

At a regular meeting of the Federal Reserve Board held in the office of the Board at 3:00 p. m. on December 29,

PRESENT:

Mr. McAdoo, presiding Mr. Williams

Mr. Hamlin Mr. Warburg

Mr. Delano Mr. Harding

Mr. Miller

Mr. Willis, Secretary.

The minutes of the meeting of Tuesday, December 28 were read and approved.

The minutes of the meeting of the Committee on Member and State Banks held at 12:30 p. m. on December 29, were read and approved and the action therein indicated ratified. Accordingly the following action on applications for fiduciary powers were ordered entered:

Approved:

First National Bank, Perth Amboy, N. J.
State National Bank, Albuquerque, N. M.
Burnes National Bank, St. Joseph, Mo.

City National Bank, Columbus, Ohio.
 First National Bank, Anthony, Kansas.
 Citizens National Bank, Lebanon, Ky.
 First National Bank, Casey, Ill.
 First National Bank, Bangor, Maine.
 Atlantic City National Bank, Atlantic
 City, N. J.
 Second National Bank, Nashua, N. H.
 First National Bank, Evanston, Wyo.
 Farmers & Merchants National Bank, Lake
 City, S. C.

Held for further report of examination:

National State Bank, Elizabeth, N. J.
 Farmers National Bank, Hillsboro, Texas.
 Merchants National Bank, Massillon, Ohio.
 First National Bank, Nanticoke, Pa.
 First National Bank, Baltimore, Md.
 (Held for information regarding dispo-
 sition of stock in Baltimore Warehouse
 Company)
 First National Bank, Clendenin, W. Va.
 First National Bank, Fordyce, Ark.
 Rockbridge National Bank, Lexington, Va.
 Commercial National Bank, Shreveport, La.
 First National Bank, Boone, Iowa.
 Sheffield National Bank, Sheffield, Alabama.
 First National Bank, Nogales, Arizona.
 Leavitt & Johnson National Bank, Waterloo,
 Iowa.
 Broad Street National Bank, Trenton, N. J.
 Ediston National Bank, Orangeburg, S. C.
 Merchants National Bank, La Fayette, Ind.
 National Bank of Montana, Helena, Mont.
 First National Bank, El Paso, Texas.
 (Held for information regarding loans
 to officers and directors)
 First National Bank, Corvallis, Oregon.

Applications refused:

Seacoast National Bank, Seacoast, N. J.
 Farmers National Bank, Colfax, Wash.
 Palmetto National Bank, Columbia, S. C.
 Colorado Springs National Bank, Colorado
 Springs, Colo.
 First National Bank, Corning, Ark.
 First National Bank, Baraboom, Wis.
 First National Bank, Rochester, Ind.
 Second National Bank, Mechanicsburg, Pa.
 Peoples National Bank, Winston-Salem, N. C.
 First National Bank, Denver, Colorado.
 City National Bank, Fort Smith, Ark.
 Union National Bank, Columbia, S. C.
 First National Bank, New Carlisle, Ind.
 Fourth National Bank, Fayetteville, N. C.

On motion the application of the American National Bank of Oklahoma City, Oklahoma, for one additional share of stock in the Federal Reserve Bank of Kansas City was approved.

On motion the application of the First National Bank of Como, Texas, for permission to reduce their capital stock fifteen shares was approved.

On motion the applications for surrender of stock in Federal reserve banks were approved as follows:

DISTRICT No.		Shares.
DISTRICT No. 2.	First National Bank	Hornell, N. Y. 30
	Citizens National Bank	Saratoga Springs N. Y. 68
	First National Bank	Corona, N. Y. 75
DISTRICT No. 4.	First National Bank	New Richmond, O. 60
DISTRICT No. 5.	Citizens National Bank	Chester, S. C. 39
DISTRICT No. 6.	First National Bank	Toccoa, Ga. 60
DISTRICT No. 10.	National Reserve Bank	Kansas City, Mo. 204
	Konawa National Bank	Konawa, Okla. 18
	Keota National Bank	Keota, Okla. 18
DISTRICT No. 12.	Citrus National Bank	Exeter, Cal. 15

The Committee further recommended (and the action was approved) that the Board suggest to Mr. J. Z. Miller, jr., that he suggest that the State Banking Department of Nebraska make its calls for condition of State Banks at the same time as the Comptroller of the Currency.

A reduction of \$15,000 in the capital stock of the First National Bank of Como, Texas, was approved.

Mr. McAdoo suggested the insertion in the Annual Report of the Board of a paragraph relative to the effect of recent reductions in State bank reserves, and a possible penalty to be applied by Congress for the failure of State banks with lowered reserves to join the Federal reserve system.

