

At a regular meeting of the Federal Reserve Board held in the office of the Board on Tuesday, September 28, at 11:00 a. m.,

PRESENT:

Mr. Delano, presiding Mr. Warburg

Mr. Williams Mr. Harding

Mr. Willis, Secretary.

The minutes of the meeting of September 24, were read and approved.

On motion Mr. Hamlin was added to the committee named on September 24 to report on the question of public deposits and inter-bank rediscounts. Mr. Harding voted in the affirmative; but was recorded as being opposed on general principles to committees of so large a size as four members.

The Secretary of the Board called attention to the fact that an Executive Order had been issued suspending work in the various departments of the Government on Wednesday, September 29. On motion it was voted that the work of the Board's staff should likewise be suspended on that date.

The minutes of the conference with the Advisory Council on September 21 were referred to Mr. Harding for

consideration and report.

On motion applications for the issue of Federal reserve notes, duly recommended by the Committee on Issue and Redemption, were approved as follows:

For the Federal Reserve Bank of Richmond,
\$500,000 in the following denominations:

\$5 denomination	\$300,000
10 "	200,000

For the Federal Reserve Bank of St. Louis,
\$3,200,000 in the following denominations:

\$5 denomination	\$1,000,000
10 "	1,000,000
20 "	800,000
50 "	400,000

For the Federal Reserve Bank of Minneapolis,
\$2,000,000 in the following denominations:

\$5 denomination	\$560,000
10 "	800,000
20 "	640,000

On motion the minutes of the meeting of the Committee on State Banks held on Monday, September 27, were approved, and the action therein described was ratified.

In pursuance of this action it was voted that the application of the Central State Bank and Trust

Company of Dallas, Texas, for admission to the Federal reserve system, be approved.

It was further voted that no expression of opinion be made with reference to the Hudson Trust Company's application for admission, until the matter is presented either at the instance of the Trust Company or the Reserve Bank of New York.

It was further voted that the action of the committee in regard to the First State Bank of De Kalb, Texas, refraining from further steps with reference thereto, be approved.

It was further voted, on recommendation of Chief of Division Broderick, that State examinations of the State of Nebraska be accepted for the Bank of Llewellyn, and that those of Michigan be accepted for the Fruitgrowers State Bank of Saugatuck, Michigan.

The Secretary of the Board presented a report from Chief of Division Broderick relative to the present status, work and fees of Deputy Federal Reserve Agent Hackney of Boston.

On motion the report was referred to Mr. Hamlin for suggestion as to the action to be taken.

On motion the Board approved a rate of 3% for Commodity paper, recommended by the Federal Reserve Bank of Minneapolis.

The Secretary of the Board having presented a letter from Federal Reserve Agent Miller expressing the views of the Board of Directors of the Federal Reserve Bank of Kansas City against a 3% rate on Commodity paper with a 6% rate to ultimate borrowers, the Secretary was directed to advise Mr. Miller that the Board could not now change its regulations; that it had approved a 3% rate for Minneapolis; and if Kansas City desired the same it could have that rate, but it must take it on the present basis.

On motion it was voted that the Board inform the Federal Reserve Bank of New York that if its Board of Directors still desired to be represented for the purpose of discussing the commodity rate question, it would be glad to receive a committee on Tuesday next at 10 a. m.

The Secretary of the Board presented a telegram from Federal Reserve Agent Perrin suggesting the postponement of further consideration of the commodity

rate question, until the next directors' meeting of the Federal Reserve Bank of San Francisco. The message was noted and ordered filed.

Mr. Warburg presented a report favorable to granting of power to accept drafts up to 100% of capital and surplus in favor of the First National Bank of Hutchinson, Kansas. On motion the application was approved.

On motion applications for fiduciary powers, duly recommended by the Committee on State Banks, were approved as follows:

Franklin County Nat'l Bank, Brookville, Ind.
First National Bank, Greenville, Pa.
Norway National Bank, Norway, Maine.

On motion applications for fiduciary powers, were upon the recommendation of the Committee on State Banks, rejected as follows:

First National Bank, Portland, Oregon.
First National Bank, Pendleton, Oregon.
First National Bank, Montrose, Pa.

On motion the applications of the following banks for fiduciary powers, were upon recommendation of the Committee on State Banks, placed on the suspended list:

First National Bank, Baltimore, Md.
City National Bank, Fort Smith, Ark.

On motion the application of the First National Bank of Missoula, Montana, to withdraw its application for fiduciary powers was approved.

