

At a special meeting of the Federal Reserve Board held in the office of the Board on Tuesday, May 29, at eleven a.m.,

PRESENT:

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

The minutes of the meeting of the Board held on May 28 were read and, on motion, approved.

A letter received from Mr. T. P. Martin of Oklahoma City, with reference to exchange charges on Government checks, was read and referred back to Governor Harding for suitable reply.

A letter from the Secretary of State transmitting a communication from the Roumanian Government, was ordered circulated in the Executive Folder.

A communication from the Registration Board of the District of Columbia with reference to the registration of the Board's staff, was ordered circulated among the members of the staff.

On motion the whole question of the relation of the

members of the Board's staff to the military draft system, was referred to the Committee on Staff.

An opinion of Counsel with reference to the purchase of acceptances by a bank which intends to rediscount them at a later date, was adopted, and the letter accordingly sent to the Federal Reserve Bank of Atlanta, which had made the inquiry. The opinion was authorized for publication in the Federal Reserve Bulletin, the papers to be sent to Governor Harding.

A letter from Secretary of State Lansing, addressed to Secretary of the Treasury McAdoo, making inquiry with reference to the recent gold movements to Japan, was referred to Governor Harding for discussion with Assistant Secretary of the Treasury Crosby.

A letter from the Federal Employees Union with reference to an increase in pay for the Board's staff, was referred to the Committee on Staff.

The question of facilitating subscriptions to bonds on the part of employees of the Board was referred to the Committee on Staff, the same to be made a special order for the next meeting of the Board.

The question of sealing packages of gold certificates, in order to facilitate the audit of the Gold Settlement Fund,

was ordered referred to the Committee on Gold Settlement Fund with power.

The resignation of Mr. F. V. Grayson as of June 8, was accepted.

A letter from Mr. W. D. Simmons to Secretary Tam-
ulty with reference to charges on checks, was presented
to the Board and noted.

On motion, the payment of a dividend by the Fed-
eral Reserve Bank of Cleveland at the rate of 6% per annum
from July 1, 1915, to December 31, 1915, recommended by the
Committee on Operation of the Federal Reserve Bank of Cleve-
land, was approved, and the Secretary directed to send no-
tice accordingly.

On motion, it was voted that in the future applica-
tions for power to pay dividends shall first be referred to
the Committee on Audit and Examination, and if approved by
that Committee, shall then be referred to the committee in
charge of the particular bank by which the payment is pro-
posed, and shall be reported by it to the Board either fav-
orably or adversely.

After discussion it was informally agreed that a
letter of instructions be sent at an early date to all Fed-

eral reserve banks indicating to them the Board's views as to how they should deal with the depreciation on Government bonds now in their possession.

Changes in stock of Federal reserve banks, duly recommended by the Committee on Member and State Banks, were approved as follows:

Applications for the surrender of Stock.

<u>District No. 3.</u>		<u>Shares.</u>	
Selbyville National Bank	Selbyville, Del.	48	
First National Bank	Felton, Del.	<u>20</u>	68
<u>District No. 4.</u>			
First National Bank	Athens, Ohio	<u>42</u>	42
<u>District No. 7.</u>			
First National Bank	Gladwin, Mich.	<u>22</u>	22
<u>District No. 10.</u>			
Cunningham National Bank	Joplin, Mo.	160	
German National Bank	Johnson, Nebr.	<u>21</u>	201
	Total		333

Applications for original stock.

<u>District No. 6.</u>			
Henry National Bank	Abbeville, Ala.	11	11
<u>District No. 12.</u>			
First National Bank	Fairfield, Cal.	9	
Farmers & Mchts Natl Bank	Kimberly, Idaho.	<u>17</u>	26
	Total.....		37

Applications for Additional Stock.District No. 3.

Ninth National Bank	Philadelphia, Pa.	150	150
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District No. 4.

First National Bank	East Bernstadt, Ky.	1	
Peoples National Bank	Lodi, Ohio.	11	
First National Bank	Hopedale, Ohio	1	
Auglaize National Bank	Wapakoneta, Ohio	3	
First National Bank	Black Lick, Pa.	10	
First National Bank	Etna, Pa.	3	19
	Total.....		169

A letter from the Exchange National Bank of Leon, Iowa, addressed to Mr. Hamlin, was presented to the Board and noted.

At this session the formal session of the Board was suspended, and the members meeting as the Committee on Member and State Banks, considered applications for admission to the system as follows:

The International Bank of St. Louis, Mo.

The International Trust Company of Boston, Mass.

Both applications having been approved by the Division of Audit and Examination, subject to certain conditions, it was, on motion, voted to recommend the banks to the Board for admission, subject to the same conditions as set forth in the report relating to the two banks.

Thereupon the Board resumed its formal session

and received from the Committee on Member and State Banks the recommendation for admission of the International Bank of St. Louis, and the International Trust Company of Boston. On motion, it was voted that the applications of both banks for admission to the system be approved, subject to the conditions set forth in the documents relating thereto.

The form of revision of general information required from intending State bank members presented to the Board at its meeting on May 26, ordered circulated and made a special order for this meeting, was presented to the Board and, on motion, approved and ordered effective at once.

Governor Harding stated to the Board that he had been advised by the Chief Clerk of the Treasury Department that it would be necessary to vacate the Board Room after this date, and after discussion of the question of quarters it was, on motion, voted to refer the matter to a committee of two, such committee to consist of the Governor and the Comptroller of the Currency, and that pending decision by this committee as to the Board's future arrangements, Board meetings should be held in the Governor's office.

The question of salaries at the Federal Reserve Bank of Boston, informally presented to the Board by the Committee

on Staff at the meeting on May 28, and made a special order for this day, was taken up and general discussion given to it. The Committee on Staff presented a majority report against granting any increase in salary at the Federal Reserve Bank of Boston at the present time, while a minority report favoring the fixing of the salary of Governor Aiken at \$25,000 and the salary of Federal Reserve Agent Curtiss at \$12,000 per annum, was presented by Mr. Hamlin. After discussion, it appearing that the minority report had the support of the Board, it was, on motion, voted to approve a salary of \$25,000 for Governor Aiken, provided, however, that such salary be effective as of January 1, 1918. Mr. Miller and Mr. Delano were recorded in the negative. On motion it was further voted to approve a salary of \$12,000 for Federal Reserve Agent Curtiss, provided, however, that such salary be effective on July 1, 1917. Mr. Delano and Mr. Miller were recorded in the negative. Mr. Hamlin stated that the Secretary of the Treasury, who was not able to be present, desired to state that

had he been present, he would have voted in favor of both increases.

Mr. Warburg stated that in accordance with the instructions of the Board he had prepared a letter designed to provide for making effective the machinery of interbank rediscounting between Federal reserve banks, it being thought that from the end of June onward there might be necessity for employing it. He stated that the rate of discount proposed between Federal reserve banks was $3\frac{1}{2}\%$. General discussion ensued and it was, on motion, voted to make the rate 3% instead of $3\frac{1}{2}\%$, and to refer the proposed draft of the letter, together with accompanying documents, to the Executive Committee with power to act, such documents, however, in the meantime to be circulated among the members of the Board.

Six members of the Board were present at this vote which was unanimously adopted.

On motion at 12.35 p.m. the Board adjourned to meet on Thursday, May 31, at 3.30 p.m.

APPROVED:

A. P. K. Lewis
Secretary.

Warburg
Chairman.