

At an adjourned meeting of the Federal Reserve Board held in the office of the Board on Monday, November 22, at 3:00 p. m.,

## PRESENT:

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

The Secretary of the Board read a list of the pending appeals for redistricting, Mr. Delano having suggested that progress would best be made by considering these in their order.

Thereupon Mr. Hamlin offered a motion as follows:

WHEREAS, on May 4th, 1915, by unanimous vote of the Federal Reserve Board, a resolution was passed as follows:

BE IT FURTHER RESOLVED, That action on other pending petitions be deferred until further experience in the actual operation of the several districts, especially in the light of the new clearing system which is about to go into effect, and of the extent to which State banks take membership in the Federal Reserve System, shall have provided the Board with the necessary data for a conclusion, it being the opinion of the Board that action on petitions relating to changes in cities desig-

nated as the location of Federal reserve banks should be deferred until the Board shall have reached a conclusion from experience as to any further readjustments in the boundaries of the several districts, or in the number of districts, which may be desirable in the operation and development of the Federal Reserve System."

And, whereas, on May 21st, 1915, the Board sent a letter to the President of the Merchants National Bank of New Haven, Connecticut, which, in part, was as follows:

"Under the circumstances the Board feels that it is of doubtful expediency indefinitely to continue hearings on review. Under the provision of the Federal Reserve Act, however, the Board is given the power, in addition to its right to review, to readjust from time to time the districts created. Your petition will, accordingly, be filed, and if in the light of experience gathered from the operation of the system it seems advisable to make further changes, arrangements will be made at a later date for oral argument on the subject. In the meantime any additional briefs or arguments that you may care to file will be given consideration and will be acted upon in due course. The Board feels, however, that it should have the benefit of the results of the operation of the several banks before making any further changes in the geographical limits of the districts."

NOW, THEREFORE, BE IT RESOLVED, That the Committee on Redistricting be instructed to consider all pending petitions for readjustment of districts, and to report in detail whether experience under the operation of the Federal Reserve Act has demonstrated the necessity of any readjustment of dis-

tricts, and further, to report upon all petitions for readjustment on which no hearing has been held by the Board, as to whether such hearing should be granted.

Discussion of the proper procedure to be followed in the Wisconsin and Louisiana appeals ensued.

Mr. McAdoo said he thought that in considering the readjustment of the boundaries of any of the Federal Reserve Districts, the real test should be whether or not the banks in the part of the district which it was proposed to transfer were suffering any inconvenience and not as to whether or not the banks in the district merely preferred to be in one district as against another.

Mr. Warburg suggested that the Wisconsin banks be polled by letter as had been done in Louisiana, in order to find out their final views.

Mr. McAdoo said he thought there should be rules or guides of action in such matters, other than the mere preferences of the banks.

Mr. Delano offered as a substitute for

the pending motion of Mr. Hamlin a motion that all committee reports on redistricting be laid on the table.

Mr. Hamlin made the point that the proposed substitute was not germane.

Thereupon Mr. Hamlin withdrew his motion, and Mr. Delano moved to lay all pending reports of the Committee on the table, which was unanimously carried.

Mr. Delano offered a brief historical account of the work and intent of the Committee on Redistricting, bringing out the point that it had never been the intent to attempt to force early action, but merely to get instructions as to what should be the method to be followed.

The Secretary of the Board brought up the question of a statement to the press, calling attention to the fact that rumors were already in circulation about the action of the Board, and asked for instructions. The terms of a statement were agreed upon, and the Secretary was directed to sub-

mit it to the Governor and Vice Governor of the Board for approval, and then to issue it to the public.

Mr. Warburg offered a motion to ask the Attorney General whether the Board had power to change reserve cities within a district, provided that the opinion in hand does not give a sufficient answer to that question, the Governor and the Counsel to determine the precise form of question to be placed before the Attorney General.

Mr. Warburg stated his general views on the situation, saying that the retention of the twelve banks was the worst blow that the system could possibly have received. He pointed out that in the hearings before the Organization Committee the majority of witnesses had insisted on not over eight.

Mr. Warburg reported with reference to a letter submitted by Federal Reserve Agent Wills in regard to building and loan association notes, to the effect that such notes, intended to cover

withdrawals by farmer stockholders or depositors for the purchase of live stock, would not be eligible. The report was approved.

Mr. Warburg reported that in cases where a certificate of eligibility relating to a real estate loan was needed, it should be furnished by the purchasing banks on their own knowledge. The report was approved.

Mr. Warburg reported with reference to a letter from Governor Strong of New York relating to the work of the Governors' Conference, and the report was ordered circularized.

Mr. Harding submitted a preliminary draft of the proposed acceptance regulation. The draft was received and ordered laid on the table for the present pending further study.

Mr. Miller briefly reported the results of the informal conference on the evening of Friday, November 19, with the Executive Committee of Governors.

Mr. Warburg orally outlined a tentative

plan under which some of the more serious difficulties in the way of the clearing system could in his judgment be overcome, but no action was taken.

In the above connection Mr. Miller reported briefly the result of the meeting of Friday evening, November 19, with the Committee of Governors on Clearing, and said that Governor McDougal had asked for time to elaborate the report on the ground that the report would probably be included by the Board in its annual report to Congress. Mr. Warburg stated that a letter would be received on Tuesday morning, November 23, from Mr. McKay and Mr. Hendricks, Subcommittee of the Governors Committee on Clearing, asking for certain information for the benefit of the Board, from the several Federal reserve banks, and it was agreed that this letter should have attention by the Secretary's office.

At 5:20 p. m., the Board adjourned to meet at 11:00 a. m., on Tuesday, November 23.

