

At a regular meeting of the Federal Reserve Board held in the office of the Board on Wednesday, March 21, at eleven a.m.,

PRESENT:

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

The minutes of the meeting of the Board held on Monday, March 19, were read and, on motion, approved.

Governor Harding reported the results of a conversation he had had with a committee of Governors of reserve banks in New York, with reference to making inter-district drafts on Federal reserve banks available, and also outlined the plan which he had himself suggested to them.

Proposed conversions of 2% bonds into 3% bonds and 3% one-year notes, were approved as follows:

Federal Reserve Bank of New York	\$3,262,250
Federal Reserve Bank of Boston	1,360,000

A letter from Federal Reserve Agent Perrin fixing June 4 as the tentative date for the prospective meeting of Federal reserve agents was read and noted, and the letter referred to the Committee on Federal reserve Agents.

Letters from Messrs. Wills, Ramsey and Wellborn expressing appreciation of their salary increases, were read and noted.

A letter from Acting Governor Treman transmitting a letter from the New York Clearing House with reference to the non-negotiability of checks "payable in New York Exchange, was read and noted.

Governor Harding stated to the Board certain facts with reference to the pending foreign loan proposals.

Mr. Hamlin suggested the need of sending a special notice to Federal reserve agents as to the probability of difficulties resulting from the prospect of war, and the necessity of precautionary measures. It was agreed that the Governor write and transmit such a letter.

The Secretary of the Board read correspondence with Counselor Polk of the State Department as to the sale of gold coin in Mexico. It was agreed that the Governor refer the matter to Federal Reserve Agent Jay for investigation.

A letter from the Rochelle State Bank of Richelle, Texas, with reference to alleged hardships inflicted on State banks through the clearing plan, was referred to the

Governor for a reply.

The one dollar rate on annual subscriptions for the Bulletin was, on motion, made applicable to employees of member and reserve banks.

A letter from W. S. Hawley relative to the establishment of a branch of the Federal Reserve Bank of San Francisco at Portland, was read and referred to the Governor of the Board for reply.

Mr. Miller called attention to certain correspondence relative to the question of a branch in the Pacific Northwest, and, on motion, it was agreed that Mr. Miller transmit to Federal Reserve Agent Perrin a telegram as follows:

March 21, 1917.

Perrin,
Federal Reserve Agent,
San Francisco, California.

Replying your wire seventeenth think Pacific Northwest should have the facilities of full-fledged branch, especially because of impending conditions stop By-laws could be drawn to insure effective control of operations by parent bank. stop Directors and staff could be selected to secure same result. Stop. Inclined to believe Portland proper location for branch. Stop. Trust your Board may make recommendation without much delay. MILLER.

On motion, note issues, already authorized by the Governor and the Executive Committee under existing regulations, were approved as follows:

Federal Reserve Bank of Kansas City:

Shipped:

\$4,000,000 - Order of March 17.

Federal Reserve Bank of Chicago:

With release from Subtreasury:

\$1,840,000 - Order of March 19.

The minutes of a meeting of the Committee on Clayton Act held on Monday, March 19, at 10 a. m., were read and, on motion, approved and the action therein set forth ratified.

Certain special reports with reference to matters referred to him as Acting Governor were presented by Mr. Warburg, and noted.

The question of allotment of bonds to Federal reserve banks having been brought up as a special order for the day, the Secretary of the Board read a memorandum relating to the subject, and, on motion, the matter was referred to the Governor with power to act, it being ordered that the allotment be made on the basis of capital as of March 16.

Discussion of the Board's proposed amendments to the Federal Reserve Act ensued in view of the fact that the date for the session of Congress is likely to be advanced to April 2, and, on motion, the following actions were voted:

That the original plan for authorizing the Board to order 20% increase in member bank reserves be laid on the table.

That the reserve amendment be recommended in its original form as first planned by the Board, omitting any requirement for till money.

That the provision authorizing the carrying of clearing balances for non-member banks be again recommended.

That the proposed plan for taxing interstate checks on non-member banks be laid on the table for the time being.

That in general the Board adhere as closely as possible to the text of the amendments as formerly agreed upon.

Mr. Warburg reported with reference to the representation of the Board before the Supreme Court in the pending case as to fiduciary powers, that Mr. Elliott had telegraphed Mr. J. P. Cotton that upon the recommendation of Solicitor Davis Mr. Elliott would be associated with him on behalf of the Board in oral argument.

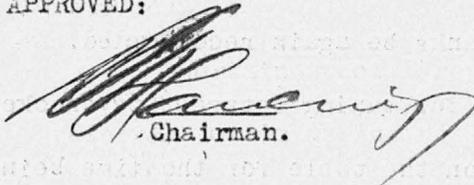
Mr. Warburg also placed before the Board the question

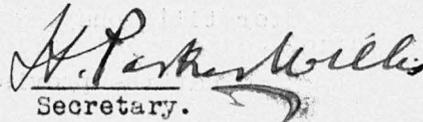
of a direct release of notes to member banks in Baltimore instead of going through the Federal Reserve Bank of Richmond. The matter was discussed, but no action was taken.

Mr. Warburg gave notice that Miss Lucy Waters, his stenographer, had been granted leave of absence on account of sickness for not to exceed 30 days with pay.

On motion at 1.05 p. m. the Board adjourned to meet on Friday, March 23, at 11 a. m.

APPROVED:


Chairman.


Secretary.