

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Governor, on Thursday, July 26, at 3.20 p.m.,

PRESENT:

Mr. Harding, presiding, Mr. Delano,
Mr. Warburg, Mr. Willis, Secretary.

Governor Harding presented business which was disposed of as follows:

Letter from Governor Strong, of New York, transmitted through Assistant Secretary of the Treasury Crosby, in which it was suggested that legislation be adopted making Government deposits in banks preferred claims upon such banks, thereby obviating the necessity of special collateral upon such deposits. The proposal was informally discussed and tentatively approved, and the Governor was authorized so to state to Mr. Crosby.

A telegram from Governor J. Z. Miller, of Kansas City, with reference to the designation of the fourth director for the proposed Denver Branch by the Federal Reserve Bank of Kansas City. It was agreed that the Governor reply, saying that the Board thinks the number of directors should be either five or seven, which would mean the nomination of a third director by the Board if four are nominated by the bank.

A letter from Federal Reserve Agent Heath, of Chicago, with reference to the drafting of seven men belonging to the discount department of the Federal Reserve Bank of Chicago, and asking for relief. The matter was placed in the hands of the Governor to act upon at its discretion.

An opinion of Counsel with reference to deductions to be made from the liability accounts of member banks when computing reserves on such liabilities. The reserve situation was discussed and it was agreed that the Comptroller's recent circular letter on reserve computations be published in the forthcoming Bulletin, but that it be recommended to the Comptroller that paper currency sent home for collection or redemption should also be regarded as a deduction from liability accounts, the same as in the case of checks.

A memorandum prepared by Chief of Division Broderick with reference to the Jefferson Commercial and Savings Bank of Gretna, Louisiana. After discussion the report was laid on the table until the return of Mr. Broderick.

A letter from the Power City Bank, of Niagara Falls, New York, inquiring whether it could continue to loan to its customers 40% of its capital if permitted to do so under

state law, also an opinion of Counsel relating to the same matter, stating that these loans could be continued but would not be eligible for rediscount in Federal Reserve Banks. The opinion was approved and referred to the Committee on the Bulletin for publication, if deemed wise.

A letter from the Peoples' State Bank of Detroit, making inquiry with reference to the application of the Clayton Act to state bank directorates, was discussed and referred to the Governor to prepare a letter asking the Attorney General of the United States for an opinion relative to the application of the Clayton Act in the way indicated, the same to be submitted to the Board.

On motion, at 4.20 p. m., the meeting adjourned.

APPROVED:

A. P. K. ...
Secretary.

Chairman.