

At a special meeting of the Federal Reserve Board held in the office of the Governor on Thursday, May 31, at 3.30 p.m.,

PRESENT:

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

The minutes of the meeting of the Board held on May 29 were read and, on motion, approved.

Discount rate reports for the week were presented by the Secretary, the only suggested change being a proposed rate of $3\frac{1}{2}\%$ made by the Federal Reserve Bank of Philadelphia on notes, drafts and bills of 90 days' maturity, secured by Government obligations, the same being in accordance with the plan proposed in the Board's recent circular. On motion, the proposed $3\frac{1}{2}\%$ rate was approved, and the Secretary directed to notify the Philadelphia Bank accordingly.

The Secretary of the Board presented a letter from Federal Reserve Agent Wellborn stating that the Federal Reserve Bank of Atlanta desired authority to grant bonuses to

the lower salaried employees as occasion might require.

It was agreed that Governor Harding write the Federal Reserve Bank of Atlanta and state the views of the Board as set forth in the recent report of the Committee on Staff, on the subject.

At this point the Board took a recess, and Colonel Edward Brown, director of the Federal Reserve Bank of Atlanta, accompanied by Mr. Ten Eyck Brown, the architect engaged by that bank, were admitted to the room for the purpose of stating the facts as to the proposed new building at Atlanta. It was agreed that the matter be placed in the hands of the Committee on Operation of the Federal Reserve Bank of Atlanta which should consult with the representatives of the Atlanta Bank.

Letters from Governor Wold with reference to the transfer of money from the Minneapolis District to Germany, were referred to the Governor for transmission to the State Department.

The Secretary of the Board read letters from Governor McDougal of Chicago and Rhoads of Philadelphia, with reference to the plan of issuing \$10 participation certificates in Liberty Loan Bonds. The letters were noted and ordered filed.

A memorandum with reference to the furniture of the Board Room recently vacated, raising the question of disposing of the same to the Treasury Department, was referred to the Governor with power to act.

The Secretary of the Board having presented a request for the attendance of Mr. Delano at certain Liberty Loan meetings in the near future, it was agreed that Mr. Delano should attend these meetings at the expense of the Board.

Mr. Hamlin announced that he had been asked to accompany the Secretary of the Treasury on a prospective journey to be taken in behalf of the proposed Liberty Loan. It was agreed that he should accept the invitation at the expense of the Board.

Mr. Harding stated that he had been requested to speak at New Haven and Reading, Pa., on the 2d and 4th of June respectively. On motion it was voted that he accept the invitation, and make the journey at the expense of the Board.

A letter from Federal Reserve Agent Heath with reference to the possible admission of the Iowa Loan & Trust Co., of Des Moines, Iowa, was referred to the Committee on

Member and State Banks.

Certain correspondence passing between Mr. Miller and Federal Reserve Agent Perrin was presented and discussed. It was agreed that the number of directors at the proposed branch in the Pacific Northwest should probably be five, and that more specific arrangements could be made after the adoption of the pending amendments to the Federal Reserve Act. It was further agreed that a proposed circular suggesting to small banks in the 12th District that they deal with large banks rather than with the Federal Reserve Bank for the present would not be wise. It was further agreed that the qualifications and duties of the manager of the new branch could best be worked out locally as conditions require.

The Secretary of the Board read an opinion of Counsel with reference to the use of notes and drafts secured by Government bonds as collateral to protect Federal Reserve notes. It was ordered that the opinion be adopted and published in the forthcoming number of the Federal Reserve Bulletin.

A memorandum from the Chief Examiner with reference to the status of the application of the St. Joseph's Bank for admission to the Federal Reserve System was read and noted.

A report by Mr. Miller as Chairman of the Committee on Bulletin with reference to alleged conflict between Government crop reports and those of Federal reserve agents was read and noted.

Mr. Delano reported with reference to subscriptions to Liberty Loan bonds by employees of the Board, suggesting that employees subscribe through banks. It was agreed that a draft of a letter to employees be transmitted by the Governor of the Board.

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Mr. Delano reported with reference to a request to increase the pay of employees of the Board made by the Federal Employees Union. The report was noted and no action was taken.

At this point the Board suspended its session, and the members met as the Committee on Member and State Banks. Thereupon the application of the Standard Trust Company of Chicago for admission to the System was presented, and

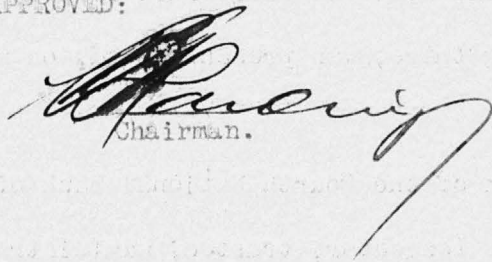
after discussion approved, upon the conditions set forth in the memorandum of the Division of Audit and Examination, it being agreed to report the same favorably to the Board.

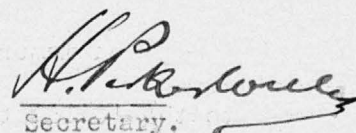
The session of the Board having been resumed, the report of the Committee on Member and State Banks in favor of the admission of the Standard Trust Company of Chicago, on specified conditions, was presented to the Board, and on motion approved.

Upon the suggestion of Mr. Hamlin there was referred to the Executive Committee the preparation of a letter addressed to the Federal Reserve Bank of Cleveland with reference to the shortage recently occurring there, the Committee to have power to transmit a suitable letter.

On motion, at 4.40 p.m. the Board adjourned, to meet on Friday, June 1, at 11 a.m.

APPROVED:


Chairman.


Secretary.