

At an adjourned meeting of the Federal Reserve Board held in the office of the Board at 3:10 p. m., on Monday, March 6,

## PRESENT:

Mr. Hamlin, presiding      Mr. Warburg

Mr. Delano                      Mr. Harding

Mr. Williams                      Mr. Miller

Mr. Willis, Secretary.

Mr. Harding read a telegram from Governor Van Zandt of Dallas regarding his salary as fixed by the Board, and stated that he proposed to inform Governor Van Zandt that the Board was not inclined to alter its action, and had fully expressed its view of the situation to Federal Reserve Agent Ramsey when the latter was in Washington. Informal approval was given to the proposed reply.

Mr. Warburg called attention to certain correspondence between himself and Dr. Vissering, President of the Bank of the

Netherlands, Amsterdam, raising the question whether the Federal Reserve Bank of New York should act as a depositary for gold belonging to the Bank of the Netherlands, and if so, at what rate of charge. In answer to a telephone message received from Federal Reserve Agent Jay with reference to this matter, Mr. Warburg was authorized to state that the Board saw no objection to the proposed action of the Federal Reserve Bank of New York in acting as depositary, at such rate of charge as might be determined upon between it and the Bank of the Netherlands, provided there was nothing in the law to prevent.

Mr. Warburg submitted a memorandum calling attention to the proposed plan of the American Bankers' Association for the creation of banking corporations empowered to establish foreign branches. After discussion it was voted that the Board endorse the plan and trans-

mit it to the Secretary of the Treasury with the suggestion that the latter, if he see fit, recommend it to the attention of Congress, the Board itself likewise to endorse the proposal in formal letters to Chairman Glass and Chairman Owen. The Secretary was directed to prepare the necessary correspondence.

Mr. Williams was recorded as not voting.

Mr. Warburg presented a memorandum prepared by Counsel with reference to further amendment to the Federal Reserve Act in respect to the discount of bills of exchange and commercial and business paper. The proposed change was ordered incorporated into the draft of the Board's suggested amendments.

Mr. Warburg submitted a memorandum calling attention to the recent opinion of Counsel relative to the power of the Comptroller of the Currency to ask for additional in-

formation from national banks, an issue raised by the South Bend National Bank, of South Bend, Indiana, expressing his view that the Board should under no circumstances give opinions as to the general powers of the Comptroller of the Currency, either through its Counsel or otherwise.

On motion it was voted that the opinion in question be laid on the table.

Mr. Miller laid before the Board an amended draft of the proposed letter to Senator Owen relative to Senate Resolution No. 62, (the "Lewis Resolution"). The letter was approved and ordered transmitted.

Mr. Warburg submitted a memorandum relating to the form of the Board's regulation as to warrants, which was approved, subject to the opinion of Counsel, and was referred to Mr. Miller.

Mr. Warburg submitted a memorandum

relative to the dates upon which national bank charters expire, arranged by years seriatim. The same was received and ordered filed.

Mr. Warburg submitted a memorandum relating to the policy to be adopted toward real estate loans now held by national banks. The memorandum was referred to Mr. Harding.

Mr. Warburg submitted a memorandum on the direct routing of checks accompanied by a letter from Federal Reserve Agent Jay. The memorandum was referred to Mr. Delano as chairman of the Committee on Clearing.

Mr. Miller presented a letter from Federal Reserve Agent Martin stating that the national bank note situation at St. Louis had been adjusted, and also a letter calling attention to the application of the Merchants-Laclede National Bank of St. Louis, for fiduciary powers.

The Secretary of the Board presented

a letter from Chairman Glass submitting a bill introduced by Representative Smith, which proposed to include notes among the paper which might be bought in the open market by Federal reserve banks. After discussion the letter was referred to the Committee on Law and it was agreed to enter in the minutes the fact that Mr. Warburg expresses his opposition to the proposal of the measure in question.

An opinion of Counsel relating to farm mortgage loans sold by one member bank to another, was referred to Mr. Harding for report.

A memorandum prepared by Counsel with reference to the escheat law of California was approved and the Secretary directed to notify Federal Reserve Agent Perrin thereof.

