At a regular meeting of the Federal Reserve Board held in the office of the Board on Wednesday, November, 15, 1916, at 11:00 A. M.

PRESENT:
Governor Harding, presiding, Mr. Warburg, Mr. Hamlin, Mr. Miller, Mr. Delano, Mr. Willis, Secretary.

The minutes of the meetings of the Executive Committee of Thursday, November 9, Friday, November 10, Monday, November 13, and Tuesday, November 14, were read and approved.

The minutes of the meeting of the Board on Wednesday, November 8th, were read and on motion approved.

The letter of Mr. John E. Gardin, relative to power of member banks to continue accepting paper up to 100% of capital and surplus and the suggested reply of the Vice-Governor, were read and the reply approved with slight modifications. Another letter from Mr. Gardin, asking power to draw drafts to create dollar exchange in sundry South American countries and explaining conditions relating to the proposed operation, was read and referred to the Executive Committee with power to act.
A letter from Federal Reserve Agent Austin, making inquiry concerning the present method of releasing Federal Reserve notes, and a letter from Assistant Secretary of the Treasury Malburn, outlining a new procedure for the same were read and referred to the Committee on Issue and Redemption.

A letter from Colonel John Millis, regarding the distribution of relief funds, was referred to the Committee on Relations with the Treasury Department.

A letter from Federal Reserve Agent Wills, stating that the payment of the warrants of the City of Toledo was now practically provided for, was read, noted, and passed to file.

A letter from Governor McDougal of Chicago, transmitting a report of the Committee of Governors relating to the methods of computing and assessing penalties for reserve deficiencies was referred to the Governor for appropriate action.

A letter from Chief Examiner Broderick, inquiring as to the Board's policy with reference to the rate of penalty on reserve deficiencies and a proposed answer informing him that the rate should be at least 2½ above the
ninety-day rate at any given bank, was read and the reply approved for transmission.

A letter from Federal Reserve Agent Wellborn, regarding the construction of a building at Atlanta for the Federal Reserve Bank, was presented, and Governor Harding read a memorandum on the action of the Federal Reserve Bank of Atlanta presented on behalf of the special committee which recently visited Atlanta, stating also to the Board, orally, the general conditions there. After discussion, the memorandum was referred to the Special Committee which visited Atlanta with authority to send a suitable letter to the Bank pending final action by the Board on the question of a building.

The question of relations between the Executive Officers of the New Orleans Branch and the other officers of the system was informally discussed and it was agreed that the Governor take appropriate action towards establishing closer communications.

A memorandum concerning the application of the Sykesville National Bank for fiduciary powers and approving Federal Reserve Agent Hardy's request for authority to refuse the application, was referred to the Committee on Member
and State Banks with the concurrence of the Board in the memorandum.

A letter from Federal Reserve Agent Perrin, stating his interpretation of the Board's policy with respect to the purchase and conversion of 2% bonds during the coming year was read and referred to the Executive Committee with the assistance of Counsel.

It was informally agreed that a press statement outlining the Board's position in the matter be prepared and issued.

A letter from Mr. James N. Carter, asking permission to use the Federal Reserve Act Index in a forthcoming book was referred to Mr. Hamlin with authority to act.

The Secretary of the Board was instructed to inquire by telegraph of each Federal Reserve Bank whether it would prefer to have the next par list supplement issued on December 1st or January 1st.

A letter of inquiry from Mr. H. R. Carse, regarding his retention of directorships in the Equitable Trust Company and the Hanover National Bank, was read and referred to the Governor for informal action.
A letter from Mr. William Ingle of Baltimore, regarding certain features of the clearing situation, was read and referred to the Committee on Clearing.

A letter from Federal Reserve Agent Jay, enclosing a letter from the Comptroller of the Currency with regard to the furnishing of data regarding the Second National Bank of Somerville, New Jersey, and stating certain difficulties regarding the present method of handling the records of bank examiners, was read and discussed. It was agreed that the Committee on Member and State Banks should revise the present blank form of request for information from Federal Reserve agents and present the same to the Board for consideration.

A letter from the Comptroller of the Currency, advising the Board that Mr. R. G. Clay, of Georgia, declined appointment as Examiner, and recommending the appointment of Mr. R. W. Byers, at $3,000 per annum, was read and on motion referred to the Committee on Staff.

A letter from Governor Seay, as to the construction to be assigned to the present provisions regarding acceptances and specially inquiring whether member banks may both make and hold their own acceptances, even when such action practically results in the making of loans in excess of 10% of
capital and surplus, and further inquiring whether acceptances are to be regarded as drawn against existing values after the documents have been stripped from them, was read and, on motion, referred to the Committee on Law.

Governor Harding presented a statement from Counsel regarding the extent of the powers of the agency of the Anglo-South American Bank to accept for account of that Bank, accompanied by letters from Federal Reserve Agent Jay. The matter was referred to Mr. Warburg as a special committee with power.

Mr. Delano, as Chairman of the Clearing Committee, reported that arrangements had been made regarding the details of the transfer of certain Wisconsin banks from the Minneapolis to the Chicago District, and that no further action, consequently, was needed. The papers were passed to file.

A report of the Committee on Operation of the Federal Reserve Bank of San Francisco was presented and, on motion, laid on the table.

A report of the Committee on Staff, fixing the salary of Mr. Nelson Stuart at $1,800 per annum, to date
from November 1, 1916, was presented and, on mo-
tion, approved, and the salary ordered so fixed.

The minutes of the meetings of the Board's
Committee on the Clayton Act held Wednesday, Novem-
ber 8th, and Tuesday, November 14th, were read and
approved, and the action taken therein ordered rati-
fied.

A letter written by the Vice Governor of
the Board to Federal Reserve Agent Austin, comment-
ing upon the recent examination of the Federal Re-
serve Bank of Philadelphia, was presented and, on
motion, laid on the table.

Mr. Hamlin moved that the salaries of mem-
bers' stenographers be fixed at $1,500 per annum
hence forward. The matter was referred to the Com-
mittee on Staff for report.

On motion, at 1:05 p. m. the Board adjourned
to meet on Thursday, November 16, at 11 a. m.

APPROVED:

Chairman

Secretary