

At a meeting of the Federal Reserve Board held in the office of the Governor of the Board at 11.30 a.m., on Monday, March 19,

PRESENT:

- Mr. Warburg, presiding,                      Mr. Williams,
- Mr. Miller,                                      Mr. Willis, Secretary.
- Mr. Hamlin,

The minutes of the meeting of March 16th were read, and on motion approved.

A confidential letter of Hon. Frank Polk, Counselor of the State Department, to Governor Harding, stating that information had been received to the effect that pro-Germans in Baltimore were planning a run on banks there, was read. Discussion ensued, and it was agreed that the Acting Governor communicate the contents to Federal Reserve Agent Hardy, also sending a copy to Governor Harding, in New York.

Governor Warburg stated the facts as to a conference he had just had with Secretary of War Baker relative to certificates which the Department intends to issue to persons who have furnished it with supplies. Mr. Warburg

suggested that the certificates might be attached to notes discountable by member banks, and the Federal reserve banks might perhaps accept paper so secured. On motion it was voted to refer the matter to Counsel for conference with the Comptroller of the Treasury and report, the matter also to be submitted to Governor Harding.

On motion, the conversion of \$632,000 2% bonds into equal parts 30 year conversion bonds and one year Treasury notes for the Federal Reserve Bank of Chicago was approved.

A letter from Federal Reserve Agent Wellborn with reference to the plans of the Federal Reserve Bank of Atlanta for the construction of a building, was read and noted.

A letter from Federal Reserve Agent Heath with reference to the question of a second examination of the Bankers Trust Company at Sioux City, Ia., was read, and on motion was referred to the Executive Committee with power to act.

Reduction of the capital stock of the First National Bank of New Brockton, Ala., from \$45,000 to \$30,000,

duly recommended by the Comptroller of the Currency, was on motion approved.

Letters from Federal Reserve Agent Perrin with reference to the public relations work of Federal Reserve Agents, and the status of checks on the failed Seattle banks were presented to the Board, and on motion, ordered circulated.

Governor Warburg presented revised schedules of discount rates effective or soon to be effective at the following banks:

Richmond, Atlanta, St. Louis, Boston, Philadelphia, Dallas, New York, and Cleveland.

On motion, all were approved, the old rates being substantially maintained, except that it was voted to fix the bankers' acceptance rate at  $2\frac{1}{2}\%$  to  $4\%$ , this to be subject to confirmation by the Executive Committee.

A letter from Federal Reserve Agent Wellborn with reference to transfers of funds to banks situated in sub-treasury cities without charge was read, and on motion referred to the Committee on Treasury Relations.

A letter from Governor McCord with reference to the question of admitting the Georgia Savings Bank and Trust

Company under certain specified conditions, was read.

On motion, it was voted that the Secretary reply, stating that in the opinion of the Board the suggested conditions could not be conceded by the Board.

A letter from Federal Reserve Agent Ramsey announcing the intention of the First National Bank of De Kalb, Texas, to withdraw from the System was read and noted.

A letter from Federal Reserve Agent Ramsey with reference to permitting the First State Bank of Bremond, Texas, to withdraw at a date earlier than that fixed under the present regulations, was read, and on motion it was voted that the rules could not be waived in the case of this bank.

A letter from Federal Reserve Agent Heath calling attention to the necessity of notifying sub-treasury officials regarding the new plan of requiring joint signatures for the withdrawal of notes, was read. On motion, the matter was referred to the Executive Committee, with the suggestion that Counsel be instructed to prepare the necessary forms.

The Secretary of the Board read a letter from Assistant Secretary of the Treasury Newton with reference to the assessment of transportation charges on unfit notes. On

motion it was voted that the letter be transmitted to all Federal Reserve Agents and Governors of Reserve Banks.

The report of the examination of the Federal Reserve Bank of Chicago was referred to the Committee on Operation of the Chicago Bank.

Mr. Warburg made a report as Chairman of the Committee on Operation of the New York Bank, and read a letter from Governor Aiken describing his recent visit to Chicago and telling of his conference there with Governor Strong. Mr. Aiken reasserted his former position with reference to a possible connection with the Federal Reserve Bank of New York to the effect that he did not see his way clear to abandon his position at Boston.

The Comptroller of the Currency read a letter from the National Bank of Commerce of Lincoln, Nebraska, complaining of the present clearing system, and urging that with respect to exchange charges member banks should be allowed to make a reasonable charge for collecting checks in the same manner as State banks, or that both State and national banks should be prevented from making these charges. It was agreed that the Comptroller make a general reply referring to amend-

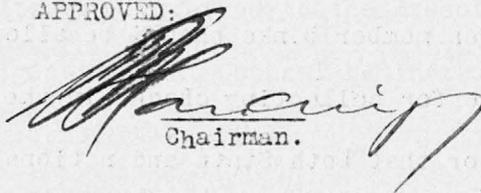
ments now pending in Congress.

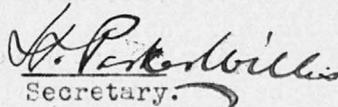
Governor Hamlin presented a letter from Federal Reserve Agent Rich suggesting a daily wire report of the situation at the Federal Reserve Bank of Minneapolis. It was agreed that he should say to Mr. Rich that it would be acceptable to have him wire in the event of any unusual occurrence but that otherwise the mail report would be sufficient.

The Comptroller of the Currency notified the Board that he expects shortly to receive a weekly telegraphic report with reference to the condition of the clearing house banks in the 136 clearing house cities.

On motion at 12.30 p.m. the Board adjourned, to meet on Wednesday, March 21, at 11 a.m.

APPROVED:

  
Chairman.

  
Secretary.