the Board reported the receipt of certain correspondence regarding the status of Mr. C. R. Mosher in the Federal Reserve Bank of Minneapolis.

On motion the subject was referred to the Executive Committee.

The Secretary of the Board read a letter from Federal Reserve Agent Miller regarding a special examination made by him into the affairs of the First National Bank of Beggs, Oklahoma. The letter was noted and ordered filed.

A letter from Federal Reserve Agent Miller, informing the Board of the application of the State Bank of Llewellyn, Llewellyn, Nebraska, for membership was referred to the Committee on State banks, with the aid of Chief of Division Broderick.

An opinion of Counsel, in the form of a letter to the Palmer Bond and Mortgage Company, respecting the definition of "net funded indebtedness" was approved as to substance but ordered sent to the Federal reserve agent of the proper district, for transmission of the facts to the Palmer Company.

On motion at 1.00 p. m., the Board adjourned to meet at 3.00 p. m. this day.

J. P. Kerwillis
Secretary.

APPROVED:

C. St. Aubin
Chairman.