

At a regular meeting of the Federal Reserve Board held in the office of the Governor at 11 a. m. on Tuesday, September 21,

PRESENT:

Mr. Hamlin, presiding Mr. Warburg

Mr. Williams Mr. Harding

Mr. Willis, Secretary.

The minutes of the meeting of September 17, were read and approved.

On motion the question of a new form of note requisition for use in printing notes for branch banks was referred to Mr. Harding and Mr. Williams as a special committee to report thereon.

On motion applications for the issue of Federal reserve notes, duly recommended by Mr. Harding and Mr. Williams, were approved as follows:

New York:

\$5 denomination	\$1,000,000
10 "	1,000,000
20 "	960,000
Total.....	<u>2,960,000</u>

Richmond:

\$5 denomination	\$300,000
10 "	200,000
Total.....	<u>\$500,000</u>

Dallas:

\$5 denomination	\$500,000
10 "	480,000
20 "	480,000
Total	<u>1,460,000</u>

Minneapolis:

\$5 denomination	720,000
10 "	440,000
20 "	240,000
50 "	200,000
100 "	400,000
Total	<u>\$2,000,000</u>

On motion applications of the following banks for fiduciary powers were, upon recommendation of Mr. Harding and Mr. Williams, disapproved:

The Merchants National Bank of Millbank, S. D.
 First National Bank, of Corydon, Indiana.
 National Exchange Bank of Anderson, Indiana.
 National Bank of Commerce, Williams, W. Va.

Papers relating to the application of the City National Bank of Belfast, Maine, for fiduciary powers, were referred to Mr. Broderick for report.

On motion the following application for fiduciary powers (registrar), was, upon recommendation of Mr. Harding and Mr. Williams, approved:

City National Bank of Danbury, Conn.

On motion the application of the Federal Reserve Bank of Richmond for the extension of the usual

acceptance rate of 2% to 4% was approved, and the bank ordered so notified.

On motion the recommendation of Federal Reserve Agent Ingle relating to the granting of the one hundred per cent acceptance power to the First National Bank of Baltimore, was referred to the special committee on acceptances.

The Secretary of the Board having called attention to the omission of the word "or" in the expression "warehouse terminal receipts", contained in the Commodity Rate Circular and Regulation (Circular No. 17, Regulation Q), he was, after discussion, authorized to send a letter to all Federal reserve agents saying that it was intended to make the language in question read "warehouse or terminal receipts", throughout; and to have it understood that the term "warehouse" included "elevators" or other satisfactory place of storage. The matter was placed in the hands of Mr. Harding.

The Secretary of the Board having presented additional letters relating to commodity rates, including one from the Federal Reserve Bank of San Francisco, the subject was tabled pending the return of Mr. Delano;

but it was ordered that the San Francisco letter be copied and distributed to all members.

A memorandum of Chief of Division Broderick relating to State and national calls for the condition of member banks having been submitted to the Board, the Governor presented a further memorandum on the same subject, from Mr. Williams, and it was ordered that the papers be referred back to Mr. Broderick for additional investigation.

Renewed applications from the Federal Reserve Bank of Philadelphia for power to buy municipal warrants having been presented, it was on motion voted that an increase of \$500,000 be made in the present \$3,000,000 limit, bringing it up to \$3,500,000.

The Secretary of the Board having presented renewed applications from the Federal Reserve Bank of Cleveland for power to buy municipal warrants issued by the City of Toledo, aggregating \$400,000, it was on motion voted that the permission requested be granted.

On motion applications for the issue of additional stock in Federal reserve banks, duly recommended by Mr. Harding, were approved as follows:

DISTRICT No. 1.	Shares.
First National Bank Winthrop, N. Y.	17

DISTRICT NO. 9. Shares.

First National Bank, Alpha, Mich. 19

DISTRICT NO. 10.

First National Bank, Dolores, Colo. 17

DISTRICT NO. 3.

First National Bank, Wyoming, Del. 20

DISTRICT NO. 1.

