

An adjourned meeting of the Federal Reserve Board was held in the office of the Board at 3.15 p. m., August 16, 1915.

PRESENT:

Mr. Hamlin, presiding Mr. Harding

Mr. Williams Mr. Miller

Mr. Allen, Assistant Secretary.

Memorandum from Counsel suggesting new conditions in certificates of approval of application of State banks and trust companies was presented to the Board and approved as follows:

Conditions relating to domestic acceptances, and to branch banks for certificates of approval of applications of State banks and trust companies.

1. The following condition will be inserted in all certificates of approval:

"That, except with the approval of the Federal Reserve Board, there shall be no change in the general character of the assets of, or broadening in the functions now exercised by the _____ such as will tend to affect materially the standard now maintained and required as a condition of membership."

2. The following condition will be inserted in all cases where the applying bank or trust company is authorized by its charter or laws of the state in which it is located to accept domestic drafts:

"That the _____ shall in no case accept a domestic draft or bill of exchange unless it is based on a transaction covering the shipment of goods, such transaction to be evidenced at

the time of acceptance by accompanying shipping documents, or unless it is secured by a warehouse receipt covering readily marketable staples and issued by a warehouse independent of the borrower or by the pledge of goods actually sold, and provided, further, that such bank shall not accept drafts or bills of exchange of any kind, domestic or foreign, to an amount which exceeds at any time in the aggregate more than one-half of its paid-up and unimpaired capital stock and surplus, except that the Federal Reserve Board may authorize such bank to accept such drafts and bills to an amount not to exceed its capital stock and surplus."

3. The following condition will be inserted in all cases where the applying bank or trust company is authorized by its charter or the laws of the state in which it is located to establish branches:

"That the establishment of additional branches, domestic or foreign, be subject to the approval of the Federal Reserve Board."

Conditions (2) and (3) should not be inserted unless the applying bank has the legal right to accept domestic drafts or to establish branches at the time of admission. If, however, the state law subsequently authorizes either domestic acceptances or branch banks, the member bank could not at that time under the provisions of condition (1) avail itself of either privilege except with the approval of the Federal Reserve Board. Condition similar to (2) and (3) should be imposed when that subsequent approval is given but not before.

The minutes of the two meetings of the Board held in New York on August 10, 1915, were read and with certain changes approved.

It was agreed that should any member of the Board not present at the meeting when approval was given, desire to insert a statement therein, this privilege would

be accorded him.

On motion of Mr. Miller the following order was entered by the Board.

In case of the temporary absence of one or more members of the Executive Committee when the Board is not in session, the place or places so vacant shall be filled by other members of the Board who are present, the names to be taken from a list prepared for this purpose by the Board or the Governor, in the order in which they appear on file with the Secretary.

The Assistant Secretary presented a letter addressed to Mr. William Ingle, Chairman of the Board of Directors, Federal Reserve Bank of Richmond, on the practice of national banks who throw upon the Federal Reserve Bank of Richmond the burden of forwarding the national bank notes to Washington for redemption. The letter stated that the words of the Act seem to provide a protection against the abuse of the privileges of member banks but counseled the exercise of tact to the application of the remedy.

The Assistant Secretary presented the question whether the Federal Reserve Board desired to ask the Attorney General for a review of the opinion of the Solicitor of the Post Office Department, to the effect that Federal Reserve Notes can not be sent through the mails under the frank. It was directed that a communication be ad-

dressed to the Postmaster General requesting that he submit the question to the Attorney General.

A letter from Federal Reserve Agent Miller of Kansas City dated August 10th suggesting changes in the Circular as to national banks acting as executors, trustees, etc., was presented to the Board and referred to Mr. Harding and Mr. Miller as a committee.

Applications of the Badger State Bank, Milwaukee, Wis., Elmhurst State Bank of Elmhurst, Ill. and Fort Scott State Bank of Fort Scott, Kansas, to be admitted to the Federal Reserve system were referred to the Governor of the Board for his further examination.

The letter from Federal Reserve Agent Rich of Minneapolis relative to crop-moving was ordered filed. This letter had previously been circulated.

The attention of the Board was called to the circular letter of John O. Yeiser, Omaha, Nebr., proposing an amendment to the Federal Reserve Act. This letter was ordered to be filed.

Attention of the Board was called to a letter from Franklin D. Locke, a Director of the Federal Reserve Bank of New York, dated August 10th, on the eligibility of Federal Reserve bank directors. This letter was referred

to Counsel with the request that he prepare a reply to Mr. Locke.

A letter to Mr. I. H. Nakdimen, City National Bank, Fort Smith, Ark., who had written to the Board concerning the return by the Assistant Treasurer at New York of a draft on the Federal Reserve Bank of Kansas City for \$1,250, thought to be deposited to the credit of the 5% redemption fund of the Treasurer of the United States was approved and ordered to be sent. This letter suggested the deposit of such draft with the Treasurer of the United States at Washington.

Letters addressed to the Board by Governor McDougal of the Federal Reserve Bank of Chicago and by Federal Reserve Agent Austin of the Federal Reserve Bank of Philadelphia having to do with difficulty experienced by these banks in obtaining information from local national banks examiners to be used by the banks in passing on requests of national banks for trustee and executor powers, were ordered referred to the Comptroller of the Currency, with the request that he take measures to assist the banks in this connection.

The Board directed the payment of a fee of \$8.00 covering the bond of \$2,000 for five years of O. E. Foulk,

Private Secretary of the Governor, as a Notary Public, and also a payment of \$2.50 for a Notary Public's seal to be used by Mr. Foulk.