An opinion of Counsel with reference to the 10% limitation on rediscounts was read to the Board and ordered filed.

The appeal of certain Connecticut

banks for transfer from District No. 1 to District No. 2, the same being banks included in that part of the territory originally making the application, whose transfer had not yet been voted, coming up as a special order for the afternoon, Mr. Harding moved that a definite date be set for the settlement of this petition, such date to be not later than June 15, 1916. After full discussion the motion of Mr. Harding was adopted and the Secretary directed to notify all those concerned accordingly.

Mr. Hamlin presented the decrees in the Connecticut and Louisiana cases and the same were ordered entered in the minutes as follows:

At a stated meeting of the Federal Reserve Board, duly held at its office in the city of Washington, District of Columbia, March 6, 1916.

P R E S E N T :

- Mr. Hamlin, Governor
- Mr. Delano, Vice Governor,
- Mr. Miller,
- Mr. Harding,
- Mr. Warburg,
- Mr. Williams

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 In the Matter or Read-:  
 justing the Geographical:  
 Limits :  
 :  
 of : ORDER AMENDING THE  
 : GEOGRAPHICAL LIMITS  
 Districts Nos. 6 and 11 : OF DISTRICTS NOS. 6  
 in accordance with the : AND 11.  
 power vested in the Fed-:  
 eral Reserve Board by :  
 Section 2 of the Federal:  
 Reserve Act. :  
 . . . . .

WHEREAS, the Federal Reserve Board is authorized and empowered by Section 2 of the Federal Reserve Act to readjust the Federal reserve districts; and

WHEREAS, upon consideration of

- (a) the petition of certain banks in Louisiana for the transfer from District No. 11 to District No. 6 of all that part of Louisiana then situated in District No. 11;
- (b) the printed briefs and exhibits filed by Counsel,

it appears to the Federal Reserve Board that the convenience and customary course of business and the best interests of the Federal Reserve System will be served by a readjustment of the geographical limits of Districts Nos. 6 and 11;

NOW, THEREFORE, the Federal Reserve Board doth order -

- (1) That District No. 11 be readjusted and altered so as to include the state of Texas; all that part of New Mexico not included in District No. 10; the counties of Pima, Graham, Greenlee, Cochise, and Santa Cruz, all situate in the state of Arizona; the counties of Marshall, Bryan, Choctaw, Pushmataha, McCurtain, Johnson, Atoka, and Coal, all situate in the state of Oklahoma; and all that part of Louisiana situate north of the northern boundaries of the parishes of Vernon, Rapides and Avoyelles.
- (2) That District No. 6 be readjusted and extended so as to include the states of Florida, Georgia, and Alabama; all that part of the state of Tennessee not included in District No. 8; all that part of the state of Mississippi not included in District No. 8; and all that part of the state of Louisiana south of the northern boundaries of the parishes of Vernon, Rapides and Avoyelles.
- (3) That the alterations in Districts Nos. 6 and 11 directed in this order become effective April 1, 1916.
- (4) That the Federal Reserve Banks of Atlanta and Dallas be notified of the changes made

in the districts referred to and directed to take such action as may be necessary for the transfer of membership of the banks included in the territory affected.

(5) That a copy of this order be filed with the Comptroller of the Currency in order that the certificate of the Reserve Bank Organization Committee may be properly amended.

C. S. HAMLIN.  
Governor.

Attest:

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Secretary.

At a stated meeting of the Federal Reserve Board, duly held at its office in the City of Washington, District of Columbia, March 6, 1916.

P R E S E N T :

- Mr. Hamlin, Governor,
- Mr. Delano, Vice Governor,
- Mr. Miller,
- Mr. Harding,
- Mr. Warburg,
- Mr. Williams,

. . . . .  
 In the Matter of Read-:  
 justing the Geographical :  
 Limits :  
 :  
 of : ORDER AMENDING THE  
 : GEOGRAPHICAL LIMITS  
 Districts Nos. 1 and 2 in : OF DISTRICTS NOS. 1  
 accordance with the power : AND 2.  
 vested in the Federal Re- :  
 serve Board by Section 2 :  
 of the Federal Reserve :  
 Act. :  
 . . . . .

