

FEDERAL RESERVE AGENTS.

November 4 - November 6

At a joint conference of the Federal Reserve Board with the Federal reserve agents, held in the office of the Board at 3:00 p. m., Thursday, November 4,

## PRESENT:

Mr. Hamlin, presiding      Mr. Warburg

Mr. Delano                      Mr. Harding

Mr. William                      Mr. Miller

Mr. Willis, Secretary

Mr. Allen, Assistant Secretary

Mr. Broderick, Chief of Division  
Audit and Examination.

## PRESENT ALSO, the following Federal Reserve Agents:

Mr. Jay, New York              Mr. Austin, Philadelphia

Mr. Curtiss, Boston              Mr. Martin, St. Louis

Mr. Ingle, Richmond              Mr. Rich, Minneapolis

Mr. Wills, Cleveland              Mr. Bosworth, Chicago

Mr. Wellborn, Atlanta              Mr. Miller, Kansas City

Mr. Tenison, Dallas              Mr. Perrin, San Francisco

Mr. Perrin, as Chairman of the Conference of Reserve Agents, was asked by the Governor of the Board

to state the object of the meeting and in reply said that the reserve agents desired to obtain the views of the Board on a variety of questions. They had taken some actions already. The first he would mention was that it was desired to hold stated meetings twice a year. The first to be held on the first Monday after the third Sunday in May, and the first Monday after the second Sunday in October. Knowledge of these dates would render a better preparation possible.

Mr. Perrin asked the Board to take notice that the reserve agents had classified their business under questions to be classed "For action" and others "For discussion". It was intended to hold session from ten o'clock in the morning until six in the evening.

The question of auditing the Federal Reserve Agents' Fund, Mr. Perrin said had been taken up and Mr. Jay had moved to have a representative of the reserve agents join in the auditing of the Gold Settlement Fund. Furthermore Mr. Bosworth of Chicago

desired to be informed as to the correctness of Regulation O, relating to the computation of member banks' reserves. Furthermore the question of a semi-monthly statement of reserves and the problem of a digest of rulings had also been taken up.

Mr. Hamlin informally presented to the Board the question of holding semi-annual meetings and it was agreed to assent to the proposed plan. Similar action was taken as to the division of topics into "For action" and "For discussion". Mr. Perrin informed the Board that a permanent organization had been effected with an Executive Committee of five persons including the Chairman and secretary and three others having been named.

It was informally agreed by the Board and the reserve agents that an auditor representing the <sup>l</sup>matter be named to join in the auditing of the Gold Settlement Fund and the Federal Reserve Agents' Fund.

The question of tax on deficiencies and reserves coming up, Mr. Delano stated his views on

the subject while Mr. Bosworth distributed copies of a computation which he had made. In this he showed that under Regulation O, taxes on deficiencies would be prohibitive while his own interpretation would only make a moderately increasing tax.

Mr. Jay inquired whether the Board had determined the question, whether member banks should report to the reserve bank the condition of their reserve deposits.

Governor Hamlin replied that this matter was still before the Board. There was discussion in which Mr. Ingle suggested that member banks keep a book record of deposits and reserve which could be consulted by the bank itself in making its report or by an examiner.

It was stated by Mr. Rich that he did not believe that 50 per cent of the country banks in his District could correctly figure reserve. He suggested a report every two weeks.

Mr. Martin suggested charging uncollected items against reserves and Mr. Harding objected to

this suggestion contained in the report of the Agents' Clearing Committee.

Mr. Warburg advanced the suggestion that all present were agreed as to the importance of knowing fluctuations of reserve and said that the Board had not reached a decision in the matter before because each time the question was advanced, objection was made by the Federal reserve banks and their officers and the advice given to defer action. The question in his judgment was not how, but when, to take action. An expression of opinion was asked and the following suggestions made.

Mr. Curtiss said that in his District the matter had little significance outside the large cities. Some banks now carry as high as 25 per cent reserve. Frequent reports would be a burden upon small banks.

It was stated by Mr. Jay that reports of reserve would be no great hardship in District No. 2 but that the request should be made a care-

ful expression of the Board's desire. State banks in New York make weekly reports. He felt that the Board might reasonably ask for such reports as one under consideration.

Mr. Austin held the question to be one largely of the proper method of arriving at the result desired.

No difficulty has been encountered in obtaining reports of reserve in the Cleveland District and Mr. Wills stated that weekly statements were made by Clearing House banks and monthly statements by others.

Mr. Bosworth favored the obtaining of the information for statistical purposes, but not too frequently. The Chicago bank keeps a memorandum of proper reserve for its information in connection with collections.

Once a month was considered sufficiently often for the reports by Mr. Martin.

Mr. J. Z. Miller said that the statistical value of the reports would be great and he thought

they should be obtained.

Mr. Tenison stated that his bank had sent out a call for reports as to reserves and thought that the replies would be very helpful.

Mr. Perrin held it to be desirable that the Federal reserve banks keep close relations with the member banks and did not think that it would be difficult to obtain reports as to reserves. He suggested reports once a month and that the matter might perhaps be left to each Federal reserve bank.

Mr. Williams was strongly of the opinion that there should be close relations between member banks and reserve banks and thought that reports as to reserve tended in this direction.

In reply to an inquiry of Mr. Jay as to how often he thought they should be made Mr. Williams said he thought they should be made weekly. (N.B. This question should be settled by the Board).

Mr. Bosworth stated his desire for a

digest of the rulings of the Board, formal, informal, and oral, and asked that such a digest be furnished to all Federal reserve agents.

He also raised the question of advertising on the part of member banks, but the subject was passed without a conclusive ruling.

There was a short discussion of the desirability of having accommodations for the comfort of officers of member banks visiting reserve banks but no decision was reached. Mr. Martin stated what the Federal Reserve Bank of St. Louis had done in this regard.

A discussion of the reports of Federal reserve agents to the Board and the monthly reports of business conditions for the Federal Reserve Bulletin was opened by Mr. Perrin who suggested the enlargement of the Federal reserve agent's staff. He thought there should be an assistant Federal reserve agent as it is hard for deputy agents to keep up the routine in the absence of the Agent.

Mr. Ingle suggested two reports yearly,

one for publication and another for the Board which will be confidential. The Board took these suggestions under advisement.

At 4:40 p. m. the members of the Board withdrew, adjourning subject to the call of the Chair.

*St Parker Wells*  
Secretary.

APPROVED:

*es Stambler*  
Chairman.