Mr. Delano, on behalf of the Committee on Law, to which had been referred certain resolutions offered at the last preceding meeting of the Board, offered the following resolution regarding the tenure of office of officers of Federal reserve banks:

WHEREAS, it is in the interest of good administration that the officers of the various Federal reserve banks shall have a definite tenure of office, subject to renewal at a specified date; and

WHEREAS, it is the evident intent of the Federal Reserve Act that the Federal Re-

serve Board shall exercise direct and continuous supervision of the affairs of the Federal reserve banks with a view to maintaining an efficient and economical administration thereof;

BE IT RESOLVED, that the Federal Reserve Board formally express its opinion that the officers and employees of each Federal reserve bank should be subject to annual election or appointment (unless a shorter term is specified) and that the list thereof, with salaries, should be submitted to the Federal Reserve Board at the beginning of each year for its approval.

On being put to a vote the resolution was declared carried.

Mr. Delano, on behalf of the Committee on Law, to whom had been referred a resolution at the last preceding meeting of the Board relating to the personnel of the Advisory Council, presented the following resolution:

WHEREAS, Section 12 of the Federal Reserve Act provides for the establishment of a Federal Advisory Council with power to confer with the Federal Reserve Board on general business conditions, to make representations concerning matters within the jurisdiction of said Board, and to make recommendations regarding

discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open market operations by said banks, and the general affairs of the reserve banking system; and

WHEREAS, The Federal Reserve Board has determined, after careful consideration, that the purposes for which said Council has been established and the interests of the Federal Reserve System require that the members of said Council should not be officially connected with the Federal reserve banks and, therefore, in a position to give to the Federal Reserve Board the benefit of their disinterested and unbiased advice:

BE IT RESOLVED, That it is the sense of the Federal Reserve Board that governors, or other officers of Federal reserve banks should not serve as members of the Advisory Council. *As the election of Directors has already taken place it is suggested that this rule shall not apply as to Directors until January 1, 1917.

RESOLVED FURTHER, That a copy of this resolution be sent to each Federal reserve bank.

(*) For discussion.

On being put to a vote the resolution was carried.

Mr. Delano proposed an amendment to the

form of Circular 21 relative to the eligibility of certain persons for membership in boards of directors stating that the new provisions as to eligibility should not necessarily be enforced against those now holding directorships.

On motion the amendment was adopted.

Mr. Delano offered the following resolution regarding the annual approval of salaries of bank examiners:

WHEREAS, the Federal Reserve Act, in Section 21, provides that the Federal Reserve Board, on recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress; and

WHEREAS, the Federal Reserve Board has adopted the policy of annual review of salaries of all officers and employees of Federal reserve banks, be it, therefore;

RESOLVED, that the Comptroller of the Currency be requested to submit annually a list of National bank examiners and the salary recommended by him in each case for approval of the Board.

After discussion the Secretary of the Board was directed to get the opinion of Counsel

relating thereto and the subject was laid on the table meanwhile.

Special orders for the day being taken up the Board proceeded to the election of Class "C" directors and the following were chosen:

New York: George Foster Peabody, Mr. Peabody to act as Vice Chairman and Deputy Federal Reserve Agent for the coming year in place of Mr. Starek.

Philadelphia: Mr. George W. Norris, Mr. Norris to serve as Vice Chairman and Deputy Federal Reserve Agent for the coming year; and Mr. Vance C. McCormick.

Richmond: Mr. M. F. H. Gouverneur.

Kansas City: Mr. R. H. Malone.

The resignation of Mr. E. O. Tenison as Federal Reserve Agent at Dallas was accepted effective when his successor qualifies. The Secretary of the Board was directed to express to Mr. Tenison the Board's appreciation of his services.

The designation of Mr. Claud Gatch as Deputy Federal Reserve Agent at San Francisco was terminated, this termination to become effective on the date of the designation of his successor.

A letter from Mr. J. B. Forgan, President of the Advisory Council, notifying the Board of the statutory meeting of the Council to be held on January 18, was read and referred to Mr. Delano and Mr. Warburg as a special committee.

The draft of a letter authorizing the Federal Reserve Bank of Philadelphia to hold \$500,000, in warrants of the City of Schenectady was approved.

The purchase of \$200,000 additional Vermont warrants by the Federal Reserve Bank of Boston was approved.

The question of the purchase of warrants by the branch bank at New Orleans was referred to the Committee on Investments.

The opinion of Counsel with reference to question of classification of acceptances was presented and the Secretary directed to write a letter embodying its substance to Mr. E. A. Bennett of the American Exchange National Bank of New York, such letter to be approved by the Comptroller of the

Currency before transmission.

Papers relating to the issue of Gold certificates, referred to Mr. Delano, were returned and the same ordered filed.

A letter from Mr. William Woodward relating to the amendment of the Clayton Act was read and ordered filed.

The question of designating new central reserve cities was discussed and laid on the table.

The Secretary of the Board was directed in publishing salary lists of Federal reserve banks to give the data by number and amount of salaries without names of recipients.

On motion the Board adjourned at 5:30 p.m. to meet on Thursday, December 30, at 11:00 a. m.

H. Parker Willis
Secretary.

APPROVED:

Chairman.