

At a regular meeting of the Federal Reserve Board held in the office of the Board on Friday, September 17, at 10:00 a. m.

## PRESENT:

Mr. Hamlin, presiding,      Mr. Warburg

Mr. Williams                      Mr. Harding

Mr. Willis, Secretary.

The minutes of the meeting of Thursday, September 16, were read and approved.

Mr. Williams reported the facts as to delay in the transmission of information concerning certain banks enumerated by Federal Reserve Agent Jay, in his letter, explaining that he submits this memorandum for the Chief of The Reports Division, explaining the delay in conveying the desired information was due to the shortage of force and unusual interruptions incident to remodelling of the office, etc.

Mr. Warburg, to whom the matter had been referred at the meeting of September 16, reported favorably the following resolution regarding Gold Settlement account of Federal reserve agents approved by Counsel:

WHEREAS, Under the provisions of Regulation L, Series 1915, adopted by the Federal Reserve Board, there has been established a Gold Settlement Fund, and

WHEREAS, By resolution of the Board adopted May 26, 1915, a settling agent and a deputy settling agent were duly appointed, and regulations governing the administrative management of the said Fund and the Conduct of the Business under it were adopted, and

WHEREAS, It appears to the Board to be necessary and advisable to permit the settling agent and the deputy Settling agent provided for in Section 4 of said Regulation to open and maintain separate accounts for each Federal reserve agent for the purpose of facilitating the adjustment of accounts between the severel Federal reserve agents and the Federal reserve banks,

NOW, THEREFORE, BE IT RESOLVED, That the settling agent and the deputy settling agent be and they are hereby authorized, empowered and directed to open and maintain on the books and records of the said settling agents a distinct and separate account for each Federal Reserve Agent, and to receive from said agents, or from the Federal reserve banks for the account of such agents, deposits of gold, gold certificates, or lawful money to be held subject to the order of the Federal reserve agent for whom such deposit has been made.

RESOLVED, FURTHER, That the safe keeping of all deposits so received and the withdrawal or transfer of said deposits, or any part thereof, to the account of the Federal reserve bank, or to the redemption fund account held by the Treasurer of the United States, upon the order of the said Federal reserve agent, and all endorsements of gold order certificates made for the purpose of making withdrawals or transfers of said fund, shall be subject to the same regulations, restrictions and limitations, mutatis mutandis, as have been adopted by the Federal Reserve Board in connection with the operation of the Gold Settlement Fund.

BE IT FURTHER RESOLVED, That the accounts and records pertaining to the deposits, withdrawals or transfers of funds to the credit of the several Federal reserve agents shall be at all times kept separate and distinct from those

relating to Federal reserve banks, and separate and distinct from each other.

On motion the resolution was adopted.

Mr. Hamlin submitted a letter from Governor Van Zandt of Dallas, conveying a proposed plan for the clearing of checks. The plan was ordered transmitted to the Federal Reserve Agent's Committee on Clearing.

Mr. Warburg presented to the Board a letter from the Federal Reserve Bank of Philadelphia stating that Director M. J. Murphy had transferred his business to New York, expecting, however, to keep his residence in the Philadelphia District. The question of his retaining his directorship was thus raised. The matter was laid on the table for the time being.

Mr. Warburg, to whom had been referred the question of an increase in the limit on Municipal Warrant investments of the Philadelphia Bank, reported that, in his judgment, it would be well to say to the Philadelphia Bank that, in view of the probable increase of acceptance purchases, it was deemed best not to raise the limit now, although if needed, the Board would be glad to consider the matter at a later date.

// Mr. Hamlin presented the draft of a letter in reply to the recent communication of Senator Lewis relative to

the foreign loan situation. After discussion the letter was modified and ordered transmitted in the revised form. The Secretary of the Board was directed to give copies of it to the press.

Letters to banking commissioners of the several States asking for cooperation in the matter of reports of bank condition, were read, approved, and their transmission ordered.

The question of publishing in the Federal Reserve Bulletin comparative tables showing the cost of bank examinations, was discussed, and, on motion, laid on the table for the time being.

On motion of Mr. Harding it was voted that the Executive Committee of the Board be requested to consider the subject of an annual report, and to draft an outline of topics for such report, assigning given topics to different committees of the Board.