Sanford National Bank, Sanford, Maine. 30

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

DISTRICT NO. 1. Shares.

Lynn National Bank, Lynn, Mass. 180

DISTRICT NO. 5.

Dorchester National Bank, Cambridge,
Maryland. 60

Mr. Warburg having presented an inquiry from the Federal Reserve Bank of Minneapolis relative to the percentage of paper of specified acceptors which could be purchased by a Federal reserve bank, the following resolution was, on motion adopted:

"For the present the Federal Reserve Board will not change the limit contained in the bankers

acceptance, Regulation J, Series of 1915, dated April 2, which, as contained in IV, G and H, of the Regulation, remains at five percentum of the paid in capital of a Federal reserve bank for bills of any one person, firm, company, or corporation, drawn on and accepted by any private banking firm; except as provided in (f) 'when the acceptor is secured by a lien on or by transfer of title to', etc, and for the aggregate of acceptances of any private banking firm the limit remains at twenty-five per centum of the paid in capital of a Federal reserve bank."

Mr. Williams laid before the Board a letter to the Second National Bank of Boston informing that institution that Counsel had held that the 10% limitation applicable to ordinary commercial loans did not apply to Government loans.

|| The Board asked Mr. Williams to inform it of the present status of the question relating to the use of automobiles by banks in the regular conduct of their business, and also to the use of foreign commercial letters of credit. ||

A dispatch from the Governor of the Federal Reserve Bank of Dallas relative to the pending controversy between the Dallas and Kansas City Banks, was referred to Mr. Harding.

Mr. Harding reported on the situation as to the purchase of a bank building at Dallas, suggesting that

the Board merely inform the Dallas Bank that it had taken general note of the situation, and also that it send to Deputy Federal Reserve Agent McCaleb a general communication of censure. On motion this was adopted, and Mr. Harding was appointed a committee of one to prepare a suitable letter to Mr. McCaleb.

On motion it was voted that Federal Reserve Agent E. O. Tenison be informed that from and after January 1, next he shall receive a salary of \$10,000 per annum.

The Secretary of the Board having presented a recommendation from Chief of Division Broderick asking authority to leave a copy of his report of examination with each Federal reserve bank examined, the plan was on motion approved.

The Secretary of the Board called the attention of the Board to letters of John F. Kelly, D. F. Pennington, W. McC. Martin, and L. C. McNabb, all of which had been placed on the calendar for the day. The communications were noted and ordered filed.

A letter from Mr. R. S. Wilcock, cashier of the Dayton National Bank, with memorandum from

Counsel relative to the status of directors, was presented to the Board, and, on motion, it was voted that directors elected under the circumstances described by Mr. Wilcock, will not be eligible to serve after October 15, 1916.

The Secretary of the Board presented a letter from Mr. P. H. Saunders of the branch bank at New Orleans, enclosing a file of communications relating to applicants for appointment in the New Orleans Branch. The letter was received and noted.

Mr. Harding reported in connection with the recent communication from the Federal Reserve Bank of Atlanta as to clearing conditions in that district, that, in his judgment, nothing could be done to improve them at present.

Mr. Harding reported with reference to the advertising methods of the Badger State Bank of Milwaukee, Wisconsin, which had been referred to him, recommending that the Secretary write to Federal Reserve Agent Bosworth stating that while the Board did not care officially to pass upon the matter, it saw no objection to the proposed new form of advertising, al-

though the old forms were obviously objectionable.

A communication from Counsel enclosing a letter from the Bureau of Internal Revenue relative to the taxation of promissory notes, having been called to the attention of the Board, was ordered circulated.

The Board received Mr. J. B. Forgan, president of the Advisory Council, who informed the Board that the Council extended to it an invitation to a joint meeting at the Board's convenience. After consideration, the time for the joint meeting was set for 3 p. m. this day.

On motion, at 12:50 p. m. the Board adjourned to meet in joint session with the Advisory Council at 3 p. m.

W. Parker Willis
Secretary.

APPROVED:

C. A. Samlin
Chairman.