A letter prepared by Chief of Division Broderick, addressed to the State Banking Department of New York, with reference to placing copies of examinations of State member banks in hands of the Federal Reserve Agent, having been read, was approved subject to minor modification.

The Secretary of the Board having presented a letter and draft of memorandum prepared in response to request of Governor Strong of the Federal Reserve Bank of New York, relative to the cost of Federal reserve notes, the same was approved and ordered transmitted.

Mr. Harding read a preliminary report regarding the work of settling the Dallas-Kansas City exchange discussion. He informed the Board that Governors Van Zandt and Sawyer were now present in his office, in response to the Board's invitation, and were at work on the exchange situation in an effort to reach a basis of adjustment.

The Secretary of the Board having presented a letter from Federal Reserve Agent Ingle, asking whether bankers acceptances purchased from the accepting bank, which technically acted for the maker of the paper, could be used as collateral for notes, was instructed to say that the Board is willing to permit, for the present, the use of this collateral, though regarding its eligibility as subject to some doubt.

The Secretary of the Board having presented a letter from Federal Reserve Agent Ingle relative to the practice of certain banks in the Richmond district in figuring as reserves, excess funds in the hands of reserve agents, was instructed to say such excess is not to be thus counted.

The Secretary of the Board having presented a letter from W. H. Allen of Brooklyn, asking for the Board's answer to H. R. Fowler, it was agreed that the Secretary should reply informally to Mr. Allen.

The Secretary of the Board having presented a telegram from the German-American Chamber of Commerce relative to operations possibly growing out of the foreign loan, it was on motion voted that the Secretary

ask Federal Reserve Agent Jay to obtain a confidential report on the German-American Chamber of Commerce and also the names of its counsel, if any, the telegram to be tabled pending a reply from Mr. Jay. //

The Secretary of the Board having presented a communication from the American Society of Equity, the letter was noted and ordered filed and briefly acknowledged.

The Secretary of the Board having presented forms for keeping account of reserve agents' balances in the Gold Settlement Fund, the same were approved and ordered printed.

A letter prepared by Counsel for transmission to Federal reserve banks relative to the election of directors was approved, with modifications, and ordered transmitted.

The Secretary having read a letter prepared by Counsel relative to certain inquiries put before the Board by the Federal Reserve Bank of Philadelphia, it was agreed to take up the points therein made in their order.

On the first point, relating to the payment

of reserves, it was on motion voted to write requesting Federal reserve banks to call the attention of each member bank to the date on which transfers of reserves or subscriptions to stock are due, and to arrange that member banks should pay their own express charges on such remittances unless Federal reserve banks prefer to make some other arrangements.

Taking up Question No. 2 and Question No. 3, it was agreed that both should be laid on the table, Question No. 2 until the return of Mr. Hamlin, and Question No. 3 until further consultation with Governor Rhodes.

A letter from Federal Reserve Agent Tenison regarding the method of paying in the next reserve installment was referred to Mr. Harding and Mr. Warburg for consideration and report.

The Secretary of the Board, having presented a communication from the Texas Cattle Raisers' Association, asking amendment of the Federal Reserve Act, was instructed to acknowledge the same and say that the point therein raised would have careful consideration.

A letter from Governor Strong relative to the cessation of the issue of small gold certificates and asking for complete statistics of all forms of currency from the date when the new plan goes into operation, was presented by Mr. Warburg, and on motion ordered referred to Assistant Secretary of the Treasury Malburn.

Mr. Warburg having submitted a memorandum regarding the question of monthly reports by member banks, it was on motion agreed to call the subject to the attention of the Conference of Governors with the suggestion that the Board would be pleased to see the new plan in operation as soon as convenient.

On motion it was voted that Mr. Warburg be requested to present to the Board his views respecting the question of foreign agencies of Federal reserve banks; and that the subject be referred to the Conference of Governors for an expression of their opinion. X

On motion it was voted to ask Counsel for an opinion whether a Federal reserve bank could, under the terms of the Federal Reserve Act, open local agen-

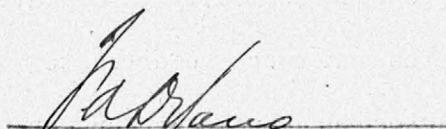
cies in the United States.

On motion the Chairman and Secretary were authorized to issue a statement respecting various rumors in regard to the maintenance of the Minneapolis bank that have been in circulation.

On motion at 1:30 p. m. the Board adjourned to meet on Thursday, September 30, at 10:00 a. m.


Secretary.

APPROVED:


Chairman.