

At a regular meeting of the Federal Reserve Board held in the office of the Board on Friday, February 16, at 11 a. m.,

PRESENT:

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

The minutes of the meeting of the Board held on February 14 were read and, on motion, approved.

The Secretary of the Board presented a letter from Governor Aiken of Boston notifying the Board that the Federal Reserve Bank of Boston has advanced its buying rate for prime member bank 90-day acceptances to $3\frac{1}{2}\%$, and to $3-3/8\%$ for 60 days or less, less $\frac{1}{4}$ of 1% for member bank's endorsement.

The communication was noted and ordered passed to file.

The Secretary of the Board read a letter from Honorable John Burke, Treasurer of the United States, to Governor Harding, notifying him of the willingness of the Treasury to extend the privilege of transfers of funds to the Federal reserve banks situated in Subtreasury cities, payment to be made in like currency and in such denominations as may be

available at the time payment is made. On motion the Governor was requested to notify the Federal reserve banks of the position of the Treasury in the matter. The question of further development of the transfer system with the aid of the Treasury, was referred to the Committee on Relations with the Treasury Department.

The Secretary of the Board read a telegram from Federal Reserve Agent Heath asking for the release of Federal reserve notes at Chicago, duly approved by the Committee on Issue and Redemption. On motion the release of such notes was approved as follows:

10's	\$520,000
20's	480,000
50's	400,000

The Secretary of the Board read a letter addressed by Federal Reserve Agent Curtiss to Mr. Hamlin in which Mr. Curtiss stated that there had been a failure during the past year to maintain the note supply in favor of the Federal Reserve Bank of Boston at the level at which he had requested. The matter was referred to the Committee on Issue and Redemption for investigation and report to the Board of the facts in the case.

Governor Harding stated to the Board that it was the desire of the Secretary of the Treasury that henceforward all communications between the Board and the Bureau of Engraving and Printing should be transmitted through the authorities of the Treasury Department.

Governor Harding notified the Board of the receipt of an order from the Federal Reserve Bank of St. Louis, under date of February 13, for \$26,400,000 of Federal reserve notes. On motion, the order was referred to the Committee on Issue and Redemption for appropriate action.

Governor Harding read a letter received from the Federal Reserve Bank of Atlanta with reference to acceptance rates. In accordance with the request contained in the letter, the Secretary of the Board was directed to obtain from the Federal Reserve Bank of New York by wire the daily ruling price on member bank acceptances, 30, 60 and 90 days, and on non-member bank acceptances that would be eligible for discount, 30, 60 and 90 days; and upon receipt of such information to send out mail notices

to nearby reserve banks, and telegraphic notices to the more distant whenever any change in rate occurs.

Governor Harding submitted to the Board the draft of a letter addressed to all Federal reserve agents relative to the powers of the Federal reserve banks with reference to loans secured by Government bonds. After discussion the letter was ordered circulated, and the Governor was authorized to transmit it provided that no member of the Board makes any objection.

Governor Harding read a letter from Federal Reserve Agent Hardy relative to the Board's proposed classification of discount rates, and suggesting a slight change therein. It was referred to the Discount Committee.

Mr. Warburg submitted a letter received from Governor Rhoads of Philadelphia as to the probable loss of \$2,000 by his bank through forgery. The Governor was authorized to turn over the papers to the United States Secret Service, and also to take the matter up with other Federal reserve banks in order that they might be advised of possible danger resulting from practice similar to that of the Philadelphia Bank.

A report from the Committee on Member and State Banks recommending certain changes in stock in Federal reserve banks, was, on motion, approved as follows:

Applications for Surrender of Stock.

		<u>Shares.</u>	
<u>DISTRICT NO. 1.</u>			
Home National Bank	Holyoke, Mass.	210	
Hadley Falls National Bank	Holyoke, Mass.	180	390
<u>DISTRICT NO. 2.</u>			
First National Bank	Fulton, N. Y.	53	53
<u>DISTRICT NO. 3.</u>			
Mount Jewett National Bank	Mount Jewett, Pa.	1	1
<u>DISTRICT NO. 4.</u>			
National Bank of	Middlesborough, Ky.	4	
First National Bank	Kittannig, Pa.	48	52
<u>DISTRICT NO. 5.</u>			
First National Bank	Parkersburg, W. Va.	30	
Peoples National Bank	Winston-Salem, N. C.	36	
Conway National Bank	Conway, S. C.	29	
Jefferson National Bank	Charlottesville, Va.	78	
First National Bank	Monrovia, Md.	20	193
<u>DISTRICT NO. 7.</u>			
First National Bank	Beecher, Ill.	36	36
<u>DISTRICT NO. 8.</u>			
Central National Bank	Boonville, Mo.	144	
First National Bank	Vienna, Ill.	12	156
<u>DISTRICT NO. 10.</u>			
First National Bank	Webbers Falls, Okla.	22	
First National Bank	Holyoke, Colo.	5	27
<u>DISTRICT NO. 11.</u>			
Farmers & Mchts Natl Bank	Plano, Tex.	6	<u>6</u>
			914

A letter from the Comptroller of the Currency relative to the appointment of Mr. Lewis Wilson, of Iola, Kansas, as a bank examiner, at a salary of \$2,400 per annum, was, on motion, referred to the Committee on Staff.

A letter from Mr. E. D. Hulbert of Chicago with reference to the election of a director in common between the Merchants Loan and Trust Company of Chicago, and the First National Bank of St. Paul, was referred to the Committee on Clayton Act.

The Committee on Staff filed a formal report relating to examiners in the Seventh and Ninth Federal Reserve Districts, action on which had already been taken when the Committee made its oral recommendation on February 14. The report was ordered passed to file.

The question of an appointment of a clerk or money counter in the Division of Issue was brought up for discussion, and, on motion, it was voted that from and after this date the Comptroller of the Currency in making appointments in the Division of Issue of Federal Reserve

Notes shall not be bound by the rules or lists of the Federal Reserve Board with regard to eligibility of candidates, although the records relating to such eligibility shall at all times be at his disposal for purposes of reference. This action was taken in view of the Comptroller's statement that owing to the direct responsibility upon him for the conduct of employees handling Federal reserve notes, he would prefer to have greater discretion in the choice of the staff of the note issue division, and should not be limited to the eligible list.

On motion the appointment of Mr. J. E. Bizzell as a member of the staff of the Division of Statistics at a salary of \$1200 per annum, was approved, the appointment being recommended by the Committee on Staff.

The Comptroller of the Currency reported that he had received a letter from an officer of a Seattle national bank relative to the recent bank difficulties in that city, and had telegraphed for permission to submit the letter to the Board. The main point made in the letter in question, he stated, was that the recent experience shows an urgent

need for the establishment of a Federal reserve branch bank in Seattle.

On motion, at 12.10 p.m. the Board adjourned.

H. S. ...
Secretary.

APPROVED

[Signature]
Chairman.

The first part of the report is devoted to a general survey of the situation in the country. It is followed by a detailed account of the work done during the year. The report concludes with a summary of the results and a list of the members of the committee.

The committee has the honor to acknowledge the assistance of the following gentlemen:

Mr. J. H. ...
 Mr. W. B. ...
 Mr. C. D. ...
 Mr. E. F. ...
 Mr. G. H. ...
 Mr. I. J. ...
 Mr. K. L. ...
 Mr. M. N. ...
 Mr. O. P. ...
 Mr. Q. R. ...
 Mr. S. T. ...
 Mr. U. V. ...
 Mr. W. X. ...
 Mr. Y. Z. ...