

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Friday, June 15, at ten a.m.,

PRESENT:

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

The minutes of the meetings of the Board held on June 13, morning, and June 13, afternoon, were read and, on motion, approved.

The Governor of the Board presented correspondence with various Federal reserve agents with reference to the recent statements issued by the Comptroller of the Currency as to the policy of member banks in making subscriptions to Liberty Bonds. Among these was a telegram from Federal Reserve Agent Perrin stating that he had communicated with the various member banks of the district. On motion, it was voted that the Governor telegraph Mr. Perrin to take no further steps along the lines mentioned in the telegram already sent out by him.

The question of a tax on reserve deficiencies was

taken up for consideration, and memoranda and reports relating to the same, were presented. It was agreed that the tax should be levied in the future only on the actual increment of deficiency of reserve, and not upon the entire deficiency. On motion, it was voted that Mr. Broderick prepare a draft of a new regulation on the subject, with the aid of Counsel, the matter to be considered when the general revision of the Board's regulations is taken up after the passage of the amendments to the Federal Reserve Act.

Letters on the question of rediscounting between Federal reserve banks, and promising cooperation, were presented and the contents noted.

The Governor of the Board was, on motion, requested to telegraph the Federal reserve banks asking them to transmit each day a report on the chief items of their condition.

A letter from the Morris Fertilizer Company relative to exchange on India, was read and referred to the Governor for consultation with the Secretary of the Treasury. General discussion of the Indian exchange situation ensued.

The Governor of the Board read a letter from the American representative of the Bank of France with reference

to methods of making payments in France on behalf of the American expeditionary force.

The Secretary of the Board read a telegram from Federal Reserve Agent Rich with reference to the progress of the Liberty Loan in Montana. The telegram was noted and ordered filed.

The Secretary of the Board presented the discount rate sheets continuing the old rates in operation.

A reduction in capital stock of the Commercial National Bank of Mufaula, Alabama, from \$150,000 to \$100,000, duly recommended by the Comptroller of the Currency, was, on motion, approved.

A letter from the Falconer Company of Baltimore, with reference to the methods of assessing and collecting the proposed stamp tax on bank checks, was read and discussed and, on motion, the Secretary of the Board was directed to write a letter explaining the Board's reasons for believing the proposed plan unsatisfactory.

The Secretary of the Board presented a letter from Federal Reserve Agent Wellborn notifying the Board of the election of Mr. Edgar B. Stern of New Orleans as director of the Federal Reserve Bank of Atlanta. The letter was noted and ordered filed.

The Secretary of the Board presented a letter from Senator Poindexter of Washington, with reference to the redemption of light weight gold coin at par. It was agreed that the Secretary reply to Mr. Poindexter suggesting that he initiate such legislation as might seem expedient.

A report of the Committee on Member and State Banks recommending favorable action on applications for capital stock, was presented and, on motion, approved as follows:

Applications for Original Stock.

<u>District No. 6.</u>	Shares.
Holston National Bank Elizabethton, Tenn.	<u>15</u> 15
 <u>District No. 9.</u>	
First National Bank Bainville, Mont.	15
American National Bank Three Forks, Mont.	<u>25</u> 40
 <u>District No. 10.</u>	
Farmers & Drovers Natl Bk Marion, Kans.	<u>17</u> 17
 <u>District No. 12.</u>	
First National Bank Newdale, Idaho.	<u>14</u> 14
Total	<u>86</u>

Applications for trustee powers, recommended by the Committee on Member and State Banks, were presented to the Board, on motion, acted upon as follows:

APPROVED:

Trustee, Executor, Administrator and Registrar:

Webster and Atlas National Bank	Boston, Mass.
First National Bank	Red Oak, Ia.
First National Bank	Waverly, Ia.
Commercial National Bank	Shreveport, La.

Registrar, Trustee, and Executor:

First National Bank	Orange, Texas.
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Trustee for Issue of Bonds:

Astoria National Bank	Astoria, Ore.
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Registrar of Stocks and Bonds:

Paterson National Bank	Paterson, N.J.
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Action Postponed:

National Bank of Pasadena,	Pasadena, Cal.
Peoples National Bank	Rocky Mount, Va.
First National Bank,	Brookings, S.C.
First National Bank	Moscow, Idaho.

Upon recommendation of the Committee on Audit and Examination, it was, on motion, voted to approve the appointment of Mr. Hubert F. Thomas as national bank examiner in the New York district at \$3300 per annum, effective as soon as Mr. Thomas reports.

The Governor of the Board presented the draft of an agreement between the Federal Reserve Bank of New York and the Bank of England, which had been received from the Federal Reserve Bank of New York. On motion, the Secretary of the Board was directed to circulate it confidentially, and after receiving it back, place it in a sealed envelope for confidential safe keeping.

The Governor of the Board presented a letter from Federal Reserve Agent Rich with a collection of clippings relative to the status of exchange on Finland. The matter was referred to the Governor to be disposed of as he might deem best in consultation with the Secretary of the Treasury.

Mr. Delano discussed the general conditions of foreign exchange with special reference to Spanish exchange, and offered the draft of a letter to business men on the subject. The whole matter was referred to the Executive Committee.

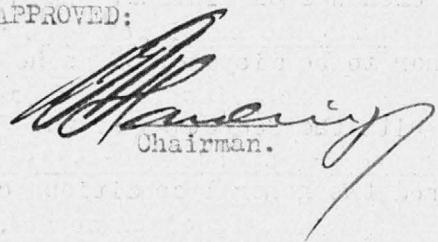
The Governor of the Board presented an opinion of Counsel with reference to the eligibility of educators as Class B directors; also an opinion of Counsel as to Section 5200 of the National Bank Act. Both opinions were referred to the Committee on Law.

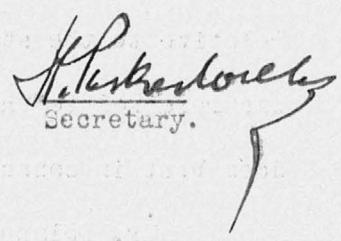
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Governor Harding submitted a draft of a letter addressed to Senator Simmons, Chairman of the Senate Finance Committee, stating the Board's position with reference to the stamp tax on bank checks. After discussion, however, it was agreed not to transmit this or any other letter on the subject, unless the Board's opinion should be formally asked.

On motion at 11.30 a.m. the Board adjourned, to meet on Wednesday, June 20, at eleven a.m.

APPROVED:


Chairman.


Secretary.