

At a regular meeting of the Federal Reserve Board held in the office of the Board on Monday, May 28, at 11 A.M.,

PRESENT:

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

The minutes of the meeting of the Board held on May 25 were read and on motion approved.

The minutes of the meeting of the Executive Committee held on May 25, were read and on motion approved, and the action therein set forth ratified.

A telegram from Federal Reserve Agent Heath reporting the status of applications of certain state banks and trust companies of Chicago for admission to the Federal Reserve System, was read and noted. It was agreed that the telegram be referred to Governor Harding for suitable answer.

A memorandum from Mr. Hamlin with copy of a letter sent by the Comptroller of the Currency to Mr. R. W. Cole

was presented to the Board and on motion referred to the Committee on Bulletin. It was informally understood that the letter in question should not be published at the present time.

The Secretary of the Board stated that he had received an inquiry from the Treasury Department with reference to the question whether it was probable that Federal reserve banks would want reimbursement for the \$50,000,000 of 2½ certificates of indebtedness taken by them or whether they would convert them into long term bonds. He was instructed to state that in the opinion of the Board it was the expectation of the banks that cash will be wanted and should be provided for meeting these certificates.

A report of the Committee on Audit and Examination, recommending a form for monthly reports of the internal audit of Federal reserve banks, was presented, and on motion approved, and the report ordered put into operation.

A memorandum from the Division of Audit recommending a revision of the statement of general information required from applicant state banks was presented, and after discussion it was ordered that a copy be sent to each member of the Board, the consideration of the proposed revision to

be made a special order for the next meeting.

Mr. Delano reported informally with reference to the proposed increase of the salaries of Messrs. Aiken and Curtiss at the Federal Reserve Bank of Boston. On motion, the question was laid on the table, with the understanding that it be made a special order for the next meeting of the Board.

The application of the Atascosa County State Bank, of Jourdanton, Texas, duly recommended by the Committee on Member and State Banks, for admission to the Federal Reserve System, was presented, and on motion approved, and the bank in question ordered admitted, subject to specified conditions set forth in the report of the Committee.

Mr. Hamlin stated for the information of the Board that he had received a communication from Governor Wold, of Minneapolis, recommending that 15-day notes of member banks secured by government bonds be exempted from taxation under the proposed plan of taxation now pending in Congress. It was felt that no action was needed.

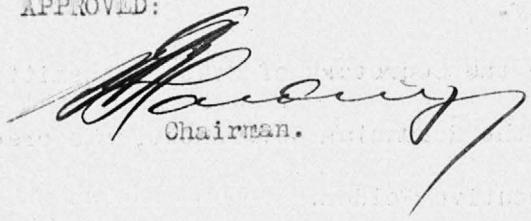
Governor Harding presented to the Board a telegraphic protest against the issue of \$10 participation

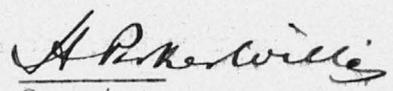
certificates in the ownership of the Liberty Loan Bonds, which he had received from the Liberty Loan Committee of Providence, R. I.

At this point Hon. Carter Glass entered the Board Room, and discussion of the status of the pending amendments to the Federal Reserve Act ensued. On motion it was voted that the Governor confer with the Secretary of the Treasury and with Chairman Glass in order to ascertain the situation with reference to the amendments and to advise the Board what if anything should be done by it with reference to furthering their progress.

On motion at 12.25 p.m. the Board adjourned.

APPROVED:


Chairman.


Secretary.