

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Tuesday, July 17, at eleven a.m.,

PRESENT:

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

The minutes of the meetings of the Board held on July 12 and July 13 were read and, on motion, approved.

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The minutes of the meetings of the Executive Committee held on July 13 and July 16 were read and, on motion, approved and the action therein set forth ratified.

Governor Harding as Chairman of the Committee on Member and State Banks, presented applications for membership of the Northwestern New York Trust Company of Watertown, N.Y., and the Marshall & Ilsley Bank of Milwaukee, Wis., with favorable recommendation. On motion the applications were approved and the Secretary directed to notify the two banks and the Federal Reserve Banks accordingly.

An opinion of Mr. J. P. Cotton taking the view

that State member banks of the Federal reserve system are subject to the provisions of the Clayton Act, was presented, noted and ordered filed.

A letter from Governor Seay further urging special exemptions from military service, was read, noted and ordered passed to file.

Letters relating to joint liability of Federal Reserve Banks and Federal Reserve Agents were presented with recommendation of the Governor that the bond of Federal Reserve Agents be fixed in the future at \$100,000, and of Assistant Federal Reserve Agents at \$50,000. On motion, the matter was laid on the table until the meeting of Wednesday, July 18.

Mr. Miller read a telegram from Federal Reserve Agent Perrin stating the appointment of Mr. Wm. A. Day as Assistant Deputy Governor of the Federal Reserve Bank of San Francisco, also a draft of reply which he had prepared for the Governor's signature, stating that the Board desires further information and Mr. Perrin's own personal recommendation with respect to Mr. Day. The transmission of the proposed telegram was approved.

A letter from Federal Reserve Agent Ramsey with

reference to the appointment of Mr. Jester as Assistant Federal Reserve Agent at Dallas, and the reply of Governor Harding, were laid before the Board. On motion, it was voted to ratify the appointment of Mr. Jester, leaving open for the present the question of his bond, pending the taking of general action upon the bond question, Governor Harding to inform Mr. Perrin accordingly.

A letter from Mr. J. H. Tregoe, Secretary of the National Credit Men's Association, transmitting certain resolutions adopted by his Association at its recent Kansas City meeting relative to trade acceptances and the Federal Reserve System in general, was presented to the Board, noted and passed to file.

A telegram from Federal Reserve Agent Sawyer with reference to the organization of the Branch of the Federal Reserve Bank of Kansas City at Omaha, was read and, on motion, laid on the table until the meeting of Wednesday, July 18.

Similar action was taken with respect to telegrams and letters from Wyoming banks desirous of being assigned to the proposed Omaha Branch.

The question of a Branch of the Federal Reserve Bank of Kansas City at Denver was presented in connection with a

letter from Federal Reserve Agent Sawyer indicating the existence of opposition among the Denver banks. Mr. Miller suggested the holding of a hearing at Denver with reference to the establishment of a branch at that city. After discussion the matter was laid on the table until the meeting of Wednesday, July 18.

Governor Harding reported that he had suggested to a representative of the Pittsburgh Clearing House that that organization transmit to the Federal Reserve Bank of Cleveland the same application for a branch that it had previously filed with the Federal Reserve Board. He also reported the result of a conversation with Federal Reserve Agent Wills on the same subject. The matter was laid on the table until the meeting of Wednesday, July 18.

The Secretary of the Board read a letter from Mr. Marcus Walker, Manager of the New Orleans Branch of the Federal Reserve Bank of Atlanta, calling attention to the fact that exports of gold to Spain were continuing via Havana. The matter was referred to the Governor to be brought to the attention of the Secretary of the Treasury.

An opinion of Counsel with reference to the continuance of directors of State member banks for a certain

period of time after membership had been accepted was referred to the Executive Committee with power to act.

An opinion of Counsel with reference to the application of Section 5200, R. S., with reference to notes collateralized by bonds and endorsed by trust companies, was presented and ordered circulated.

A telegram from Terre Haute banks and trust companies urging that interim receipts for Liberty Bonds be made interchangeable, was read and the Secretary directed to reply stating that the main purpose of the request had already been accomplished.

Reports from the Committee on Staff were ratified as follows:

Approving the appointment of Mr. J. M. Slattery as Assistant to the Federal Reserve Agent at Atlanta, at a salary of \$3000 per annum, effective July 15.

