

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11:00 a. m. on Tuesday, December 21,

PRESENT:

Mr. Hamlin, presiding Mr. Warburg

Mr. Delano Mr. Harding

Mr. Williams Mr. Miller

Mr. Willis, Secretary.

The minutes of the meeting of the Board of December 17 were read and approved.

The minutes of the meeting of the Committee on Operation of Federal Reserve Banks and the Executive Committee in joint session, on December 17, at 4:30 p. m., were read and approved, the action therein taken being ratified by the Board with the understanding, however, that nothing therein stated with reference to amendments to the Federal Reserve Act should be regarded as binding on the Board or any member thereof.

The Secretary of the Board presented the minutes of a conference with the Executive Committee

of Governors held in the office of the Board on Thursday, December 16, and the minutes of a conference with the Executive Committee of the National Bank Section of the American Bankers Association at the same place on December 15. The conference minutes were referred to Mr. Delano for reading and report.

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

For the Federal Reserve Bank of Atlanta,

\$500,000, as follows:

\$5 denomination	\$100,000
10 "	320,000
20 "	80,000

For the Federal Reserve Bank of Richmond,

\$680,000, as follows:

\$5 denomination	\$200,000
10 "	240,000
20 "	240,000

For the Federal Reserve Bank of New York,

\$2,000,000, as follows:

\$5 denomination \$2,000,000.

Reports from Chief of Division Broderick with reference to the examinations of the Federal Reserve Banks of Dallas and San Francisco, were referred to the members in charge of those districts.

With reference to the Federal Reserve Bank of Kansas City, Mr. Miller, the member in charge of the district, asked Mr. Harding for a statement relative to conditions at Kansas City. Mr. Harding thereupon outlined the conditions prevailing in that bank as developed at a conference held by himself and Mr. Miller on December 20, at which Mr. J. Z. Miller, jr., Federal Reserve Agent at Kansas City, was present. Mr. Harding gave the substance of the examiner's report, and also impressions derived from the statements of Mr. J. Z. Miller, jr. After discussion it was voted that a letter be addressed to the Kansas City Bank following a form presented by Mr. Delano, wherein disapprobation of conditions prevailing at Kansas City was expressed, and request was made for action designed to locate the responsibility. The matter was referred to Mr. Miller and Mr. Harding

with power to act, the letter, however, to be officially signed by the Governor of the Board. The report of the examination of the Federal Reserve Bank of Kansas City was then referred in the usual course to Mr. Miller.

Mr. Warburg having reported regarding the question of guaranteeing letters of credit, which had been referred to the Board by the Federal Reserve Bank of Boston, and having submitted a memorandum prepared by Counsel, with his own approval, designed to regulate the conduct of business of this kind, it was agreed, after discussion, that the Board tentatively approve the proposed plan, and that it be referred to the Comptroller of the Currency with request for his opinion as to the methods therein suggested. The Secretary of the Board informed the Board of action taken as follows:

That the Secretary of the Treasury had designated the New Orleans Branch of the Federal Reserve Bank of Atlanta as a Government depository,

the same to receive deposits now placed with all national banks in the city of New Orleans.

That investigation shows that one letter had been ordered written with reference to the question of tenure of office of officers and employees of Federal reserve banks, indicating the general opinion that the terms of such employees were to be fixed by the boards of directors of the banks.

That in response to inquiry he had written a letter to the Federal Reserve Bank of Richmond, and had sent copies of the said letter to all Federal reserve agents, stating that in the event of an appropriation for a Christmas bonus, the said bonus would be regarded as a part of the employee's salary, and as such, must be submitted to the Federal Reserve Board for approval.

On motion it was voted that the Secretary prepare a letter stating that it is the sense of the Board that both salaries and appointments to staff are to be submitted to and approved by the Board annually as a matter of routine, and that in the course

of any particular year, all officers of banks are to hold office at the pleasure of their own board of directors.

Mr. Delano filed with the Board data furnished through him by the Committee on Redistricting, the same being memoranda prepared by individual members of the committee in the preparation of their recent report upon the question of redistricting. Two identical sets of such memoranda were supplied.

