

At a meeting of the Federal Reserve Board held in the office of the Board at 3:10 p. m., on Thursday, June 22,

PRESENT:

- Mr. Hamlin, presiding Mr. Warburg
- Mr. Delano Mr. Williams
- Mr. Harding
- Mr. Allen, Secretary.

The minutes of the meeting of June 21, were read and approved.

There were no changes in discount rates.

A memorandum from Mr. Warburg on two amendments proposed but not having received formal action of the Board, was read and these amendments approved by the Board to be sent forward to Congress, as follows:

"Amend Section 11 by adding a clause 'm' as follows:

- (m) Upon the affirmative vote of not less than five of its members, the Federal Reserve Board shall have power,

688 .
from time to time, by general ruling, covering all districts alike, to permit member banks -

1. to carry in the Federal Reserve Banks of their respective districts any portion of their reserves now required by Section 19 of this Act to be held in their own vaults;
2. to count as part of their lawful reserves Federal Reserve Notes of their own district not exceeding in the aggregate an amount equal to five per centum of their net demand deposits."

A letter of instructions to be sent to Federal reserve agents in connection with the reports to be required from them in connection with exemptions under the Clayton Act, was presented with a form of application blank. These were discussed, referred back to Counsel with suggested changes, and made a special order for consideration at the meeting on Friday.

A letter from the Federal Reserve Agent at Atlanta, was presented, stating the net loss in the operation of the New Orleans Branch of the Federal Reserve Bank of Atlanta

to June 1st as \$3,049.09, and the fact that the Atlanta Bank had called upon the guarantors in New Orleans for the payment of this amount. Upon the statement that there was a charge against the New Orleans Branch for printing of Federal reserve notes of \$3,210.64 the Board, upon the recommendation of the Federal Reserve Agent at Atlanta, agreed to accept the proposal contained in the following paragraph of the letter:

"Attached hereto is a letter from Dr. P. H. Saunders, Chairman of Board of Directors, New Orleans Branch, in which he states that they are willing to pay this amount now if we agree to reimburse them out of the net earnings between June 1, and December 31, 1916. As this is a compromise offer on this point - and they gain 3-2/3 months in this proposition, since their guarantee for the first year expires September 10 - I believe it would be well to accept their offer, for I have no doubt but that from now on the Branch Bank will make a good showing in net profits."

A letter from the Corporation Trust Company was presented, asking information as to

the issuance of circulars and regulations for 1916, and the Secretary was directed to reply that the Board had delayed such issuance pending action by Congress upon recommended amendments to the Act.

The resolutions previously passed by the Board to carry into effect the operation of the Gold Settlement Fund were amended as follows:

RESOLVED, That the resolutions designated to carry into effect the practical operation of the Gold Settlement Fund, passed by the Federal Reserve Board on May 26, 1915, be amended in paragraph 3 to read as follows:

"BE IT FURTHER RESOLVED, That the Governor and Vice Governor, or in the absence of either or both of them, Mr. Warburg, Mr. Harding, Mr. Miller, the Secretary of the Treasury, Mr. McAdoo, or the Comptroller of the Currency, Mr. Williams, in their place and stead, be and they are hereby authorized to endorse such gold order certificates, for and in behalf of the Federal Reserve Board."

A statement of the cost of operation of the Gold Settlement Fund from November 20,

1915 to May 20, 1916, amounting to \$453.74, was presented and the Board voted, in view of the fact that the amount is small to charge it against the funds derived from the regular semi-annual assessment for the expenses of the Federal Reserve Board.

The Secretary presented a memorandum from Mr. Warburg and one from Mr. Broderick in connection with the bill introduced by Representative Hill of Connecticut, providing for the investment of funds of savings departments of national banks. After discussion it was agreed that Mr. Hill should be requested to call upon Governor Hamlin that the purport of the memorandum might be communicated to him.

A memorandum from Counsel was presented, bearing upon the question of reserve required by State authorities from State banks in Texas which become members of the Federal reserve system with a letter concurring therein from Mr. J. P. Cotton. It was directed that

the substance of the memorandum be communicated to Governor Van Zandt with the suggestion that he take the matter up with the Commissioner of Banking in Texas.

Upon recommendation of Mr. Warburg the Board approved the following purchases of warrants by the Federal Reserve Bank of Chicago:

\$25,000 - Town of Peabody, Mass.
20,000 - Town of Concord, Mass.

A memorandum from the Chief of the Division of Audit and Examination recommending that the reports of examination of banks granted fiduciary powers be examined semi-annually and if it should be found that the required standards are not being maintained warning should be given that conditions should be restored or the permit revoked, as to new business was after being slightly amended, approved.

A suggested letter, prepared by Mr. Broderick, to be sent to Federal reserve banks in connection with par lists, recommended by

the Committee on Audit and Examination, was approved by the Board.

A memorandum of Counsel as to that clause of the Rural Credits Bill which provides that the bonds issued under the bill may under certain conditions be purchased by Federal reserve banks, was referred to the Committee on Investments.

Mr. Delano presented a report of the Committee on Staff and Expenditures, recommending two increases in salaries of members of the staff of the Board and this was approved, entry to be made in the minutes prior to July 1st.

At 4:15 p. m., the Board adjourned to meet at 11:00 a. m., on Friday, June 23.

Shuman Allen
Secretary.

APPROVED:

Crutcher
Chairman.