

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

PRESENT:

Mr. Hamlin, presiding Mr. Harding

Mr. Delano Mr. Warburg

Mr. Willis, Secretary

Mr. Harrison, Assistant Counsel.

The minutes of the meeting of February 18 were read and approved.

On motion a reduction of the capital stock of the First National Bank of Killeen, Texas, in the sum of \$50,000, the same having been duly approved by the Comptroller of the Currency and the Federal Reserve Bank of Dallas was authorized.

The minutes of the meeting of the Committee on Member and State Banks held at 3:30 p. m., on Friday, February 18, were read and approved with the exception of the action taken

by the Committee in approving the application of the Freeport National Bank of Freeport, Texas, for fiduciary powers, the latter being, in accordance with the recommendation of Mr. Harding, laid on the table.

In accordance with the action of the committee thus approved, action on applications for fiduciary powers was entered as follows:

APPROVAL RECOMMENDED:

Capital National Bank, Sacramento, Cal.
 Farmers National Bank, Goodland, Kans.
 First National Bank, Port Huron, Mich.
 Bedford National Bank, Bedford, Ind.
 Michigan National Bank, St. Clair
 Heights, Mich.
 First National Bank, Bound Brook, N. J.
 Commercial National Bank, Columbus, O.
 First National Bank, Shreveport, La.
 Broadway National Bank, Nashville, Tenn.
 First National Bank, Eugene, Ore.
 First National Bank, Patton, Pa.
 First National Bank, South Bend, Ind.
 Drivers National Bank, Kansas City, Mo.

RECOMMENDATION TO HOLD PENDING RECEIPT OF
 SUBSEQUENT EXAMINATION:

National Bank of -, Manitowoc, Wis.
 Merchants National Bank, Muncie, Ind.
 First National Bank, Manchester, Iowa.
 First National Bank, Manistee, Mich.

| DISTRICT No. | | Shares. |
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| DISTRICT No. 3. | | |
| | Citizens Nat'l Bank Dry Run, Pa. | 18 |
| DISTRICT No. 7. | | |
| | First National Bank Paullina, Iowa | 30 |
| DISTRICT No. 8. | | |
| | Arkansas Nat'l Bank Marshall, Ark. | 15 |
| DISTRICT No. 9. | | |
| | First National Bank Broadview, Mont. | 18 |
| | First National Bank Geraldine, Mont. | 15 |
| | Farmers & Merchants Nat'l Bank Alcester, S. Dak. | 30 |
| DISTRICT No. 10. | | |
| | Hugo National Bank Hugo, Colo. | 22 |
| DISTRICT No. 12. | | |
| | San Joaquin Valley Nat'l Bank Stockton, Cal. | 330 |

Further in accordance with the action of the Committee on Member and State Banks, the application of the Peoples Bank of Sumter, South Carolina, for membership was approved.

On motion it was agreed that the Secretary of the Board should write to Illinois

banks recently granted fiduciary powers subsequent to the opinion of the Supreme Court of Illinois adverse to the power of Congress in the premises, stating that the Board's action is now effective only as to the function of registrar of stocks and bonds.

The Secretary of the Board having read a report from Mr. Harding relative to the plan of Federal Reserve Agent Sawyer to advise his member banks of the details of the methods of passing on applications for fiduciary powers, the Secretary was directed to inform Mr. Sawyer accordingly.

A report from Mr. Delano approving the method of publishing earnings in vogue at the Federal Reserve Bank of Chicago, having been read, the Secretary was directed to inform the Federal Reserve Bank of Chicago accordingly.

A draft of a letter to the Treasurer of the United States relative to the redemption

of unfit notes and the draft of a letter to Federal Reserve Agent Wellborn as to the return of fit notes, were read and approved.

The minutes of the conference with the Advisory Council held on February 15, were reported by Mr. Delano and ordered entered in the book of Conference Minutes.

On motion after discussion, the appeal of the Connecticut bankers for transfer to the New York district, was made a special order for February 25 at 3:00 p. m., with the understanding that definite action should then be taken.

"The proof of a proposed new Circular No. 1, Series of 1916, was presented, and on motion laid on the table for the time being."

Further letters making inquiry as to the bond conversion policy of the Treasury were referred to Mr. Delano.

Opinions of Counsel presented for publication in the Federal Reserve Bulletin, were

referred to the Committee on Law with power to act. On motion it was voted that a recent speech of Mr. Warburg before the Credit Men's Association in New York be published in the forthcoming issue of the Federal Reserve Bulletin. Mr. Warburg was reported in the negative. On motion the question of treatment of future speeches was referred to a special committee consisting of Mr. Miller, Mr. Delano and the Secretary of the Board, for report.

The question of control of Government deposits at southern reserve banks was taken up for consideration, and a letter received by Mr. Harding from Mr. Z. T. Spencer was read. Mr. Harding offered a draft of a letter to be addressed to the three southern banks with reference to the policy to be followed by them as to deposits they now hold. On motion the draft was referred back to Mr. Harding.

A memorandum prepared by Mr. Warburg

relative to conditions at the Federal Reserve Bank of Boston, was read and ordered filed.

An opinion of Counsel relative to the proposed plan of the Federal Reserve Bank of Richmond to refund the stock interest of withdrawing banks at one-half of par plus one-half of one per cent per month if earned, was approved, and the Secretary ordered to advise the Richmond bank accordingly.

The text of certain amendments to the Federal Reserve Act was discussed, and the amendment relating to branches in the United States, was tentatively approved.

A letter from the Secretary of the Board relative to a leave of absence of six months for the purpose of organizing the Insular Bank of the Philippines, having been read, the leave, was on motion granted, and the details relating to the adjustment of duties during his absence, were referred to the Committee

on Staff.

On motion at 1:20 p. m., the Board
adjourned to meet at 3:00 p. m., this day.

H. Parker Willis
Secretary.

APPROVED:

Estlander
Chairman.