

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Thursday, July 12, at eleven a.m.,

PRESENT:

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

The minutes of the meeting of the Board held on July 11 were read and, on motion, approved.

A letter from Governor Wold with reference to the method to be employed in computing reserves was read to the Board, discussed and, on motion, referred to Mr. Elliott as joint Counsel of the Board and the Comptroller of the Currency, with instructions to report his findings as to the status under the amended Federal Reserve Act.

Governor Harding presented the question of the moving of the Board's quarters, stating that he had had under advisement with the Comptroller of the Currency and the Secretary of the Treasury the question of leasing space in the Metropolitan Bank Building. The matter was discussed and laid on the table until the meeting of the Board

on Tuesday, July 17, in order to give opportunity for adjustment of space assigned in the Treasury Building, if possible.

A letter from Federal Reserve Agent Wills with reference to methods of reporting cash and cash items held by member banks, and the Governor's reply to the same, were read and noted.

Telegrams from the Pompeian Company with reference to the desired organization of a foreign department of the Federal Reserve Board, were presented and ordered filed.

The Secretary of the Board presented a report of the audit of the Gold Settlement Fund and the Federal Reserve Agents' Fund as of the close of business June 7, 1917. The reports were noted and ordered passed to file.

The Secretary of the Board presented discount rate sheets for the week, transmitted by various Federal Reserve Banks, none of them, however, recommending any change in rate.

A letter from Governor Wold with reference to the policy of converting 3% bonds into Liberty Loan Bonds, was read and, on motion, referred to the Governor of the

of the Board for informal discussion with the Secretary of the Treasury.

Governor Harding informed the Board of the substance of a conversation he had had with the Secretary of the Treasury relating to the contents of the Board's general letter of July 11, stating its views with reference to gold exports and foreign exchange. He said that the Secretary of the Treasury had incidentally raised some question about the wisdom of stopping the issue of gold certificates in denominations of less than \$50, and had also suggested that he might at an early date begin charging interest on Government deposits in Federal reserve banks.

Governor Harding presented a memorandum from Chief Examiner Broderick stating that there was severe pressure of work in connection with the Liberty Loan at various Federal reserve banks, and recommending that he be authorized to make a trip to the several banks, with the exception of San Francisco, starting at an early date. On motion the memorandum was approved and the proposed journey authorized.

A memorandum of Chief Examiner Broderick commenting upon a letter received from Governor Aiken of Boston with reference to the effect of the proposed military draft upon

Federal reserve banks, and recommending that temporary exemption be urged by the Board, was read and discussed.

Governor Harding read to the Board a letter outlining the general views of the Board on this subject in accordance with the Committee report adopted on July 10. Discussion ensued, and the general position already taken against recommending any general exemptions from military service was, on motion, reaffirmed.

The Committee on Law reported favorably to the acceptance of the opinion of Counsel recently rendered with reference to the interpretation of the term "based on livestock," found in the paragraph of the law relating to maturities of commercial paper. On motion, the opinion was adopted in accordance with the recommendation of the Committee, and ordered referred to the Committee on Bulletin for publication in such form as deemed best by that Committee.

A report of the Committee on Staff favoring the granting of an increase in pay of 10% to the three charwomen employed by the Board through the Treasury Department, was presented and, on motion, approved, the 10% increase being accordingly granted.

On recommendation of the Committee on Investments the application of the Merchants-Mechanics First National Bank of Baltimore, Md., for permission to invest the sum of \$100,000 in the stock of the American Foreign Banking Corporation, was, on motion, approved.

The application of the Blackstone Canal National Bank of Providence, R. I., for permission to accept drafts and bills of exchange in foreign trade to an amount not to exceed 100% of its capital and surplus, was, on motion, upon recommendation of the Committee on Investments, approved.

Mr. Miller presented a telegram from Federal Reserve Agent Perrin with reference to the Governorship of the Federal Reserve Bank of San Francisco advising the Board that action on that subject would probably be deferred for some weeks.

Mr. Miller also presented a telegram from Federal Reserve Agent Perrin stating that the application of the Spokane & Eastern Bank for admission to the system had been transmitted, and also that the Federal Reserve Bank of San Francisco was ready to proceed with the organization of the Spokane Branch without waiting for the final determination of membership. On motion Mr. Miller was authorized to reply advising Mr. Perrin that he might proceed upon the lines indicated in

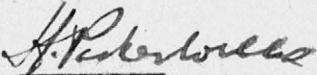
his telegram.

A memorandum from the office of Assistant Secretary of the Treasury Crosby making inquiry with reference to an application of Senator Fall for the approval of New Mexico bonds as the basis of loans at reserve banks, was, on motion, referred to the Committee on Law with power to act.

Mr. Miller stated for the information of the Board that he had telegraphed direct to Mr. Dohrman of the Federal Reserve Bank of San Francisco, suggesting that he incidentally visit Washington for consultation during his visit to the eastern States.

On motion at 12.40 p.m. the Board adjourned to meet on Tuesday, July 17, at eleven, a.m.

APPROVED:


Secretary.

Chairman.