

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11:10 a. m., on Tuesday, March 28,

PRESENT:

Mr. Hamlin, presiding Mr. Harding

Mr. Delano Mr. Miller

Mr. Allen, Secretary.

The minutes of the meeting of March 27 were read and approved.

The question of bonds to be purchased by Federal reserve banks under allotment by the Federal Reserve Board made pursuant to offerings from member banks through the Treasurer of the United States under Section 18 of the Federal Reserve Act, was given consideration. Upon a statement of offerings and purchases made by Mr. Delano the following resolution was passed:

W H E R E A S , It appears from statement furnished the Board by the office of the Secretary that eleven out of the twelve Federal reserve banks have purchased in the open market bonds in excess

of the amount which might be allotted to such banks at the end of this quarterly period on a basis of one-fourth of twenty-five million dollars which the Board had considered allotting at this time, and

W H E R E A S , The bonds offered for sale through the Treasurer under Section 18 of the Federal Reserve Act aggregate more than twenty times the amount which might be allotted on the basis indicated, and it will, therefore, be possible on this basis to sell for each member bank less than five per cent of the amount offered for sale, and

W H E R E A S , It appears that the only Federal reserve bank which has not purchased in the open market bonds in excess of the amount which might be allotted to it is under contract to purchase a sum very largely in excess of its allotment and has been prevented from consumming such purchase by reason of the fact that more than nine million dollars in lawful money has been deposited with the Treasurer during the current month to retire circulation by national banks and the banks under contract to sell are thereby prevented from making delivery,

NOW, THEREFORE, BE IT RESOLVED, That it is the sense of the Board that no necessity exists for enforcing the requirement provided for under Section 18 of the Federal Reserve Act at the end of this quarterly period, ending

March 31, and that it will not at this time require the Federal reserve banks to purchase any of those bonds which are offered for sale by member banks through the Treasurer of the United States under the provisions of Section 18.

BE IT FURTHER RESOLVED, That the Secretary be instructed to send a copy of this resolution to the various Federal reserve banks and to the member banks which have offered bonds for sale in order that they may be notified of the action of the Board in the premises.

It was directed that a copy of the resolution be sent to each Federal reserve bank and to each member bank which had made application to sell bonds.

A letter of Deputy Comptroller Fowler to the First National Bank of Augusta, Maine, relative to the application of the Clayton Act, said letter conflicting with the interpretation made by Counsel for the Federal Reserve Board, with a letter of correction subsequently sent out by Deputy Comptroller Fowler, was read and the matter referred to Governor Hamlin for a

report.

The report of Mr. Delano and Mr. Harding on their recent inspection of the Federal Reserve Banks of Cleveland, St. Louis and Kansas City, was ordered to be circulated.

Attention having been called to the action of the Board on January 20, 1916, in connection with the custody of the gold certificates constituting the Gold Settlement Fund, contained in a letter addressed to Governor Strong for the Governors' Conference in January, this part of the letter was read to the Board. The letter stated the opinion of the Board that any loss from the Fund should be prorated between the Federal reserve banks and the Federal reserve agents, according to their holdings therein. After discussion it was agreed that the Governors of Federal reserve banks and the Federal reserve agents should be invited to make any suggestion which they may have as

to additional safeguards which may be thrown about the Fund.

Mr. Miller's alternative draft of amendment to Section 13 of the Act was presented in proof.

A draft of amendments to Section 13 to be sent to the Senate Banking and Currency Committee as an alternative or substitute for the draft sent on March 3, was then taken up and considered. No final action was taken as the Governor was directed to send a copy of the original and alternative draft to Federal Reserve Agent Jay asking for suggestions thereon from him.

The discussion brought out the fact that the Board at the last meeting at which this matter was considered, had agreed that as the original draft of amendments involved a recodification of Section 13, it might be more difficult to secure its adoption by the

Committee, as it would necessarily involve a very careful examination of the present Act with the new codification, and had, therefore, determined to have a new draft prepared which would leave the existing law practically as it is without recodification, and at the same time add to it the power of domestic acceptances, with such other changes as the Board might desire to have incorporated.

The principal result reached by the alternative draft was the omission of the clause providing that the 10% limitation should apply to all acceptances in the foreign trade which were not secured. The law at present makes no specific provision on this question, and the Board thinks it undesirable to raise the question at this time, especially as it appears to have the power to deal with it by regulation.

A letter from Federal Reserve Agent Perrin, who was chairman of the last Federal

Reserve Agents' Conference was read, suggesting that another conference be held on May 22. After discussion it was directed that a telegram be sent to Mr. Perrin, to the effect that the Board would prefer to have the conference begin on May 15 or May 29, and that upon being advised of the preference of the Agents the Board would call the conference.

A letter from Federal Reserve Agent Perrin to the First National Bank of Napa, California as to assistance in any legal contest over the acceptance by national banks in California of savings accounts was read.

A letter drafted by Counsel of the Board to the Commissioner of Internal Revenue, requesting a ruling as to whether acceptances must bear stamps under the war revenue act, was approved and ordered sent.

The following reductions in stock duly recommended by Mr. Harding as Chairman

of the Committee on Member and State Banks,
were approved by the Board:

DISTRICT No. 6.		Shares.
National City Bank	Mobile, Ala.	600
Citizens Nat'l Bank	Pulaski, Tenn.	60
Nat'l Peoples Bank	Pulaski, Tenn.	44

DISTRICT No. 7.		
Riddell Nat'l Bank	Brazil, Ind.	3
Continental Nat'l	Indianapolis, Ind.	18

DISTRICT No. 11.		
Tishomingo Nat'l	Tishomingo, Okla.	22

DISTRICT No. 12.		
National Bank of -	Coalinga, Cal.	45

The following applications for stock
in Federal reserve banks, duly recommended by
Mr. Harding, Chairman of the Committee on Mem-
ber and State Banks, were approved:

DISTRICT No. 2.		Shares.
First National Bank	Lisle, N. Y.	15

DISTRICT No. 6.		
First National Bank	Avon Park, Fla.	17

A memorandum by Mr. Miller on the examination report of condition of the Minneapolis Federal Reserve Bank, was ordered to be circulated.

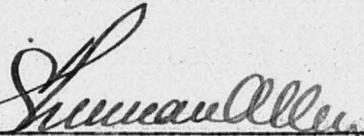
The suggestion of Assistant Secretary of the Treasury Malburn that an arrangement be made through which national banks could make deposits to the credit of the 5% Redemption Fund through Federal reserve banks, was referred to the Committee on Relations with the Treasury Department.

A memorandum from Counsel asking whether the new bond of Federal Reserve Agent Perrin for \$250,000 should be dated back to December 1, 1915, or run from March 1, 1916, was referred to Mr. Miller, it being stated that Mr. Perrin had during this intervening time a bond for only \$20,000.

A memorandum from Counsel arising out of a letter from Governor Wold of the Fed-

eral Reserve Bank of Minneapolis, asking if there is any question as to the right of the Federal Reserve Bank of Minneapolis, acting as fiscal agent for the Treasury Department, to charge back to the account of the Treasury checks which may be deposited by collectors of internal revenue or customs, drawn upon national or State banks, when not paid, was referred to the Committee on Relations with the Treasury Department.

On motion at 12:15 p. m., the Board adjourned to meet on Wednesday, March 29, at 11:00 a. m.


Secretary.

APPROVED:


Chairman.