

At a regular meeting of the Federal Reserve Board held in the office of the Board on Wednesday, February 7, at eleven a. m.,

PRESENT:

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

The minutes of the meeting of the Board held on February 5 were read and, on motion, approved.

The minutes of the meetings of the Executive Committee held on February 6, and of the Law Committee held on February 5, were read and, on motion, approved, and the action therein set forth ratified. Two letters from the Pompeian Company under date of February 6, were read. Mr. Delano reported the result of a hearing given by a special committee of the Board, consisting of himself and Mr. Hamlin, to President Musher of the Pompeian Company on February 6th. Discussion as to existing conditions in Spanish exchange ensued, and, on motion, it was voted to refer the matter to the Governor and Deputy Governor with the understanding that they should, if thought best, arrange

for a hearing at the Federal Reserve Bank of New York to be conducted either by themselves or by officers of the bank.

A letter from Mr. H. A. Paul of the Mid-Continent Insurance Company with reference to certain alleged activities of Mr. F. W. Fleming, was read. Mr. Delano reported the substance of a conversation he had had this day with Mr. Fleming. The matter was referred to the Committee on Law for investigation.

A letter from Mr. J. F. Thralls relative to a proposed charge of one tenth of one per cent on collection items, was read to the Board, noted and passed to file.

A memorandum from the Division of Audit and Examination recommending that the Northfield (Minn.) National Bank's application for fiduciary powers be filed without action owing to the opinion of Counsel that no such powers can be granted in that State, was read and, on motion, action in accordance therewith was ordered.

On motion it was voted that the offices of the Board be officially closed on February 22, the same being Washington's Birthday.

On motion it was voted that the expense of Governor Harding in visiting the Virginia Bankers' Association at Winchester on February 22d, be borne by the Board.

The report of the examination of the Federal Reserve Bank of Richmond was submitted and, on motion, referred to the Committee on Operation of the Richmond Bank.

Governor Harding reported the substance of a conversation with Senator Oliver of Pennsylvania, relative to the possible establishment of a branch bank at Pittsburgh. On motion it was voted that in view of the probable passage of the pending reserve amendments to the Federal Reserve Act, the Governor be authorized to state informally that the sentiment of the Board is favorable to the establishment of branches at points where needed to keep reserves for large centres, and hence of such a branch at Pittsburgh under proper conditions, providing pending amendments to the Federal Reserve Act be adopted and reserves consequently transferred.

A letter from Professor Irving Fisher with reference to a bill for the issue of Treasury notes, now pending in Congress, was read. On motion the Governor was authorized to state informally that the Board is opposed to any such issue.

Governor Harding reported the substance of a conversation with the Secretary of the Treasury with reference to the disposition of Federal reserve notes. He said that the Secretary of the Treasury saw no objection to carrying suitable supplies of Federal reserve notes in stock at Subtreasuries and mints nearest the various Federal reserve banks in order to have them convenient for the use of such banks, but that he suggested a conference with the Comptroller of the Currency on the subject.

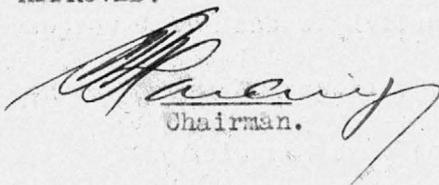
Governor Harding reported that in reply to a recent letter to all Federal reserve agents the Federal Reserve Bank of Richmond had stated that it was willing to order \$25,000,000 more notes, raising its total supply to \$47,000,000. He said that he would keep all replies on file until a complete list of answers was in hand. He further informed the Board that Director Ralph had stated that he could deliver notes in 60 days instead of 90 days as heretofore.

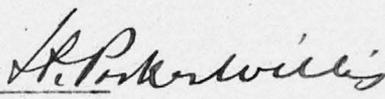
Governor Harding brought up the question of dealing with the clearing situation. Mr. Delano suggested that from the fourth of March onward, if no unfavorable action should be taken

by Congress, the Board would be in position to press the development of the clearing situation actively, and recommended the employment of a clearing expert, either temporarily or permanently, to promote this development. After discussion, it was, on motion, voted that the Committee on Clearing be empowered to secure a suitable man and to report further to the Board on the whole subject.

On motion at 12.40 p.m. the Board adjourned to meet on Friday, February 9, at 11 a. m.

APPROVED:


Chairman.


Secretary.