Approving the appointment of Mr. W. A. Crenshaw as Accountant at the Federal Reserve Bank of Richmond, at a salary of \$2000 per annum, effective at the date when Mr. Crenshaw begins duty.

Approving certain salary increases for the Federal Re-

serve Bank of New York, recommended in a letter of July 11 (see minutes of Executive Committee of July 16).

Approving certain salary increases at the Federal Reserve Bank of Atlanta, recommended in a letter dated July 13 (see minutes of Executive Committee of July 16).

Reports of the Committee on Investments were, on motion, ratified as follows:

Approving the application of the Essex County National Bank of Newark, N.J., to invest the sum of \$100,000 in the stock of the American Foreign Banking Corporation.

Approving the applications of the following banks to accept up to 100% of their unimpaired capital and surplus:

Union National Bank            Cleveland, Ohio.

Northwestern National Bank   Portland, Oregon.

First National Bank            Danville, Va.

First National Bank            Portland, Ore.

Upon recommendation of the Committee on Trustee Powers, the application of the Lee County Bank of Marianna, Arkansas, for power to exercise the functions of trustee, executor, administrator and registrar, was, on motion, ap-

proved.

A report of operation of the Federal Reserve Bank of Atlanta reported to the Board by the Committee on Operation of the Federal Reserve Bank of Atlanta, and showing a deficit in service charges, was, on motion, referred to the Committee on Clearing.

A report submitted on behalf of Mr. Warburg as a special committee, relative to whiskey withdrawals and loss on whiskey, was referred to Governor Harding with power to act.

A letter from Mr. M. F. H. Gouverneur presenting his resignation as a director of the Federal Reserve Bank of Richmond, was read and, on motion, his resignation was accepted, the Governor of the Board so to inform him.

A letter from Assistant Secretary of the Treasury Crosby enclosing a communication from Director Ralph with reference to the printing of Federal reserve notes, and a suggested reply for the signature of the Governor, was, on motion, referred to Mr. Delano.

On motion, applications for stock in Federal reserve banks, duly recommended by the Committee on Membership, were

approved as follows:

Applications for Original Stock.

<u>District No.</u>		<u>Shares.</u>
<u>District No. 2.</u>		
Nassau County National Bank	Rockville Centre, N.Y.	36
First National Bank	Old Forge, N.Y.	<u>19</u> 55
<u>District No. 5.</u>		
First National Bank	New Castle, Va.	15
Schmelz National Bank	Newport News, Va.	<u>240</u> 255
<u>District No. 6.</u>		
First National Bank	Guntersville, Ala.	<u>18</u> 18
<u>District No. 7.</u>		
First National Bank	Flint, Mich.	<u>120</u> 120
<u>District No. 9.</u>		
First National Bank	Savage, Mont.	18
First National Bank	Buffalo, Minn.	8
First National Bank	Twin Bridges, Mont.	17
First National Bank	Winifred, Mont.	<u>15</u> 58
<u>District No. 10.</u>		
First National Bank	Healdton, Okla.	18
First National Bank	Potwin, Kans.	<u>14</u> 32
<u>District No. 11.</u>		
Farmers National Bank	Lubbock, Tex.	15
Nogales National Bank	Nogales, Ariz.	32
First National Bank	Hot Springs, N.Mex.	9
State National Bank	Corsicana, Tex.	60
First National Bank	Tom Bean, Tex.	<u>22</u> 138
<u>District No. 12.</u>		
First National Bank	Ukiah, Cal.	36
First National Bank	Victorville, Cal.	17
First National Bank	Scappoose, Oregon.	<u>69</u> 69
	Total.....	745

Mr. Miller described certain changes in the proposed by-laws for the Spokane Branch of the Federal Reserve Bank of San Francisco, which had been brought to his attention by Mr. Perrin, reporting that the proposed changes were satisfactory with the exception of those suggested in article 1, paragraph 2, of the by-laws, and in Article 2, Paragraph C. On motion it was agreed that the Governor of the Board telegraph Mr. Perrin informing him of the Board's position regarding the by-laws.

On motion at 12.45 p.m. the Board adjourned to meet on Wednesday, July 16, at eleven a.m.

APPROVED:

*A.P. [Signature]*  
Secretary.

Chairman.