

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11 A. M. on Wednesday, December 27, 1916,

PRESENT:

Mr. McAdoo, presiding,	Mr. Hamlin,
Mr. Harding,	Mr. Williams,
Mr. Delano,	Mr. Willis, Secretary.
Mr. Miller,	

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

An opinion of Counsel with reference to the time and method of appointing directors of the New Orleans Branch of the Federal Reserve Bank of Atlanta, was read, the substance being favorable to the plan proposed by F. R. A. Wellborn in a letter of December 21 to the Secretary of the Board. On motion it was voted that the Board approve the opinion of Counsel, and that the Governor transmit a reply accordingly.

The special order for the day, the election of Class C directors, was then taken up, and elections duly declared as follows:

FEDERAL RESERVE BANK OF CHICAGO -

William A. Heath, director for the two-year unexpired term beginning January 1, 1917, and Federal Reserve Agent at \$10,000 per annum for the year 1917.

E. T. Meredith, director for a three-year term beginning January 1, 1917.

FEDERAL RESERVE BANK OF KANSAS CITY -

F. W. Fleming, director for a three-year term beginning January 1, 1917. On this appointment a record vote being called for, resulted as follows:

Affirmative: Mr. McAdoo,
Mr. Williams,
Mr. Harding,
Mr. Hamlin.

Negative: Mr. Miller,
Mr. Delano.

It was agreed that Mr. Warburg be permitted to record his vote upon his return. (x)

FEDERAL RESERVE BANK OF ST. LOUIS -

Class C directors laid on the table.

FEDERAL RESERVE BANK OF SAN FRANCISCO -

Class C directors laid on the table.

It was informally agreed that for the present nothing further be said concerning any probable action with reference

(x) Mr. Warburg later requested to be recorded in opposition to Mr. Fleming's appointment.

to the directorate of the Federal Reserve Bank of Kansas City.

The question of the authorization of the appointment of certain directors under the Clayton Act which were to be dealt with before December 31, having been brought up, was, on motion, continued, being made a special order for the meeting of January 2.

An application for fiduciary powers from the First National Bank of Sheridan, Indiana, duly recommended by the Committee on Member and State Banks, was approved, and the Secretary directed so to notify the Federal Reserve Bank of Chicago.

The Secretary of the Board having presented a recommendation of the Committee on Issue and Redemption revising the denominations of Federal reserve notes to be printed and held for the F. R. B. of St. Louis, it was, on motion, voted to approve the recommendation.

A letter from Governor Wold with reference to the liability for dividends of transferred banks as between Chicago and Minneapolis, was, on motion, referred to the Committee on law.

An opinion of Counsel with respect to the transmission of unfit Federal reserve notes direct to the Treasury Department, was, on motion, referred to the Committee on Relations with the Treasury Department.

A letter from F. R. A. Perrin nominating Mr. J. L. Reed and Mr. F. W. Kiser as clerks to aid the Federal Reserve Agent at San Francisco, having been read, it was, on motion, voted to approve these appointments as follows:

Mr. J. L. Reed appointed as of December 1, 1916, at \$900, to be increased to \$1200 January 1, 1917;

Mr. F. W. Kiser appointed as of December 1, 1916, at \$720, to be increased to \$900 January 1, 1917.

A letter written by F. R. A. Perrin to Mr. Daniel Kelleher with reference to branches of the Federal Reserve Bank of San Francisco, was referred to Mr. Miller for a more complete report.

A general letter from Governor Rhoads of Philadelphia with respect to the policy to be pursued regarding the purchase of 2% bonds from member banks during the year 1917, was, on motion, referred to the Committee on Law.

A letter from F. R. A. Wills stating that the Federal Reserve Bank of Cleveland desired to pay a group insurance premium on the lives of its employees, having been read, the proposed payment was, on motion, approved.

The Secretary of the Board called the Board's attention to various acceptances of appointments to directorships in Federal reserve banks, also to the announcement of the reelection of Mr. James B. Forgan as member of the Advisory Council.

A letter from Federal Reserve Agent Curtiss notifying the Board of additional compensation made payable as a bonus to certain employees of the Federal Reserve Bank of Boston, such letter being dated December 22, was presented to the Board, and, on motion, the action of the Bank was approved.

A letter from Federal Reserve Agent Ramsey transmitting the minutes of the board of directors of the Federal reserve bank of Dallas, under date of December 21, was presented to the Board, and, on motion, referred to the Committee on Operation of the Dallas District.

On motion changes in discount rates at the Federal Reserve Bank of St. Louis, established by that bank, were

approved as follows:

On commercial paper and promissory notes of member banks, maturities not over 15 days, $3\frac{1}{2}\%$; commodity paper not exceeding 90 days, $3\frac{1}{2}\%$.

The Secretary of the Board having submitted a resolution relating to the purchase of bonds in the open market during the quarter just closed, the resolution was, on motion, adopted, and the secretary authorized to send a list of banks which had offered bonds for sale, but from which the bonds could not now be accepted, to Governor Rhoads for the Committee of Federal Reserve Banks dealing with this matter, and to each Federal Reserve Agent. The resolution as adopted is as follows:

Whereas it appears that the 12 Federal reserve banks have purchased in the open market bonds in excess of the amount which might have been allotted to such banks at the end of this quarterly period on the basis heretofore determined upon and announced by the Board: Now, therefore, be it

RESOLVED, That it is the sense of the Board that no necessity exists for enforcing the requirement provided for under section 18 of the Federal Reserve Act at the end of this quarterly period ending December 31, 1916, and that it will not, therefore, at this time require the Federal reserve banks to purchase any of the bonds which are offered for sale by member banks through the Treasurer of the United States under the provisions of section 18: Be it further

RESOLVED, That the Secretary be instructed to send a copy of this resolution to the various Federal reserve banks and to the member banks which have offered bonds for sale, in order that they may be notified of the action of the Board in the premises.

On motion applications for stock in Federal reserve banks, duly recommended by the Committee on Issue and Redemption, were approved as follows:

<u>District No. 9</u>		<u>Shares</u>	
First National Bank	Taylor, N. Dak.	15	15
<u>District No. 12</u>			
First National Bank	Wilder, Idaho	<u>15</u>	<u>15</u>
	Total.....		30

On motion applications for surrender of stock in Federal reserve banks, duly recommended by the Committee on Issue and Redemption, were approved as follows:

<u>District No. 6</u>		<u>Shares</u>	
American Nat'l Bank	Macon, Ga.	540	540
<u>District No. 11</u>			
First National Bank	Omaha, Tex.	17	
First National Bank	Texline, Tex.	<u>17</u>	<u>34</u>
	Total.....		574

On motion the minutes of the meeting of the Committee on the Clayton Act held in the office of the

Vice Governor of the Board at 3 P. M. on Thursday,
December 22, were approved, and the action therein set
forth ratified.

On motion, at 1:17 P. M. the Board adjourned.

H. P. Anderson
Secretary

APPROVED:

Chairman