On motion the following resolution relative to the management of the Gold Fund, was adopted:

RESOLVED, That H. Parker Willis be appointed Settling Agent in charge of the Gold Settlement Fund of the Federal Reserve Board from Friday, December 24 to and including December 31 in the place of Sherman Allen, and that the said Sherman Allen is authorized to deliver the combination of the safe and custody of the holdings of the said fund to Mr. Willis.

On motion it was voted that the Federal Reserve Board establish holiday on December 25 and January 1 for all employees, and half holiday on December 24 and 31.

On motion it was voted that the Board should adjourn from Thursday, December 23, to Wednesday, December 29, a stated meeting of the Board to be held on Wednesday, the 29th instant.

On motion it was voted that the Federal Reserve Bank of Cleveland be authorized to retain the whole of an issue of \$130,000 of notes of the Board of Education of the City School District, of the City of Cleveland, subject to the approval of Counsel of the Board.

The Secretary of the Board read a letter written by Federal Reserve Agent Curtiss relative to the possible conversion of two national banks into State banks in Massachusetts.

The Secretary of the Board read a letter from Secretary of State Lansing requesting the appointment of a delegate to represent the Board at the Pan American Scientific Congress. The matter was laid on the table for the time being.

A letter from the State Bank of Llewellen relating to reports of condition, was ordered re-

ferred to the Committee on Member and State Banks.

Mr. Harding read a letter from the representative of the banks of Louisiana asking transfer to the Federal Reserve Bank of Atlanta. On motion it was voted that the briefs of the Louisiana bank be sent to the Dallas Bank, the Louisiana interests to be informed that they may file briefs up to January 21. It was agreed that the Federal Reserve Bank of Dallas be informed of the action taken. The motion prevailed.

On motion it was voted that the Connecticut banks may be granted a hearing before the Board in the matter of their transfer to the New York District, or if they prefer, may file briefs. The Secretary was ordered to notify the representative of the Connecticut banks that such briefs should be filed, if possible, by January 20; or if a hearing be desired, that the hearing be fixed for some date prior to that time. It was informally agreed, however, that in case of necessity, the Secretary may extend the time thus allowed.

On motion it was voted that the banks of southern Wisconsin which had applied for transfer from District No. 9 to District No. 7, shall be polled by mail as in the case of the Louisiana banks, a suitable form of ballot to be prepared for the Committee on Redistricting by the Secretary of the Board.

On motion it was voted that the Committee on Redistricting should present to the Board a draft of a letter to be sent to the Attorney General definitely inquiring as to the power of the Board to change the location of a Federal reserve bank.

Mr. Hamlin presented a letter from the Clearing House Banks of Richmond with reference to the power of the Collector of Internal Revenue to examine the accounts of the Richmond banks, in order to ascertain their liability to income tax. After discussion it was agreed that the matter be presented to the Secretary of the Treasury in order to ascertain his views.

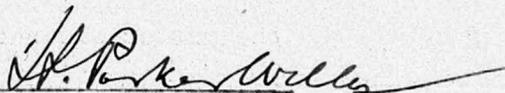
Mr. Delano presented a draft of a letter

to Representative Moss relating to the action of the Federal Reserve Bank of Cleveland as to certain discounts granted to the National Bank of Clay City, Indiana. After discussion the letter was referred back to Mr. Delano with power to act.

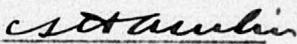
Mr. Warburg and Mr. Harding reported a plan for the establishment of a definite system of code words for communication with Federal reserve agents, designed to differentiate their messages from those addressed to Governors of reserve banks. On motion the plan was approved.

On motion a report of the Committee on Staff, dated December 21, and fixing the salary of H. Parker Willis, the Secretary of the Board at \$9,000 per annum from and after January 1, 1916, was approved.

On motion at 1:00 p. m. the Board adjourned to meet on Wednesday, December 22, at 3:00 p. m.


Secretary.

APPROVED:


Chairman.