

At a regular meeting of the Federal Reserve Board held in the office of the Board at 10:40 a. m. on Wednesday, November 3,

PRESENT:

Mr. Hamlin, presiding Mr. Warburg
 Mr. Delano Mr. Harding
 Mr. Williams Mr. Miller
 Mr. Willis, Secretary.

The minutes of the meeting of October 29, were read and approved.

On motion the application of the Federal Reserve Bank of New York for Federal reserve notes, duly recommended by the Committee on Issue and Redemption, was approved as follows:

\$5 denomination	\$2,000,000
10 "	15,000,000
20 "	4,960,000

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

DISTRICT No. 9.	Shares.
First National Bank Midland, S. Dak.	17

DISTRICT No. 11. Shares.

State National Bank San Antonio, Texas 300

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

DISTRICT No. 10. Shares.

First National Bank Idaho Springs, Colo. 15

DISTRICT No. 11.

Merchants National Bank Dallas, Texas. 180

Mr. Hamlin presented a memorandum from the Attorney General of the United States with reference to the power of the Board in making assessments. On motion the memorandum was referred to the Committee on Legal Matters for study and report.

Mr. Delano stated to the Board that some difficulty had occurred in the Minneapolis Bank, that Mr. Rich was in the city and would like to meet either the Board or a committee thereof. The point at issue related to the status of Mr. C. R. Mosher, and the matter had reached such a stage as to call in question the good relations between Mr. Rich and the Board of Di-

rectors of the Bank, Mr. Rich feeling that he should receive the support of the Board in his attitude, if possible.

On motion it was voted that the standing committee having charge of the Minneapolis Bank, (Mr. Warburg and Mr. Delano), should with the Governor of the Board, be authorized to meet with Mr. Rich, and to report the results to the Board. The Secretary was directed to inform Mr. Rich that the meeting would occur at 3 p. m. this day.

On motion it was voted that the Board itself should afford Mr. Rich an opportunity of appearing before it prior to his departure from the city.

The Secretary of the Board having read a memorandum from Mr. Broderick asking authority to employ local stenographic aid in examining Federal reserve banks whenever necessary, the desired authority was, on motion, granted.

Mr. Warburg, to whom had been referred the question of the purchase of acceptances drawn on Manila, presented by Federal Reserve Agent Perrin, reported that in his judgment there was no objection

to the transactions described by Mr. Perrin. On motion the report was accepted, and the Secretary of the Board was directed to reply accordingly.

Mr. Warburg, to whom had been referred a letter from Deputy Federal Reserve Agent Hackney, returned the papers in the case to the Board. The same were received and ordered placed on file.

The Secretary of the Board read a memorandum from the Comptroller of the Currency further explaining his attitude with respect to the action of the Board on the Federal Trust Company. The memorandum was received and ordered filed.

On motion the following resolution, offered by Mr. Warburg, was adopted:

RESOLVED, That in the absence of any two or more members of the Committee on Issue and Redemption the members of the Executive Committee of the Federal Reserve Board, in order, may act in the places of the members of the Committee on Issue and Redemption.

On motion it was voted that this action be made applicable to all of the committee, so that in the absence of any two or more members of any committee, members of the Executive Committee should be authorized to

act in their place.

On motion Mr. Hamlin was named a member of the Committee on Issue and Redemption.

The Committee on Issue and Redemption having recommended that there be ordered printed for the Federal Reserve Bank of Richmond \$3,000,000 each of Federal reserve notes of \$10 and \$20 denomination, an order was, on motion made to that effect.

The Secretary of the Board read a letter from Federal Reserve Agent Bosworth relative to the advertising of the Badger State Bank of Milwaukee, Wisconsin. The letter was received and ordered filed.

Mr. Harding stated to the Board that he had read the recent report of the examination of the Federal Reserve Bank of Atlanta. There were several criticisms of the bank, and he must admit that the report was not one to be proud of. He thought it his duty to call the report to the attention of the Board for such action as it might deem best. On motion it was voted to refer the report to a special committee consisting of Mr. Harding, chairman, Mr. Warburg and Mr. Williams, with

request that the committee examine the report, and report thereon to the Board.

Correspondence between the Comptroller of the Currency and Federal Reserve Agent Austin relative to the question of passing upon fiduciary powers, was read and ordered filed.

Mr. Delano stated to the Board that Federal reserve notes had now accumulated for redemption in the hands of the Treasury to the amount of \$9,000,000, about 60 per cent of them being fit and about 40 per cent unfit for further use. A large proportion of the accumulation consists of New York and Richmond notes. Assistant Secretary of the Treasury Malburn said Mr. Delano, desires authority to ship the fit notes to the issuing banks, and to present the unfit to the Comptroller of the Currency, charging the cost of the clerical work involved against the Redemption Fund.

On motion the foregoing matter was referred to the Committee on Issue and Redemption for report.

The Secretary of the Board read a letter

from Federal Reserve Agent Wellborn relative to the purchase of warrants by the Federal Reserve Bank of Atlanta. On motion the communication with attached documents, was referred to Mr. Harding, in consultation with Counsel, for report.

The Secretary of the Board having read a letter from Governor Rhoads of Philadelphia, asking permission to retain a \$1,000 Borough of Elkland warrant under exception to the Board's warrant regulation, the request was on motion granted.

An application from Governor Aiken of Boston for power to buy \$200,000 State of Vermont loan, was on motion granted.

A letter from Governor Strong of New York suggesting a change in the terms of the Board's regulations as to municipal warrants, having been read, the same was referred to Mr. Warburg in consultation with Counsel.

The Secretary of the Board read a letter from Mr. R. H. Malone relative to the appointment of a deputy Federal reserve agent at Kansas City. The letter was received and ordered filed.

A letter from the Comptroller of the Currency relative to the question of early transfer of member banks' reserves to Federal reserve banks, was read to the Board and, on motion, referred to the Executive Committee.

A letter from Federal Reserve Agent Perrin relative to the legal situation in California as affecting savings accounts in member banks, was ordered referred to Mr. Miller and Counsel in consultation with Mr. Perrin.

The Secretary of the Board having presented certain correspondence relative to a proposal made by Federal Reserve Agent Miller for reduction of the amount of capital stock of Federal reserve banks, the same was referred to the Executive Committee.

The Secretary of the Board having presented a letter from Federal Reserve Agent Wellborn relative to the selection of electors by member banks, he was directed to send a suitable reply in consultation with Counsel.

A letter from the cashier of the Second National Bank of Cincinnati relating to the form of

acceptances, was read and ordered filed.

A letter from Governor McDougal of Chicago relative to a joint meeting of the Governors' executive committee and the Board having been read, the Secretary was directed to obtain at once the full report of the Conference of Governors. On motion it was voted that the date for the proposed joint conference be set for November 16.

Mr. Delano submitted a draft of a proposed letter to all Federal reserve agents relating to the question of local agencies of Federal reserve banks. The letter was approved and ordered transmitted.

A letter from Governor Aiken of Boston relative to the early allotment of bonds to Federal reserve banks, having been read, was referred to Mr. Warburg in consultation with Counsel, for report.

A memorandum of Counsel relative to the exercise of fiduciary powers in the states comprising the twelfth district, having been presented to the Board, was on motion referred to the Committee on Legal Matters.

A letter sent by Mr. Harding to Federal

Reserve Agent Wellborn relative to open market operations at New Orleans, was ordered circulated.

On motion at 12:30 p. m. the Board adjourned to meet subject to the call of the chair.

H. Parker Wells
Secretary.

APPROVED:

C. S. O'Connell
Chairman.