

At an adjourned meeting of the Federal Reserve Board held in the office of the Board at 3:10 p. m., on Tuesday, February 29,

PRESENT:

Mr. Hamlin, presiding Mr. Warburg

Mr. Delano Mr. Harding

Mr. Williams Mr. Miller

Mr. Willis, Secretary.

The minutes of the meeting of February 28 were read and approved.

On motion the Secretary was authorized to give to the press a letter written by the Secretary of the Treasury under date of February 28, stating his position with reference to the conversion of 2% into 3% bonds.

On motion the Committee on Relations with the Treasury Department (Mr. Delano, chairman), was granted authority to take action in accordance with the policy outlined in the letter of the Secretary of the Treasury relating

to the conversion of bonds, and to answer the various inquiries that had been received by the Board accordingly.

A memorandum prepared by Mr. Warburg relating to the points raised by the letter of the Secretary of the Treasury as to bond conversion, was read to the Board, and in accordance therewith it was, on motion voted that the question of inter-bank liability between Federal reserve banks for one year notes taken by one such bank from another should be referred to Counsel for an opinion.

X The report of the Committee on Staff relative to the salaries of officers and employees of Federal reserve banks, was approved except as to the Federal reserve banks of Richmond, Chicago, New York and St. Louis, action on which was suspended for the time being, consideration to be given to it, however, not later than Thursday, March 2. The Secretary of

the Board was instructed to write the other banks in accordance with the report of the Committee as adopted by the Board.

The appeal of certain Connecticut bankers for transfer from District No. 1 to District No. 2 coming up as a special order of the day, Mr. Miller renewed his motion to suspend final action on the petition until the Board should have reached a definite conclusion in the matter of clearing, the same having been offered previous to adjournment at the last preceding meeting of the Board. Discussion ensued, Mr. Harding read a statement regarding the appeal of the Connecticut bankers, and the general question of transferring them to District No. 2. He favored the transfer of the banks as requested, and stated that he wished to be placed definitely on record with respect to the matter. It was agreed that his remarks should be placed

on file.

Mr. Hamlin expressed his view in opposition to the transfer, saying that in his opinion there was no good reason either in the clearing or any other phase of the matter which dictated the granting of the appeal at this time. He furnished statistics to show that the transfer would be injurious to the Federal Reserve Bank of Boston, and finally presented a resolution proposing the postponement of the transfer, or any other action in connection with it until a definite clearing system had been evolved by the Board. Mr. Hamlin however, expressed the opinion that it might be reasonable to take immediate action in transferring Fairfield County from District No. 1 to District No. 2. It was agreed that Mr. Hamlin's remarks and resolution be filed.

Mr. Miller said that the latter part of Mr. Hamlin's resolution seemed to him to

amount to a conclusion or forecast concerning the future action of the Board. He did not think it wise to insert such a provision in the resolution, but himself desired a more definite knowledge of the clearing question before taking any action.

Mr. Delano stated informally his general position with reference to the appeal, expressing the view that it should be granted.

Upon inquiry from members of the Board as to whether in case action should be taken with reference to the transfer of Fairfield County, such action would preclude a further transfer of additional territory at a later time, Mr. Hamlin answered in the negative, saying that, in his opinion, the matter could be reopened at any time under the existing petition.

Mr. Delano thereupon moved to transfer Fairfield County, Connecticut, from District No. 1 to District No. 2.

Upon the request of Mr. Warburg that the original question be put to vote in order that definite record might be made of the position of all members, it was informally agreed that the various motions already pending be voted upon in session.

Thereupon Mr. Miller's original motion postponing action until the clearing system had been fully evolved, was offered in the following language:

"That action on the Connecticut appeal be deferred until the Board is in a position to determine the scope of its new clearing system and the manner in which the convenience of the Connecticut banks will be affected thereby."

It being put to a vote, there were recorded in favor of the resolution:

Mr. Williams, Mr. Hamlin and Mr. Miller

Against the resolution:

Mr. Warburg, Mr. Harding and Mr. Delano.

Mr. Harding thereupon moved that the

petition of the Connecticut bankers be granted in its entirety.

On being put to a vote this motion resulted as follows:

In favor of the motion:

Mr. Harding, Mr. Warburg and Mr. Delano.

Opposed to the motion:

Mr. Hamlin, Mr. Williams and Mr. Miller.

Mr. Delano offered a motion that Fairfield County be transferred from District No. 1 to District No. 2, and that announcement be made that the petition is denied in so far as relates to the remainder of the territory included by it, subject, however, to future review on the part of the Board.

A vote on this motion resulted as follows:

In favor of the motion:

Mr. Hamlin, Mr. Delano, Mr. Miller and Mr. Williams.

Opposed to the motion:

Mr. Warburg and Mr. Harding.

So the motion was declared adopted, and the Secretary directed to take action accordingly.

In order to bring about unanimous action the vote, on motion of Mr. Miller, was reconsidered and it was agreed to substitute the word "suspended" for "deny" in Mr. Delano's resolution, thereupon the motion to suspend was unanimously carried.

The Secretary presented a statement to be given to the press which was read, amended, and finally authorized in the following form:

STATEMENT FOR THE PRESS

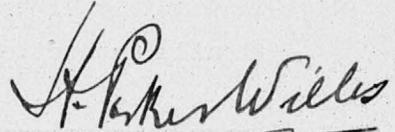
February 29, 1916.

The Federal Reserve Board today voted to grant the appeal of certain Connecticut bankers for the transfer of territory west of the Connecticut River from District No. 1 to District No. 2, in so far as relates to the banks situated in Fairfield County, adjoining New York State. Action as

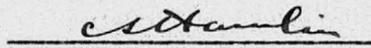
affecting the balance of the territory covered by the petition was suspended, a majority of the Board not being as yet ready to dispose definitely of the appeal, pending more complete development of the clearing system.

Various letters received from Senator Owen, chairman of the Senate Committee on Banking and Currency, asking the opinion of the Board with reference to various pending bills, were ordered referred to the Committee on Law.

On motion at 5:35 p. m., the Board adjourned to meet on Thursday, March 2, at 11:00 a. m.


Secretary.

APPROVED:


Chairman.