

At an adjourned meeting of the Federal Reserve Board held in the office of the Board on Tuesday, January 11, at 3 p. m.,

## 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 January 7, were read and approved.

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

For the Federal Reserve Bank of San Francisco, \$1,360,000, as follows:

\$20 denomination	\$160,000
50 "	400,000
100 "	800,000

For the Federal Reserve Bank of Philadelphia, \$3,000,000, as follows:

\$5 denomination	\$600,000
10 "	1,200,000
20 "	1,200,000

On motion a rate of  $3\frac{1}{2}\%$  for Trade Acceptances running up to 90 days, established by the Federal Reserve Bank of Dallas, was approved.

On motion a rate of  $3\frac{1}{2}\%$  for paper of maturities not less than 10 days, nor more than 30 days, established by the Federal Reserve Bank of Boston, was approved.

On motion applications for the surrender of stock in Federal reserve banks, duly recommended by the Committee on Member and State Banks, were approved as follows:

DISTRICT No. 10.		Shares.
Blair National Bank	Blair, Nebr.	48
Rocky Mountain Nat'l Bank	Central City, Colo.	45
First National Bank	Porum, Okla.	17
Federal National Bank	Denver, Colo.	132

Mr. Harding reported on topics Nos. 22 $\frac{1}{2}$  (Open Market Purchase of Domestic Acceptances) and 26 (Gold Drain on the New York Bank), stating that he had noted the views of the Conference of Governors. The report was received and ordered filed.

A letter from Mr. J. F. Curtis relating

to the distribution of the cost of the Gold Settlement Fund, and the separation of the Federal Reserve Agents' Fund from that of the banks, the same being a re-statement of the wishes of the Conference of Governors, was read and on motion referred to the Committee on the Gold Settlement Fund.

Mr. Harding returned to the Board a memorandum relating to payments to be made out of the Gold Settlement Fund in favor of the 5% redemption fund of member banks, without comment. The memorandum was received and ordered filed.

Reports of the Division of Examination as to the accounts of Federal Reserve Agents Ingle and Wellborn, were referred to the Committee on Operation of Reserve Banks (Mr. Harding).

A letter from Federal Reserve Agent Ingle, referred to Mr. Harding and dealing with certain modifications of the plan for obtaining a weekly report from member banks, was returned by Mr. Harding without comment. On motion it was

voted that the Secretary say to Mr. Ingle that he may handle the point referred to in his letter (time of making up the report statement) as he deems best.

Mr. Warburg reported a request from the Federal Reserve Bank of Philadelphia asking a continuation of the present limit of authorization for the purchase of warrants, favoring the granting of the request. On motion the report was adopted, and the Secretary directed to so notify the Federal Reserve Bank of Philadelphia.

Mr. Warburg reported a request from the Federal Reserve Bank of New York asking that their limit for the purchase of New York City warrants be raised from 5% to 10% of their deposits. The report was approved, and the Secretary directed to so notify the Federal Reserve Bank of New York.

A memorandum from Chief of Division Broderick asking that request be made upon the Treasury Department for the detail of expert

counters to examine the cash at the time of the next examination of the Federal Reserve Bank of New York, was approved.

A memorandum from Chief of Division Broderick requesting the detail of Mr. L. C. Adelson to the examining force at a salary of \$250 a month while on this duty, and a possible detail of Auditor Cadwalader of the Federal Reserve Bank of Richmond, these two men to act in lieu of Mr. J. L. Cross, transferred to the Federal Reserve Bank of Kansas City, was approved.

A letter from Mr. J. B. Forgan, transferring the date of the next meeting of the Advisory Council to February 15, was presented to the Board.

In view of the change in the meeting of the Advisory Council, the Secretary of the Board was directed to answer a telegram and letter from Governor Strong of the Federal Reserve Bank of New York regarding the next meeting of the Conference of Governors, with the statement that the

Board would find the arrangements originally proposed satisfactory.

A letter from Federal Reserve Agent Tenison relating to the conditions under which his successor should qualify, was read and referred to the Committee on Federal Reserve Agents (Mr. Miller). The same action was taken with respect to a letter from Mr. J. Z. Miller, jr.

A letter from Federal Reserve Agent Tenison notifying the Board of the selection of Mr. T. J. Record as a member of the Advisory Council for the Federal Reserve Bank of Dallas, was laid before the Board. It was informally agreed that whenever notice should be conveyed to the Board of the election of a new member of the Advisory Council, the member of the Board in charge of the district affected, would examine into the status and antecedents of the new member, and advise the Board accordingly.

