

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11:00 a. m. on Tuesday, October 26,

## PRESENT:

Mr. Hamlin, presiding      Mr. Warburg

Mr. Delano                      Mr. Harding

Mr. Williams                      Mr. Miller

Mr. Willis, Secretary ✓

The minutes of the meeting of October 20 were read and, on motion laid on the table.

The minutes of the meetings of the Executive Committee of October 22 and 25 were read and corrected, and on motion approved.

On motion an opinion of Counsel relating to the power of Federal reserve banks to engage in open market operations, was approved for publication.

On motion an opinion of Counsel relating to the establishment of domestic agencies by Federal reserve banks, was referred to Mr. Warburg for examination and report.

On motion, under suspension of the rules, voted because of unavoidable delay in the transmis-

sion of a recommendation on the part of the Federal Reserve Agent at New York, action was taken upon applications for fiduciary powers, duly recommended by the Committee on State Banks, as follows:

Granted:

National Newark Banking Co. Newark, N. J.  
 Essex County National Bank, Newark, N. J.  
 First National Bank, Long Branch, N. J.  
 Peoples National Bank, New Brunswick, N. J.  
 City National Bank, Plainfield, N. J.  
 Merchants National Bank, Newark, N. J.  
 First National Bank, Hoboken, N. J.

Placed on suspended list:

First National Bank, Bound Brook, N. J.

On motion an application of the Federal Reserve Bank of Atlanta for \$600,000 in Federal reserve notes, duly recommended by the Committee on Issue and Redemption, was approved as follows:

\$10 denomination	\$360,000
20            "	240,000

On recommendation of the Committee on Staff, it was voted to appoint Miss Dorothy Barnard to a place now vacant in the Division of Issue, subject to the Board's rules and regulations, at \$900 per annum, Miss Barnard having been certified from the eligible list

in accordance with prevailing practice.

On motion, upon the recommendation of the Comptroller of the Currency, the application of the Second National Bank of Dubuque, Iowa, for a reduction of \$100,000 in its capital stock, was approved.

On motion certain correspondence between Federal Reserve Agent Rich of Minneapolis, and Mr. J. F. Carroll of Helena, Montana, was referred to Mr. Miller for examination and report.

On motion an opinion of Counsel relating to election of directors was referred back to Counsel for additional information concerning the question whether banks are required to elect a district reserve elector, and whether such choice must or must not be annual.

A letter from Federal Reserve Agent Bosworth, relative to the advertising of the Badger State Bank of Milwaukee, Wisconsin, was on motion referred to Mr. Harding and the Secretary of the Board with power to write a suitable letter to Mr. Bosworth.

The Secretary of the Board presented reports of the examination of the Federal Reserve Bank of

Atlanta, and the Federal Reserve Agent of Atlanta.

On motion the same were ordered referred to Mr.

Harding and subsequently circulated.

On motion the question of a proper policy with respect to the Federal Reserve Bank of Atlanta in buying demand drafts based on cotton, was referred to Mr. Harding for report.

The Secretary of the Board presented a report of the Clearance Committee of Federal reserve agents which recently meet at Boston, Massachusetts. On motion the same was laid on the table with the understanding that it would be discussed at the approaching meeting of Federal reserve agents in Washington.

The Secretary of the Board having presented a letter from Federal Reserve Agent Wellborn with reference to the question of showing on ballots for directors opposite the name of each candidate, the number of banks that have nominated such candidate, it was, on motion voted that the Secretary consult with Counsel regarding a reply to the same.

The Secretary of the Board read a letter

relative to the question of depositing Federal reserve notes at New Orleans. On motion the correspondence was referred to Mr. Miller with request that he consult with Counsel in regard to it.

The Secretary of the Board presented letters received from Mr. J. B. Forgan of Chicago, and Mr. William Ingle of Richmond relative to the form of examiners reports of condition of member banks. On motion both letters were laid on the table until all letters relating to the same subject shall have been received.

The Secretary of the Board presented certain correspondence between the Comptroller of the Currency and Mr. C. E. Burnham and others. On motion the correspondence was referred to Mr. Harding and Mr. Miller as a special committee for report.

On motion it was voted that the question of the form of advertising of member banks should be suggested to Federal reserve agents as a topic for their consideration at their approaching meeting.

A letter from Mr. A. R. Jones relative to the form to be given trade acceptances, was referred to Mr. Warburg for report.

Mr. Harding presented the question of reports to be made by member banks to Federal reserve banks, the conditions under which such reports should be secured, and the scope that should be given them. This and other questions relating to reports were discussed. On motion the matter was referred to a special committee consisting of Mr. Harding, and Mr. Deland to confer with the Comptroller of the Currency both as to the form of condition reports to the Comptroller's office and their possible standardization.

A letter from the Comptroller of the Currency with reference to the policy of Federal reserve banks in purchasing government bonds, was read, and on motion it was voted to refer the question to the reserve agents at their approaching meeting. Meantime it was voted that the Secretary of the Board send to Mr. Wills of Cleveland the substance of the Comptroller's letter on the subject for his consideration.

On motion it was voted that all applications of national banks for the sale of United States bonds to Federal reserve banks, should be transmitted to the Treasurer of the United States and filed with him, a copy however, to be kept in the records of the Board.

A draft of a letter to the cashier of the First National Bank of Canton, Mississippi, was presented and ordered circulated among the members of the Board.

On motion it was voted that the question of the disposition to be made of Federal reserve notes now held for redemption, be referred to Mr. Delano, Mr. Harding and Mr. Warburg as a special committee.

The Secretary of the Board read letters addressed, under date of October 21 and 25, by the Comptroller of the Currency to the Governor of the Board with reference to recent action changing the composition of certain committees of the Board, and presenting his resignation from the committees, on Audit and Examination and Issue and Redemption. On motion it was voted that the subject be laid on the table until the meeting of the Board on Wednesday, October 27.

Mr. Williams laid before the Board copy of a letter recently received by him from Federal Reserve Agent Austin of Philadelphia, and his reply to the same. The correspondence was received and ordered filed.

Mr. Hamlin informed the Board of an invitation received by him from the Western Economic Society to speak before that organization on November 26 at Chicago. Mr. Harding also stated that he had been requested to go to Chicago to speak before the Credit Men's Association on November 15. On motion the Board voted to ask Mr. Hamlin and Mr. Harding to accept these invitations, their expenses to be paid by the Board, if not by the associations inviting them.

It was informally agreed that Mr. Hamlin should make on behalf of the Board some statement regarding the credit situation.

On motion at 1:05 p. m. the Board adjourned to meet on Wednesday, October 27 at 11:00 a. m.

*A. Parker Willis*  
Secretary.

APPROVED:

*W. Hamlin*  
Chairman.