

At a regular meeting of the Federal Reserve Board held in the office of the Board on Thursday, February 1, at 11.30 a. m..

## PRESENT:

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

The minutes of the meeting of the Board of January 31st (morning) and January 31st (afternoon) were read and approved.

The minutes of the meeting of the Executive Committee of February 1st (morning) were read and approved, and, on motion, the action therein taken ratified.

Governor Harding stated the facts as to the present bond policy of the Treasury Department, and the subject was briefly discussed. On motion it was voted to leave the situation in the hands of the Governor, with full power to act as he might deem best in communicating further with the Secretary of the Treasury as to the members' views on the situation.

The question of making further reserve notes actually available at the Subtreasury in San Francisco as requested by Federal Reserve Agent Perrin was, on motion, left in the hands of the Governor, with power to take such steps as were necessary to render the notes available.

Governor Harding read a telegram from Charles Starek, dated New York, conveying his resignation as a class C Director in the Federal Reserve Bank of New York.

On motion it was voted to make a requisition upon the Comptroller of the Currency for \$4,000,000 of the twenty-dollar denomination of Federal Reserve notes to be shipped to the Subtreasury at San Francisco.

The Secretary of the Board read a telegram received from the First National Bank of Covington, Tenn., asking the Board's opinion with reference to the desirability of the secured loan of Great Britain now being placed on the market. On motion it was voted to reply with the statement that the Board cannot undertake to give advice in specific cases of proposed investment

by banks, the Governor to frame the reply in suitable terms and transmit it.

Governor Harding reported the result of a conference with the Comptroller of the Currency as to the question of including unearned interest or discount as an element in the report of profits of a national bank. He stated that the Comptroller had informed him that no ruling on the subject had been issued, but that he had always favored the deduction of unearned interest or discount before making the statement of profits. The Governor of the Board was authorized to send a suitable reply to the Federal Reserve Agent who had presented the matter.

The minutes of the Committee of the Board on Member and State Banks held at 4 p. m. on January 31st, were read to the Board, and on motion approved and the action therein set forth ratified as follows:

The following applications for fiduciary powers were approved:

TRUSTEE, EXECUTOR, ADMINISTRATOR AND REGISTRAR  
OF STOCKS AND BONDS:

	Dist.
1. Minnehaha National Bank, Sioux Falls, S.D.	9
2. First National Bank, Ord, Nebraska,	10
3. First National Bank, Arlington, S. D.	9
4. National State Bank, Camden, N. J.	3
5. Second National Bank, Wilkes-Barre, Penna.	3

REGISTRAR OF STOCKS AND BONDS ONLY:

1. First National Bank, Marshfield, Oregon,	12
2. Mechanics' and Metals National Bank, New York,	2

The application of the First National Bank of Gladbrook, Iowa, for permission to act as Trustee, Executor, and Administrator, was approved, upon condition that the bank's employees are properly bonded.

It was recommended that the following applications be held pending receipt of report of subsequent examination:

1. Citizens National Bank, Winamac, Ind.	7
2. First National Bank, Council Bluffs, Ia.	7

The Governor of the Board read a draft of a letter addressed to the Secretary of the Treasury relative to the suggested arrangement with the State Bank of Russia, and on motion was authorized to transmit the same.

The Secretary of the Board read a report presented by the Committee on Operation of the Federal Reserve Bank of New York relative to the status of Mr. Charles Starek as a Class C Director in that bank. The Comptroller of

the Currency asked that the report be amended in certain particulars as to a statement of facts in connection with the history of Mr. Starek's relation to the Federal Reserve Bank of New York and to the Board's attitude with respect thereto. Such amendments having been introduced, the question of action on the report was presented and a motion to recommit the report was defeated, the vote standing three to two against recommital. A motion to receive and file the report without action thereon being put to a vote, resulted as follows:

Affirmative:

Mr. Miller,  
Mr. Harding.

Negative:

Mr. Hamlin.

Not voting:

Mr. Delano,  
Mr. Warburg,  
Mr. Williams.

So the motion prevailed, and the report was ordered received and filed.

Governor Harding stated that the Comptroller could file with the Board any statement he chose by way of further comment upon the report or the statements contained therein.

Further discussion of Mr. Starek's telegram of resignation being undertaken, it was agreed that the Governor of the Board telegraph merely acknowledging receipt of Mr. Starek's wire and informing him that the Federal Reserve Bank of New York had been advised that Mr. Starek's relation to that institution had been terminated. The matter of framing and transmitting such a telegram was placed in the hands of the Governor, with power to act.

The question of filling the place of Mr. Starek as a Class C Director in the Federal Reserve Bank of New York of New York presented a report recommending the appointment of Mr. W. L. Saunders, President of the Rand Drill Company, stating that Mr. Saunders' name was acceptable to the Secretary of the Treasury, who was not in attendance on the meeting. On motion the report was adopted, and the Governor was requested to communicate

with Mr. Saunders on the matter.

A report of the Committee on Staff approving of the increases in the salaries of National Bank Examiners presented to the Board by the Comptroller of the Currency in a letter of January 30th, was read, and on motion approved.

A report of the Committee on Staff recommending that the salary of P. J. Moran, stenographer in the office of Mr. Hamlin, be fixed at \$1320, the rate paid to other stenographers in members' offices, was, on motion, approved.

Mr. Delano reported briefly with reference to certain banking conditions in the Atlanta District. Discussion ensued, but no action was taken.

Mr. Hamlin stated to the Board the substance of a conversation he had had with the Solicitor General relative to the plan to be followed in the Supreme Court in the approaching hearing as to the Board's side of the case relative to the exercise of fiduciary powers by National Banks. After discussion, it appeared to be the Consensus of opinion of the Board that the Solicitor Gen-

eral should if possible appear in behalf of the Government, and on motion the entire question of the presentation and argument of the case before the Supreme Court was referred to the Executive Committee, with power.

At 1.15 the Board adjourned, to meet at 11 a.m.,  
February 2.

*H. Postwally*  
Secretary.

APPROVED:

*[Signature]*  
Chairman.