A letter from Federal Reserve Agent Ingle with reference to the prospective action of his

board regarding membership in the Advisory Council, was read.

A letter from Mr. F. W. Fleming accepting election as a director of the Federal Reserve Bank of Kansas City, was read.

A letter from Mr. Charles M. Sawyer accepting his designation as chairman of the Federal Reserve Bank of Kansas City was read.

Letters from Federal Reserve Agent Perrin as to the composition of the executive committee, and the choice of a member of the Advisory Council at San Francisco, were presented to the Board.

A telegram from Mr. W. F. Ramsey with reference to the assumption of his new duties, was referred to the Dallas Committee with power to act.

Letters from Mr. H. B. Wilcox of Baltimore and Mr. Allen Hollis of Concord, New Hampshire, relating to the operation of the recent resolution regarding the holding of political office, were referred to Mr. Hamlin for report.

A letter from Federal Reserve Agent Cur-

tis relating to the approaching hearing of re-districting applications of certain Connecticut banks, was presented, and the Secretary was instructed to say that it is not considered necessary that Mr. Aiken or Mr. Curtiss appear in person, but that their argument may be offered by counsel.

A report from Chief Examiner Broderick recommending the acceptance of the State bank examination of South Carolina for the Merchants and Manufacturers Bank of Cheraw, South Carolina, was approved.

A letter from Senator Knute Nelson of Minnesota to the Comptroller of the Currency relating to the minimum capitalization of State banks seeking to become members of the Federal reserve system, was presented to the Board, and the Secretary directed to inform Mr. Nelson of the facts.

A memorandum from Counsel relating to the handling of the petition of certain Louisiana

banks for redistricting, was read and Counsel directed to get a new list of the names of the petitioning banks.

An opinion prepared by Counsel with reference to the power of the National Produce Bank of Chicago to establish branches, was referred to the Comptroller for action.

A letter from Mr. L. P. Talley of Dallas notifying the Board of the renewal of exchange relationships between the Federal Reserve Banks of Dallas and Kansas City, was read and ordered filed.

A letter from the Comptroller of the Currency addressed to Mr. Hamlin relating to the earning of dividends by the Federal reserve banks, was read and considered, the Secretary being ordered to file the same until this phase of the Annual Report comes up for consideration.

The question of the status of Examiner Cross at the Federal Reserve Bank of Kansas City, having been brought up, it was ordered that Mr. Miller inform Mr. J. Z. Miller, jr., that the

status of Mr. Cross is a matter to be adjusted between the latter and the Kansas City Bank.

Mr. Hamlin inquired what disposition had been made of the opinion of the Comptroller of the Treasury relating to the payment of salary to the Comptroller of the Currency for membership on the Federal Reserve Board, between the dates of February , and August 10, 1914, when the Federal Reserve Board was organized.

The Secretary of the Board stated that the opinion had been referred to the Committee on Expenditures. Upon inquiry whether the Committee was ready to report Mr. Delano stated that no final consideration had been given the matter thus far, but that he would recommend that payment be considered a liability of the Organization Committee. Mr. McAdoo expressed the opinion that the Organization Committee could not pay the amount under the law. It was informally agreed that the matter be referred to the Comptroller of the Treasury for an opinion as to the

fund to which the payment would be chargeable.

The question of refunding 2% bonds having been brought up in connection with certain inquiries from reserve banks, Mr. Warburg moved that it is the sense of the Board that the conversion of 2's into 3's on a liberal scale, would be beneficial, and should be permitted. The motion was discussed, but no action taken.

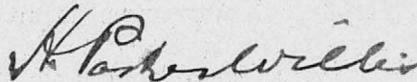
The question of the choice of Class "C" directors being called up, Mr. Harding recommended that Mr. Edward Rotan be nominated as director of the Federal Reserve Bank of Dallas, and be designated as vice chairman and deputy Federal reserve agent for 1916. The motion was tentatively carried, and Mr. Harding requested to communicate with Mr. Rotan accordingly.

Further discussion being given to the question of converting 2% into 3% bonds, the Secretary was directed to answer a telegram from Federal Reserve Agent Perrin to the effect that the matter is under consideration, and that the Board

can not as yet announce a definite policy.

The Annual Report was than taken up for consideration, read in part, and tentative agreement on a portion of it obtained.

On motion at 6:20 p. m. the Board adjourned to meet on Thursday, January 13, at 11:00 a. m.



Secretary.

APPROVED:

Chairman.