

At a special meeting of the Federal Reserve Board held in the office of the Board at 3:15 p. m., Wednesday, December 22,

## PRESENT:

Mr. McAdoo, presiding      Mr. Williams

Mr. Hamlin                      Mr. Warburg

Mr. Delano                      Mr. Harding

Mr. Miller

Mr. Willis, Secretary.

The Chairman named Mr. Hamlin as official delegate of the Board to attend the Pan American Scientific Congress, Mr. Warburg to be named as alternate, Mr. Hamlin to have the power to designate temporary alternates in lieu of himself or Mr. Warburg.

The Secretary of the Board read a telegram from Federal Reserve Agent Tenison renewing his resignation of some months ago. On motion the matter was referred to the Committee on Operation of Reserve Bank, (Mr. Harding) for early report.

The special order for the day, the election

of Class "C" directors of Federal reserve banks, was taken up, and Mr. Harding stated the general results of the experience of the past year with reference to the choice of directors and officers of the banks. He said that some members of the Board had reached the conclusion that it would be well to have the functions of Deputy Federal Reserve Agent less emphasized, while the functions of the chairman and vice chairman should be brought more prominently to the front, the effort being to appoint strong men as Government directors, while permitting Federal reserve agents to name assistants to help them do their work. He pointed out that Federal reserve banks were gradually eliminating executive officers from their directorates. This was a tendency of doubtful soundness. He thought the Governors ought to have seats in the boards of directors, yet to secure such action through elective processes, would require amendments to the Act. Nevertheless, it would be possible to strengthen the Class "C" directors by appointing the Governors of the banks Class "C" di-

rectors. Mr. Harding's statement led to a general discussion of the situation as to the choice of directors, and the members of the Board engaged in a general interchange of views. It was informally agreed that Mr. Harding should look over the present directors, and report at a meeting on Thursday at 3:00 p. m. how the proposed policy would actually work out in practice.

Mr. McAdoo read a tentative resolution forbidding directors of Federal reserve banks to serve, if it should appear that they were holding political offices for Federal, state, county or municipal government, or places of activity on political committees. Informal discussion was given the resolution, and the matter was laid on the table until Thursday afternoon, with the understanding that a revised draft of it would then be presented.

The Secretary of the Board having read a telegram from Federal Reserve Agent McDougal relative to action of the Reserve Bank of Chicago in applying for the conversion of 2% bonds into 3% notes and bonds, there ensued a discussion of the

general situation with reference to the issue of Federal reserve notes and national bank notes as affected by the refunding policy. Mr. McAdoo read a letter from Assistant Secretary of the Treasury Malburn reviewing the situation, and after full discussion it was agreed to lay the matter on the table until Thursday afternoon in order to afford opportunity for further study.

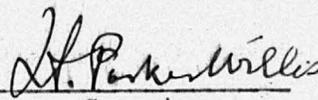
Mr. Warburg reported with reference to certain individuals as Class "C" directors at Philadelphia.

The Secretary of the Board having read a letter from Mr. E. W. Decker of Minneapolis relative to certain statements alleged to have been made by United States Treasurer Burke, it was voted to send a copy to the Secretary of the Treasury for his information, and also data as to the amount of agricultural loans made by the Bank of Minneapolis.

Mr. Warburg called the attention of the Board to the decline in receipts of banks in various cities, and the probable results of such decline.

Mr. Delano called the attention of the Board to his recommendation made in the past, that all Federal reserve cities be made central reserve cities. It was agreed that this subject be made a special order for Thursday, December 23. Mr. Williams suggested as a possible amendment to Mr. Delano's suggestion, that the Board recommend to Congress that all reserves be transferred to reserve banks before July 1, 1916.

On motion at 5:00 p. m. the Board adjourned to meet on Thursday, December 23 at 3:00 p.m.

  
Secretary.

APPROVED:

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Chairman.