

At a regular meeting of the Federal Reserve Board held in the office of the Board at 3:10 p. m., on Tuesday, June 27,

PRESENT:

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

The minutes of the meeting on June 23, were read and approved.

The minutes of the conference with the Committee from Clearing Houses were referred to Mr. Delano for approval.

Formal notice of the election of Mr. R. H. Treman as Deputy Governor, ad interim, of the Federal Reserve Bank of New York due to the absence of Governor Strong, his salary to be at the rate of \$20,000 per annum, was approved.

A letter from Mr. H. V. Whipple, New Haven, Connecticut, stating the acqui-

escence of the Committee representing Connecticut banks in postponement of decision by the Board until fall, was noted.

Attention was called to a letter from Representative J. H. Engle, forwarding a request of Mr. John T. Scott, President of the First National Bank of Houston, Texas, for a delay in the operation of the check clearing plan and a reply authorized.

The Board authorized the granting of the request of the Southern Banker Publishing Company to reproduce the diagram showing bank deposits appearing in the June Bulletin.

Attention was called to a letter from the Federal Reserve Agent at San Francisco, stating that both he and Governor Kains agreed as to the necessity for the establishment of clearing agencies as the result of the operation of the Board's clearing plan. A reply asking him to submit detailed recommenda-

tion was authorized.

A letter from the Federal Reserve Agent at Minneapolis, stating the successful progress in connection with the clearing plan in the Ninth District was read and referred to the Committee on Clearing.

The question of supplying Federal reserve agents with full reports of condition furnished by member banks to the Comptroller of the Currency was brought up through letters on this subject from the Federal Reserve Agent at Cleveland and Minneapolis and the matter referred to Mr. Harding for adjustment.

Upon recommendation of Mr. Warburg the Board approved the purchase by the Federal Reserve Bank of Cleveland of four notes issued by the City of Toledo, Ohio, of \$62,500, each in the aggregate, \$250,000, running for 90 days and bearing interest at 3.65%.

On recommendation of Mr. Delano the

dividend resolution adopted at the meeting of directors of the Federal Reserve Bank of Chicago on June 23, 1916, accompanied by a statement of earnings, were approved. The resolutions provided for the payment on July 15, 1916 of a dividend at the rate of 6% against stock of the bank as shown by the books of the bank, March 31, 1915, covering the period from organization to that date.

The Secretary was authorized to enter in the minutes the following resolutions in connection with the Gold Settlement Fund, action upon which had been taken by the Board, but the resolutions not spread upon the Board's records:

RESOLVED, that paragraph II of the resolution adopted by the Board on May 26, 1915, reading as follows: "NOW, THEREFORE, BE IT RESOLVED, that this endorsement by the Federal Reserve Board, to be valid and binding, must have the signatures of two members of said Board.

BE IT FURTHER RESOLVED, that the Governor and Vice Governor, or in the absence of either or both of them, Mr. Warburg, Mr. Harding, or Mr. Miller, 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," to read as follows:

NOW, THEREFORE, BE IT RESOLVED, that this endorsement by the Federal Reserve Board, to be valid and binding, must have the signatures of two members of said Board, OR OF ONE MEMBER OF THE SAID BOARD AND THE SIGNATURE OF THE SECRETARY OR ASSISTANT SECRETARY OF THE BOARD WHEN AND ONLY WHEN NOT ACTING AS SETTLING AGENT OR AS DEPUTY SETTLING AGENT.

BE IT FURTHER RESOLVED, that the Governor and Vice Governor, or in the absence of either or both of them, Mr. Warburg, Mr. Harding or Mr. Miller, MR. WILLIS, or MR. ALLEN, in their place and stead, as above provided, be and are hereby authorized to endorse such gold order certificates for and in behalf of the Federal Reserve Board,"

Notice of the change to be sent each Federal Reserve Bank.

