

At a regular meeting of the Federal Reserve Board held in the office of the Board at 9:45 A. M. on Saturday, December 16, 1916,

PRESENT:

- Governor Harding, presiding, Mr. Miller,
- Mr. Warburg, Mr. Williams,
- Mr. Delano, Mr. Willis, Secretary.
- Mr. Hamlin,

On motion the reading of the minutes of the previous meetings was dispensed with.

The Committee on Operation of the Federal Reserve Bank of San Francisco having reported in favor of authorizing the payment of a Christmas bonus as proposed by the Board of Directors of that bank, with the exception of the executive officers (the Governor and Deputy Governor), the report was, on motion, approved, the Governor of the Board so to notify the Bank.

The special business of the day, the reconsideration of the proposed amendments to the Federal Reserve Act, having been called up, action was taken as follows (the numbers here used being the same as those assigned to the different amendments in the official list contained in the minutes of the Board of December 8th):-

No. 1, Advancing the date of final reserve transfer. This was passed over by common consent as having already been announced and as being unanimously agreed to.

No. 2, The readjustment of reserve balances. Mr. Hamlin moved to approve the principle of this amendment and discussion ensued, in the course of which it was suggested by several members that they would prefer to have an additional proviso to the effect that 5% of current funds over and above specified reserves in reserve banks must be carried by every bank in its own vaults. On being put to a vote, the motion to approve was carried, all members favoring the principle, but Mr. Williams being recorded as expressly favoring not less than 7% reserve balance for country banks with 5% of current funds in vault.

No. 3, Return of one-half capital stock. Mr. Williams moved to lay this amendment on the table, and after discussion the motion prevailed. Mr. Delano and Mr. Warburg were recorded as favoring the amendment; Mr. Williams and Mr. Hamlin as opposed to it in principle; Mr. Harding and Mr. Miller as doubting the wisdom of it at this time as a matter of expediency.

No. 3a, Authority to increase the reserves of member banks with Federal Reserve banks upon a vote of five members of the Board. Mr. Hamlin

...removed that the amendment be approved, and upon being put
to a vote the motion unanimously prevailed.

...No. 4, Supertax on National bank notes. Mr. Miller
moved to lay the amendment on the table, and after discussion
the motion prevailed.

...No. 4a, Retirement of greenbacks. Mr. Hamlin moved
to approve the amendment for retiring the greenbacks in
principle, and after discussion the motion prevailed, Mr.
Williams, however, being recorded as expressing the opinion
that in the process of retirement use should be made of 2%
bonds with the circulation privilege, rather than 3% bonds
as tentatively suggested in the Board's memorandum on the
subject.

...No. 5. Renewal of plan for branch banks in cities.
This amendment was unanimously concurred in.

...No. 6. Associate or clearing membership. Mr. Delano
removed to lay this amendment on the table, and after discussion
the motion prevailed, but with the unanimous understanding
that in lieu of it there be substituted an amendment authorizing
State banks to carry balances with Federal Reserve banks in
amounts to be determined by the Federal Reserve banks and
approved by the Board, and in return to be allowed to clear

through Federal Reserve banks. It was further unanimously agreed that a provision be drafted providing for an associate membership for mutual savings banks, with balances determined on a time deposit basis.

No. 7, Acceptances up to 100% of capital. All members concurred in favoring the restoration of the old language of the law, left out by mistake.

No. 8, Fifteen day notes as security behind Federal Reserve notes. Mr. Williams moved to table this amendment, but on being put to a vote, the motion was defeated, Mr. Williams and Mr. Miller voting in the affirmative. The motion itself being put to a vote, was adopted, Mr. Williams and Mr. Miller voting against it.

No. 9, Improvement of Section 22. This amendment was read and on motion was unanimously concurred in, provided that in those cases where directors are authorized to receive before buying and selling securities, each transaction must be specifically recorded in the minutes of the meeting.

No. 10, Sixth exception as a limitation of liability covering endorsements of paper. On motion it was voted that the Board concur in this amendment, Mr. Williams, however, being recorded as supporting it only as to covered bills, but not as to naked bills.

No. 11, \$100,000 gold certificates. This was passed over with unanimous concurrence.

No. 12, Issue of Federal Reserve notes against gold. On motion it was voted to approve this amendment in principle, Mr. Miller and Mr. Delano, however, being opposed to anything more than a provision which would regularize the present issue of notes against gold, and would thus authorize the direct issue of notes with a 100% gold cover. Both were opposed to the provision for counting reserves in the hands of Federal Reserve agents as a part of the bank's own reserves.

No. 13, Omission of the \$25,000,000 limitation on bond purchases. This was unanimously concurred in.

No. 14, Elimination of required holdings of U. S. bonds either as preliminary to organization, or as condition of existence. This amendment was unanimously concurred in.

The special business of the day having been completed, Mr. Harding and Mr. Williams withdrew from the meeting, and Mr. Warburg took the chair. Executive business being taken up.

A letter from Merchant & Evans Company of Philadelphia protesting against the Kitchin bill relating to clearings, was on motion referred to the Clearing Committee. It was

further agreed that all other letters relating to the same subject be referred to the same committee with the suggestion that it advise the Banking and Currency Committee of the House of their contents. It was agreed that all future communications on the same subject be automatically referred to the Clearing Committee.

A letter from Federal Reserve Agent Wills as to the selection of a member of the Advisory Council at Cleveland, was laid on the table until the meeting of Monday next.

A report from Chief of Division Broderick, with reference to the condition of the Federal Reserve Bank of St. Louis, was on motion referred to the Committee on Operation of the St. Louis Bank.

