

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Friday, April 13, at eleven a. m.,

PRESENT:

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

The minutes of the meeting of the Board held on April 11 were read and, on motion, approved.

The minutes of the meeting of the Executive Committee held on April 12 were read and, on motion, approved and the action therein set forth ratified.

A letter written by Federal Reserve Agent Rich to Mr. J. V. Farwell of Chicago, was presented and, on motion, ordered circulated with instructions to transmit the same paper to the Secretary of the Treasury.

The Secretary of the Board gave notice that information had been received to the effect that the St. Louis Union Bank of St. Louis having complied with all the Board's requirements, was ready to be admitted to the System. On motion, the Board's final approval of the membership of the St. Louis Union Bank was ordered entered, and the application of the said bank for 3,000 shares of capital stock

was approved.

A letter from Federal Reserve Agent Rich stating that the Farmers State Bank of Kasson had complied with the requirements for membership was presented, and the Secretary was directed to telegraph Mr. Rich authorizing the immediate admission of the bank under the conditions set forth in his letter, provided the Board's other conditions be complied with.

The Secretary of the Board gave notice that the Cleveland Trust Company had complied with the Board's requirements and had paid in its capital stock subscription and reserves.

The Secretary of the Board presented the weekly discount sheet of the Federal Reserve Bank of San Francisco, recommending no change in rates. The communication was noted and ordered passed to file.

A letter from Federal Reserve Agent Heath with reference to the probable form in which demands for accommodation at Chicago would be likely to present themselves, was read and noted.

The question of discontinuing or changing the present reports on renewal acceptances was, on motion, referred to the Executive Committee with power to act.

A report of the Committee on Investments favorable to the plan submitted by Federal Reserve Agent Perrin for the management of rediscounts of member banks in the San Francisco District, arising out of paper payable at banks in other districts, was approved, provided no objection is made to the plan by Counsel.

A report of the Committee on Investments approving the form of statement of condition of the American Express Company, which intends to undertake the business of accepting paper, was presented and, on motion, ratified.

A report of the Committee on Investments approving the form of condition submitted by Messrs. Sutro Brothers & Company of New York, was presented and, on motion, approved, it being understood that this approval did not apply to the condition of the concern or warrant the purchase of its acceptances without endorsement.

Governor Harding laid before the Board a letter from Senator Robert L. Owen transmitting a proposed amendment

submitted by Senator Gronna, and intended to permit exchange charges at banks. He also submitted a draft of a reply to the same. The latter was discussed and, on motion, authorized for transmission.

Mr. Hamlin stated the substance of a telephone message received from Governor Fancher of Cleveland, and Mr. Warburg stated the practically identical substance of another message received from Governor Rhoads of Philadelphia, both stating that the privilege of refunding 3% bonds into any higher rate issue that might come out, ought to be extended to them in order to maintain their eligibility and value. The matter was referred to the Law Committee for report.

A letter from Federal Reserve Agent Wills inquiring as to the possibilities of a plan for the storage of notes in Pittsburgh, which he proposed, was discussed but no action was taken.

Mr. Warburg was authorized to consult with Congressman Hayes as to the best plan to be pursued in securing the adoption of the Board's suggestions with reference to the imposition of a tax on the interstate checks of State banks.

The Secretary of the Board read a letter from Federal Reserve Agent Martin announcing the death of Mrs. Rolla Wells.

The Secretary of the Board read a telegram from Governor McDougal with reference to the necessity of more rapid printing of Federal reserve notes, and informing the Board of the coming of Federal Reserve Agent Heath to Washington.

Governor Harding presented a letter from Director Ralph with reference to the establishment of additional safeguards for use in the transmission of Federal reserve notes. On motion, it was voted that the Chief of the Division of Loans and Currency be advised that the suggested safeguards are satisfactory to the Board.

Mr. Hamlin reported orally with respect to the question of permitting the Federal reserve banks to accept, as collateral, receipts of warehouses which were practically under the control of the borrower, although technically placed in charge of a "custodian." After discussion, it was voted that Counsel be asked to prepare a letter intended to emphasize the fact that in every case the warehouse must be under control legally distinct from

that of the borrower. The matter was referred to the Law Committee with power to act.

The Comptroller of the Currency inquired whether the Board had as yet taken up the discussion of pending Government loans intended for the financing of the war, and was informed by the Governor that the matter had not in any way been referred to the Board, hence had not been discussed.

On motion at 12.20 p.m. the Board adjourned to meet on Monday, April 16, at 11 a.m.

H. Parker Willis
Secretary.

APPROVED:

Pauline
Chairman.