The following applications for the surrender of stock in Federal reserve banks which had been favorably reported by Mr. Harding were approved by the Board for 188 shares:

DISTRICT No. 2.

| | | <u>Shares.</u> |
|---------------------|-------------|----------------|
| First National Bank | Rome, N. Y. | 120 |

DISTRICT No. 4.

| | | |
|--------------------------|-----------------|----|
| Coraopolis National Bank | Coraopolis, Pa. | 6 |
| First National Bank | Beaver, Pa. | 4 |
| Exchange National Bank | Lodi, Ohio. | 10 |
| Dresden National Bank | Dresden, Ohio. | 18 |

DISTRICT No. 5.

| | | |
|-----------------------|----------------------|----|
| Peoples National Bank | Hendersonville, N.C. | 30 |
|-----------------------|----------------------|----|

The following applications for additional stock in Federal reserve banks which had been reported favorably by Mr. Harding were approved, in all 141 shares:

DISTRICT No. 3.

| | | <u>Shares.</u> |
|---------------------|-----------------|----------------|
| First National Bank | Lake Ariel, Pa. | 3 |

DISTRICT No. 4.

| | | |
|------------------------|-----------------|----|
| First National Bank | North East, Pa. | 15 |
| First National Bank | Smithfield, O. | 6 |
| Auglaize National Bank | Wapakoneta, O. | 2 |
| Loveland National Bank | Loveland, O. | 1 |

DISTRICT No. 4. (Cont'd.)

| | | |
|------------------------|-------------------|----|
| First National Bank | Bowling Green, O. | 2 |
| First National Bank | Dalton, O. | 1 |
| Orrville National Bank | Orrville, O. | 3 |
| First National Bank | Pikeville, Ky. | 12 |
| National Bank of | Elyria, O. | 15 |
| National Bank of | Cynthiana, Ky. | 6 |

DISTRICT NO. 5.

| | | |
|-----------------------|----------------|---|
| Lincoln National Bank | Hamlin, W. Va. | 6 |
|-----------------------|----------------|---|

DISTRICT No. 6.

| | | |
|------------------------|------------------|---|
| First National Bank | Biloxi, Miss. | 1 |
| First National Bank | Fort Myers, Fla. | 6 |
| American National Bank | Dayton, Tenn. | 2 |

DISTRICT No. 7.

| | | |
|-----------------------|------------------|---|
| First National Bank | West Allis, Wis. | 3 |
| Farmers National Bank | Princeton, Ill. | 1 |
| First National Bank | Gardner, Ill. | 1 |

DISTRICT No. 8.

| | | |
|-------------------------|-------------------|---|
| Hillsboro National Bank | Hillsboro, Ill. | 1 |
| Anderson National Bank | Lawrenceburg, Ky. | 4 |

DISTRICT No. 9.

| | | |
|----------------------------|---------------------|---|
| First National Bank | Fairfax, S. Dak. | 1 |
| First National Bank | Columbus, Mont. | 2 |
| Breckenridge National Bank | Breckenridge, Minn. | 1 |
| Ada National Bank | Ada, Minn. | 3 |
| Citizens National Bank | Merrill, Wis. | 1 |
| First National Bank | Ronan, Mont. | 1 |

DISTRICT No. 10.

| | | |
|-------------------------------|------------------|----|
| First National Bank | Sayre, Okla. | 1 |
| First National Bank | Stratford, Okla. | 1 |
| German-American National Bank | St. Joseph, Mo. | 30 |
| Waurika National Bank | Waurika, Okla. | 1 |

DISTRICT No. 11.

| | | Shares. |
|---------------------|----------------------|---------|
| First National Bank | San Saba, Tex. | 6 |
| First National Bank | Albuquerque, N. Mex. | 84 |
| First National Bank | Del Rio, Tex. | 15 |
| Groos National Bank | San Antonio, Tex. | 3 |

The following recommendation made by Mr. Williams and Mr. Harding on application for trustee and like powers were approved as follows:

Reject:

| | |
|-----------------------|----------------|
| Boon National Bank, | Boon, Iowa. |
| First National Bank | Findlay, Ill. |
| Alamosa National Bank | Alamosa, Colo. |

Hold:

| | |
|---------------------------|-------------------------|
| American National Bank | Frankfort, Ind. |
| First National Bank | Indianola, Iowa. |
| Colorado Springs Nat'l | Colorado Springs, Colo. |
| First National Bank | Harper, Kansas. |
| St. Clair National Bank | Freedom, Pa. |
| First National Bank | Springfield, Vt. |
| Sheffield National Bank | Sheffield, Ala. |
| First National Bank | Montezuma, Iowa. |
| Quaker City National Bank | Philadelphia, Pa. |
| Leavitt & Johnson Nat'l | Waterloo, Iowa. |

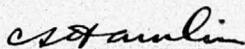
APPROVE:

| | |
|--------------------------|-----------------------------|
| Bellingham National Bank | Bellingham, Wash. |
| Madison National Bank | Madison, W. Va. |
| City National Bank | South Norwalk, Conn. |
| First National Bank | Piedmont, Ala. |
| First National Bank | Hamilton, Ohio. |
| First National Bank | Port Arthur, Texas |
| Fauquier National Bank | Warrenton, Va. |
| First National Bank | Stanton, Texas |
| First National Bank | Woodward, Okla. |
| Harriman National Bank | New York (Registrar only) |
| Sealy National Bank | Sealy, Tex. (Administrator) |

At 4.10 p. m. the Board adjourned to meet at 11.00 a. m. on August 19, 1915.

APPROVED:

Secretary.



Chairman.