WHEREAS, the Federal Reserve Board is authorized and empowered by Section 2 of the Federal Reserve Act to readjust the Federal reserve districts; and

WHEREAS, upon consideration of

- (a) the petition of certain banks in Connecticut for the transfer from District No. 1 to District No. 2, of all that part of Connecticut west of the Connecticut river;
- (b) the answer of the Federal Reserve Bank of Boston, Mass.;
- (c) the briefs of Counsel and the oral arguments heard by the Federal Reserve Board;

it appears to the Federal Reserve Board that the convenience and customary course of business and the best interests of the Federal Reserve System will be served by a readjustment of the geographical limits of Districts Nos. 1 and 2:

NOW, THEREFORE, the Federal Reserve Board doth order -

- (1) That District No. 1 be readjusted and altered so as to include the states of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and all of the state of Connecticut except the county of Fairfield.
- (2) That District No. 2 be readjusted and extended so as to include the state of New York; the counties of Monmouth, Middlesex, Hunterdon, Somerset, Union, Essex, Passaic, Hudson, Bergen, Morris, Sussex and Warren, all situate in the state of New Jersey, and the county of Fairfield situate in the state of Connecticut.
- (3) That consideration of so much of the petition of the Connecticut banks as requests the transfer of that part of Connecticut west of the Connecticut river which is not covered by this order, be continued without prejudice until the further order of the Board.
- (4) That the alterations in districts Nos. 1 and 2 directed in this order become effective April 1, 1916.
- (5) That the Federal Reserve Bank of Boston and New York be notified of the changes made in the districts referred to and directed to take such action as may be necessary for the transfer of membership of the banks included in the territory affected.
- (6) That a copy of this order be filed with



Discussion ensued and Mr. Williams and Mr. Harding reported to the Board a telephone conversation which they had had this morning with Mr. Hardy, a memorandum of which they filed with the Board. On motion, the matter was laid on the table until Tuesday morning at 11:00 a. m.

The question of the effective date of the salary of the Comptroller of the Currency was taken up for consideration and a report prepared by Mr. Hamlin with reference to the history of the matter, the same having been formally presented at the morning meeting, was read to the Board.

At this point Mr. Williams withdrew from the Board room.

Mr. Hamlin called attention to the fact that the subject would naturally be presented in the form of a motion to direct the Fiscal Agent of the Board to pay to the Comptroller of the Currency, salary from the date

when he qualified as Comptroller and the date when he, in common with other members of the Board, began to receive salary for such membership. Discussion ensued and Mr. Harding presented the following motion:

WHEREAS, The Comptroller of the Currency has asked as to the effective date of the beginning of his salary at the rate of \$7,000, per annum in addition to his salary as Comptroller of the Currency, the said salary at the rate of \$7,000 per annum being remuneration for services between February 2, 1914, the date when he qualified as Comptroller of the Currency and August 10, 1914, the date when the Federal Reserve Board formally organized, and

WHEREAS, The question has been submitted to the Counsel for the Federal Reserve Board and the Comptroller of the Treasury, all of whom have ruled that the said payment is legally due, and

WHEREAS, The Governor of the Board has advised the Board that in his opinion the said payment is an obligation of the Board and can be collected through the Auditor of the Treasury without Board action, if necessary,

RESOLVED, That the Fiscal Agent of the Board be instructed to draw his check for salary payments to the Comptroller of

the Currency at the rate of \$7,000 per annum from and including February 3, 1914, to, but not including, August 10, 1914, aforesaid.

On being put to a vote the motion prevailed, Mr. Delano being recorded in the negative.

At this point Mr. Williams reentered the Board room.

Mr. Harding presented the question of the rate of compensation paid Counsel, and after full discussion, Mr. Hamlin moved that compensation of the Counsel be fixed at \$9,000 per annum, the same to be effective on and after April 1, 1916, and to continue at the pleasure of the Board. The motion prevailed, Mr. Miller being recorded in the negative, reserving the right to insert a statement of his reasons.

On motion at 6:20 p. m., the Board adjourned to meet at 11:00 a. m., Tuesday, March 7.

APPROVED:

H. P. Lovell

Secretary.

C. A. Hamlin

Chairman.