WHEREAS, under the provisions of regulation L, series 1915, adopted by the Federal Reserve Board, there has been established a gold settlement fund; and

WHEREAS, by resolution of the Board adopted May 26, 1915, a settling agent and a deputy settling agent were duly appointed and regulations governing the ad-

ministrative management of the said fund and the conduct of the business under it were adopted; and

WHEREAS, it appears to the Board to be necessary and advisable to permit the settling agent and the deputy settling agent provided for in Section 4 of said regulation to open and maintain separate accounts for each Federal reserve agent for the purpose of facilitating the adjustment of accounts between the several Federal Reserve Agents and the Federal Reserve Banks:

NOW, THEREFORE, BE IT RESOLVED, That the settling agent and the deputy settling agent be, and they are hereby, authorized, empowered, and directed to open and maintain on the books and records of the said settling agents a distinct and separate account for each Federal Reserve Agent, and to receive from said agents, or from the Federal Reserve Banks for the account of such agents, deposits of gold certificates to be held subject to the order of the Federal Reserve Agent for whom such deposit has been made.

RESOLVED FURTHER, That the safe-keeping of all deposits so received and the withdrawal or transfer of said deposits, or any part thereof, to the account of the Federal Reserve Bank, or to the redemption fund account held by the Treasurer of the United States, upon the order of the said Federal Reserve Agent, and all indorsements of gold order certificates made for the

purpose of making withdrawals or transfers of said fund shall be subject to the same regulations, restrictions, and limitations, mutatis mutandis, as have been adopted by the Federal Reserve Board in connection with the operation of the gold settlement fund.

BE IT FURTHER RESOLVED, That the accounts and records pertaining to the deposits, withdrawals, or transfers of funds to the credit of the several Federal Reserve Agents shall be at all times kept separate and distinct from those relating to Federal Reserve Banks and separate and distinct from each other.

A letter to Counsel from Representative Glass as to the provision in the Rural Credits Bill providing for the purchase of bonds issued thereunder by Federal reserve banks, was noted.

Mr. Warburg presented a letter prepared at the request of the Board asking the Secretary of the Treasury if the balance of the \$30,000,000 of bonds to be converted in 1916 could not be exchanged by Federal reserve banks as to July 1st. This letter was

approved.

The statement of Federal Reserve Agent Austin that he would be on vacation during July and Governor Rhoads during August was noted.

Mr. Warburg stated that Mr. Walter H. Frew of the Corn Exchange Bank of New York had today conferred with Mr. Warburg and Counsel for the Board as to the right of that bank to open new branches under State laws, should the bank become a member of the system. On motion of Mr. Delano it was voted that Mr. Warburg be empowered to inform the Corn Exchange Bank that where the Board finds the State bank administration satisfactory and accepts the examination of State banks by State Banking Departments, it is the sense of the Board that it may also accept the judgment of the State Banking Departments as to the opening by banks of additional branches. This was agreed to.

Mr. Harding presented a proposed reply to a request of Senator Hitchcock for the opinion of the Attorney General on Section 16 of the Federal Reserve Act and this reply was approved.

Mr. Harding presented a letter from the Governor of the Federal Reserve Bank of Atlanta, asking that that bank be allowed to credit as earnings a profit of \$1,528.29 represented by increase in the value of United States 2% bonds held by the bank and that the bank pay on July 1st, 1916 a dividend of 6% on capital stock to December 31, 1915. Upon recommendation of Mr. Harding the Secretary was authorized to telegraph the Atlanta bank that the Board could not grant this request.

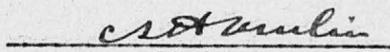
A proposed adjustment of earnings and expenses in connection with the transfer of banks from the Eleventh to the Sixth District, prepared by Mr. Broderick, was re-

ferred to the Committee on the Dallas Bank,
with power to Act.

At 4:00 p. m., the Board adjourned
to meet at 11:00 a. m., on Thursday, June 29,
it being agreed that when the Board adjourns
on Thursday, it shall be until Wednesday, July
5, at 3:00 p. m.


Secretary.

APPROVED:


Chairman.