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

\$50 denomination    \$200,000.

On motion the report of the Committee on State Banks favorable to the application of the Federal Trust Company of Boston for admission as a member of the Federal Reserve Bank of Boston, was approved, subject to the conditions outlined in the report. It was ordered that Governor Aiken be notified by wire of the action taken.

On motion the application of the First State Bank of De Kalb, De Kalb, Texas, was laid on the table, action being deferred for the time being.

A memorandum of Counsel with reference to the exercise of fiduciary powers by national banks in Oregon, was considered, and, on motion, it was voted that such powers should be granted to banks applying for them in all cases where the applications were approved on their merits.

The Secretary of the Board was authorized to publish the opinion of the Attorney General of Oregon on this subject, wherein it is held that national banks may exercise the powers specified.

The Secretary of the Board reported that the Committee on Issue and Redemption had approved the printing of \$6,000,000 additional Federal reserve notes for Atlanta, and that the placing of the order was now understood by him to be authorized. This interpretation was assented to.

Mr. Harding reported that the letter already sent to Deputy Federal Reserve Agent McCaleb regarding the question of discounting paper bearing the endorsement of State banks, sufficiently covered the ground, and that no further action was necessary.

The Secretary of the Board read a letter from Federal Reserve Agent Wellborn relative to certain questions as to the eligibility of Mr. Marcus B. Walker of the New Orleans branch bank. It was agreed that the explanation furnished by Mr. Wellborn was satisfactory, and that he be so notified.

On motion the application of the Mutual National Bank of Boston for power to dispose of \$200,000 of 2% bonds under the Federal Reserve Act, was referred to Mr. Warburg and Mr. Harding, for report.

The Secretary of the Board presented a letter from Federal Reserve Agent Curtiss of Boston relative to conditions for transmitting cancelled notes by parcels post. He was authorized to communicate with the Post Office authorities for the purpose of getting as much improvement in conditions as possible.

On motion it was voted that Counsel of the Board be requested to transmit a copy of the speech of Honorable Carter Glass before the Conference Committee acting on the Federal Reserve Act, to Mr. J. P. Cotton, and to inquire whether the facts therein stated would lead him to make any change in his opinion.

A letter from Federal Reserve Agent Tennison with reference to conditions affecting the purchase of a building for the use of the Federal Reserve Bank of Dallas, and confirming previous telegraphic dispatch, was presented to the Board, and ordered transmitted to Mr. Harding.

A communication from Governor Van Zandt of Dallas relative to the present status of the exchange controversy between Dallas and Kansas City was re-

ferred to Mr. Harding in consultation with Mr. Broderick.

A letter from Mr. John E. Gardin relative to the method of paying export duties in Chile, was presented to the Board, and ordered referred to Mr. Warburg for action.

The Secretary of the Board presented a memorandum relative to the expense of mailing circulars and regulations to member banks. On motion it was voted that the matter be referred to the meeting of Governors to convene in October at Minneapolis.

A letter from Federal Reserve Agent Austin with reference to the question of a commodity rate, indicating that he had not understood that such a rate had been established by his bank, was presented to the Board, and an acknowledgment ordered sent.

A report from Chief of Division Broderick, regarding the Hudson Trust Company was approved, and the Secretary directed to take action in accordance therewith.

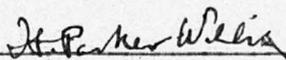
On recommendation of Mr. Warburg the Board approved a draft of a letter to Federal Reserve Agent Rich

relative to the question when agricultural paper becomes commercial paper and vice versa.

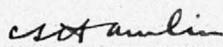
The Secretary of the Board presented a letter from Federal Reserve Agent Ingle relative to prospective applications of State banks in the Richmond district for membership. The letter was ordered transmitted to Mr. Broderick.

The Governor of the Board was authorized to inquire of Assistant Secretary Malburn whether there would be any objection from the standpoint of the Treasury, to stating in the Weekly Report of the Federal Reserve Board the amount in legal tender notes, gold, silver and other kinds of money held by the several reserve banks.

On motion at 11:45 a. m. the Board adjourned to meet on Tuesday, September 21, at 11 a. m. in the office of the Governor.

  
Secretary.

APPROVED:

  
Chairman.