A letter from Federal Reserve Agent Austin, relative to the election of directors at Philadelphia, transmitting documents in the matter, and also letters on the same subject from the Federal Reserve Banks of Chicago and St. Louis, were referred to the Committee on Operation.

The Secretary of the Board having presented applications of Federal Reserve banks for conversion of 2% bonds into 3% bonds and 3% notes, such applications were approved as

follows:-

Minneapolis,	\$1,060,000.
Boston,	1,332,000.
Kansas City,	1,642,900.
Philadelphia,	1,651,000.

The question of a date for a conference as to the establishment of a branch at Louisville having been presented the matter was on motion referred to the Executive Committee with power to act.

Upon recommendation of the Committee on Operation, the payment of a 6% dividend by the Federal Reserve Bank of Minneapolis from November 16, 1914, to July 1, 1915, was approved.

Mr. Warburg gave notice of the declaration of a dividend by the Federal Reserve Bank of New York, as set forth in a letter dated December 15th, and on motion the Secretary was directed to inform the Federal Reserve Bank of New York that the Board has approved its action.

The declaration of a dividend by the Federal Reserve Bank of Philadelphia from November 2, 1914, to June 30, 1915, as set forth in a letter dated December 14th, was approved by the Board and the Secretary directed so to notify the Bank.

On motion a new form of statement of condition of Federal Reserve banks for use in addressing the Statistical

Division of the Board was approved.

On motion it was voted to authorize the daily transmission by the Secretary of the Federal Reserve Board to each Federal Reserve bank, of a statement showing the amount of paper bought under renewal acceptance credits for each Federal Reserve bank. //

A letter from Mr. Robert Luce of Boston making certain inquiries about the Federal Reserve system, was on motion referred to the Governor of the Board.

Notification from Counsel as to the date set for hearing the pending cases as to fiduciary powers before the Supreme Court of the United States, was presented and noted.

A proposed draft of a letter submitted by Counsel with reference to liability for accrued dividends at Minneapolis and Chicago was on motion referred to the Committee on Law.

A letter from Honorable Carter Glass transmitting a copy of a bill (H. R. 15735) introduced by Mr. Hill, with respect for the Board's opinion thereon, was on motion referred to the Committee on Law.

The Secretary of the Board called attention to a letter written by him to Federal Reserve Agent Jay stating that the Board would be glad to see the report of a committee

of Federal Reserve agents as to amount of reserve notes required to be held in stock.

A letter from Federal Reserve Agent Hardy as to the continuance of Mr. Cadwallader or his assistant, was laid on the table until opportunity could be had to consult with Chief of Division Broderick, the Board's ruling on the question of assistants to Federal Reserve agents being temporarily suspended in the case of Richmond meanwhile.

A report from the Committee on Operation, recommending the re-election of Mr. James A. Moncure of Richmond as Deputy Federal Reserve Agent was read and on motion laid on the table.

On motion it was voted that Tuesday, December 19th at 11 o'clock be set as the time for a special meeting for the election of Class C Directors for the coming year.

On motion it was voted that the Federal Reserve Bank of Chicago be directed to send an examiner to examine the Farmers & Traders Bank of Leon, Iowa, which is applying for membership in the Federal Reserve system.

On motion the action of the Committee on Issue and Redemption with regard to Federal Reserve notes was approved

as follows:-

FEDERAL RESERVE BANK OF PHILADELPHIA.

Release of \$800,000 as follows:- From Philadelphia
Sub-treasury.

Fives, \$560,000.
Tens, 160,000.
Twenties, 80,000.

Release of \$4,760,000 as follows:- From Philadelphia
Sub-treasury.

Fives, \$840,000.
Tens, 2,160,000.
Twenties, 1,760,000.

Shipment of \$3,000,000 as follows:- From Washington to
Federal Reserve Agent.

Fives, \$1,880,000.
Tens, 400,000.
Twenties, 720,000.

FEDERAL RESERVE BANK OF CHICAGO.

Release of \$500,000 as follows:- From Sub-treasury
at Chicago.

Tens, \$500,000.

On motion it was voted to authorize the Secretary of the Board to ascertain and present the name of a statistical clerk for permanent employment.

On motion applications for additional stock in Federal Reserve banks, duly recommended by the Committee on Member and State Banks, were approved as follows:-

<u>District No. 4.</u>	<u>Shares.</u>
Springdale National Bank, Springdale, Pa.	3
Farmers & Miners N. B., Bentleyville, Pa.	6

<u>District No. 10.</u>		<u>Shares.</u>
United States National Bank,	Omaha, Nebr.,	60
First National Bank,	Gotebo, Okla.	1
First National Bank,	Blue Jacket, Okla.	2
First National Bank,	Akron, Colo.	10

On motion applications for stock in Federal Reserve banks, duly recommended by the Committee on Member and State Banks, were approved as follows:-

<u>District No. 8.</u>		<u>Shares.</u>
First National Bank,	Willisville, Ill.	15
Boonville National Bank,	Boonville, Mo.	60

<u>District No. 9.</u>		
First National Bank,	Brandt, S. Dak.	17
First National Bank,	Richey, Mont.	17

<u>District No. 10.</u>		
National Bank of	Okeene, Okla.	15

On motion applications for surrender of stock in Federal Reserve banks, duly recommended by the Committee on Member and State Banks, were approved as follows:-

<u>District No. 2.</u>		<u>Shares.</u>
Central National Bank,	Buffalo, N. Y.	960

<u>District No. 6.</u>		
American National Bank,	Atlanta, Ga.	600

<u>District No. 8.</u>		
First National Bank,	New Albany, Miss.	36

On motion at 12:05 P. M. the Board adjourned.

A. H. ...
Secretary.

APPROVED:
[Signature]
Chairman.