

At a regular meeting of the Federal Reserve Board held in the office of the Board on Thursday, December 7,

1916, at 11 A. M.

PRESENT:

- Governor Harding, presiding, and Mr. Delano,
  - Mr. Warburg, Mr. Hamlin,
  - Mr. Miller, Mr. Williams,
  - Mr. Willis, Secretary.
- Present also, Mr. Bosworth, and Mr. Jay.

The Secretary of the Board presented a telegram from the Federal Reserve Bank of Boston establishing

the following rates, subject to the approval of the Board:-

- 3 1/2% for maturities up to 10 days.
- 4% for maturities up to 90 days.
- 4% for maturities up to 15 days.
- 4% for commodity paper.

On motion, the proposed rates were approved and the Secretary directed to notify the Boston Bank accordingly.

Mr. Jay made a brief statement with reference to the question of extending the mortgage loan powers of National banks so as to include village and town properties, as well as farms. Discussion ensued, but no action was taken.

Mr. Harding presented the cases of certain National bank directors whose eligibility under the Clayton Act was

still in doubt, enumerating the following as requiring  
action:-

John D. Oliver - National Park Bank, New York City.  
First National Bank, Chicago, Ill.

John A. Spoor - First National Bank, Chicago, Ill.  
Guaranty Trust Company, New York City.

John G. Shedd - National Bank of Commerce, New York City.  
Merchants Loan & Trust Company, Chicago.  
Illinois Trust & Savings Bank, Chicago.

J. J. Mitchell - Chase National Bank, New York City.  
Illinois Trust & Savings Bank, Chicago.  
New York Trust Company, New York City.

J. O. Armour - National City Bank, New York City.  
Continental & Commercial National Bank, Chicago.  
Continental & Commercial Trust & Savings Bank,  
Chicago.

Hibernian Banking Association, Chicago.

Mr. Harding said that Mr. Jay and Mr. Bosworth re-  
presented the two districts specially involved in these cases,  
and stated that they had accordingly been invited to make  
statements to the Board. Mr. Hamlin stated that the com-  
mittee on Clayton Act would report that that committee favored  
considering the group of five names together as a whole, and  
moved that consideration proceed with that understanding.  
The motion prevailed.

Mr. Bosworth made an oral statement to the Board.  
He said that the persons affected were largely indifferent to  
the decision of the Board provided it was based on general

principles applicable to all. He had not, however, discussed the subject in detail with each man, but thought there was no real conflict of opinion. He had received a letter from Mr. Charles H. Meyer, Clearing House Examiner of Chicago, who had informed him that in his opinion there was no substantial competition between New York and Chicago banks applying in the cases referred to.

Mr. Jay made a brief oral statement giving the substance of a communication from the National Park Bank with reference to the accounts carried by it in connection with Chicago business, and showing that loans to Chicago customers were very small, the relationship between the bank and such customers being relatively unimportant.

General discussion ensued with reference to the basis of competition in loans made throughout the country.

Mr. Williams, who entered the meeting at this point for a few minutes, placed in the hands of the Governor of the Board official figures relating to inter-bank loans and purchases of paper in the open market. From the data thus submitted, Mr. Harding quoted some figures relating to the amounts loaned in different parts of the country by different groups of banks. It was agreed that a tabulation

designed to show the scope of the banks affected in these particulars, should be prepared from the data furnished the Board.

The minutes of a meeting of the Committee on Clayton Act held at 10:30 A. M. on Thursday, December 7th, were read and, on motion, approved.

On motion it was voted to release \$2,000,000 in Federal Reserve notes from the Subtreasury at San Francisco to the Federal Reserve Agent at that place.

On motion an application of the Federal Reserve Bank of Cleveland for \$1,000,000 in Federal Reserve notes, duly recommended by the Committee on Issue and Redemption, was approved.

The Secretary of the Board notified the Board of the receipt of communications from the Federal Reserve Banks of Minneapolis, Cleveland and Philadelphia relative to the selection of Class A and B directors.

A letter from the Comptroller of the Currency transmitting a draft of a letter with reference to the method to be pursued in reconciling reserve accounts in the several reserve districts, was presented and, on motion, referred to the Executive Committee with power to act.

The Secretary of the Board presented an amendment to the Federal Reserve Act prepared by Counsel with reference to making the cost of Federal Reserve notes payable by the Federal Government. It was ordered that copies thereof be made and distributed to the several members.

The Secretary of the Board presented a letter from the Federal Reserve Bank of Minneapolis relative to the declaration of a dividend at that Bank. The proposed dividend was approved provided that the Minneapolis Committee be in accord therewith.

The same action was taken with reference to the proposed dividend at the Federal Reserve Bank of Philadelphia.

Mr. Delano presented a telegram to Mr. J. A. Broderick and his reply thereto, relative to the method of examining the Fidelity Trust Company of Kansas City, and suggesting that the Board accept an examination made by Arthur Young and Company. The matter was referred to the Committee on Audit and Examination with power to act.

Discussion of the composition of the directorate of the Federal Reserve Bank of Kansas City ensued, but no action was taken.

On motion an application for the surrender of stock

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in the Federal Reserve Bank of Chicago was approved as follows:-

District No. 7.

First National Bank, Parkersburg, Iowa, -- 39 shares.

Mr. Warburg presented a letter from Deputy Governor Treman of New York with reference to rediscounts at that place on the sixth instant; also a letter from the Federal Reserve Bank of Boston with reference to the imposition of a clearing house charge on checks on non-member banks for collection service. No action was taken.

On motion at 12:45 P. M. the Board adjourned to meet on Friday, December 8th at 11 A. M.

*A. Parker Pillsbury*

Secretary.

APPROVED:

*Francis P. Taylor*  
Chairman.