

At a meeting of the Executive Committee of the Board held in the office of the Board on Friday, May 25 at four p.m.,

PRESENT:

Mr. Warburg, Mr. Miller,
Mr. Delano, Mr. Willis, Secretary.

A letter from Senator Owen addressed to Governor Harding transmitting correspondence recommending amendments to the Federal Reserve Act permitting the admission of small State banks, was noted and ordered referred to Mr. Harding upon his return.

A letter from Governor Pancher of the Federal Reserve Bank of Cleveland asking for the release of Mr. Frank V. Grayson from the staff of the Federal Reserve Board to take appointment at the Federal Reserve Bank of Cleveland, dating June 1, was read and, on motion, Mr. Grayson's release was approved as of June 1, 1917.

Pursuant to a request from Mr. Hamlin, it was, on motion, voted that the Secretary of the Board transmit to Hon. John Burke, Treasurer of the United States, copy of the Board's letter relating to the use of coin counting machines.

A letter from Governor Wells of St. Louis transmitting a circular received from a bond house which questioned the wisdom of investing in Government bonds as compared with other securities, was noted and ordered filed.

A letter from Mr. J. C. Vincent addressed to Secretary of the Treasury McAdoo requesting an appointment in the Baltimore Branch of the Federal Reserve Bank of Richmond in the usual course.

A report from the Committee on Staff approving the appointment of Mr. Bertram Chesterman to fill a vacancy caused by five months' leave of absence of National Bank Examiner Henry G. Hanna at a salary of \$2400 per annum, was, on motion, approved.

A report of the Committee on Staff approving certain changes in the lower salaries at the Federal Reserve Bank of Atlanta, was, on motion, approved.

Two communications transmitted by the Secretary of State, one from the American Minister at Christiania, Norway, the other from the Servian Minister at Washington, were ordered circulated in the Executive Folder.

Inquiry was made with reference to the question whether the Committee on Staff had considered the proposed

increases in salaries of Messrs. Aiken and Curtiss of the Federal Reserve Bank of Boston. Mr. Delano, the Chairman of the Committee, reported that no decision had been arrived at.

Mr. Warburg presented a letter from Governor Fancher making inquiry about the transfer of funds on behalf of Hebrew clients who desired to send money to relatives living in the Polish provinces occupied by Germany. On motion, it was voted that he transmit the inquiry to Counselor Polk of the State Department.

Discussion of the question of permitting the Federal Reserve Banks to issue \$10 participation certificates indicating ownership in Liberty Loan Bonds, ensued.

Mr. Warburg was authorized to telegraph to Chicago that the Board believed it within the competence of Federal Reserve Banks to issue receipts for ten dollars substantially on the lines proposed by New York, it being specified, however, that the Board would insist that certificates be issued in form sufficiently large to preclude any danger of such certificates being used as circulation. They would further have to be issued in consecutive numbers and bonds held against these ten dollar certificates would

have to be kept in custody in a manner which would render it easy for examiners to verify them from time to time.

It was agreed that a letter might well be addressed to Messrs. N. Erlanger, Blumgart & Co., favorably commending their endeavor to popularize trade acceptances and it was further voted that it should be suggested to the Federal Reserve Bank of New York to write such a letter rather than to have the Vice-Governor of the Board sign it.

The Vice Governor was instructed to prepare a letter for Monday covering rediscount transactions between Federal Reserve Banks in connection with the payments to be made on the Liberty Loan.

A. P. Kenworthy
Secretary.

APPROVED:

Chairman.