

At an adjourned meeting of the Federal Reserve Board held in the office of the Governor on Tuesday, July 31, at 3.15 p.m.,

PRESENT:

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

Letters from Federal Reserve Agent Martin with reference to improper advertising by the bank of Edwardsville, Ill., and the Governor's reply to the same were read and ordered passed to file.

Letters from Federal Reserve Agent Ramsey and Governor Van Zandt with reference to the exemption of certain employes from military service were presented and referred to the Committee on Staff.

A letter from Mr. E. D. Hulbert, president of the Merchants Loan & Trust Co., asking that action be taken with respect to Messrs. Keep and Shedd as directors of the Merchants Loan & Trust Company and the Illinois Trust & Savings Bank, both of Chicago, was read. The Committee on the Clayton Act reported favorably to the granting of these applications, and on motion the report was approved by the Board.

Sundry letters from Class C directors in various Federal Reserve Banks, accepting their recent designations as Deputy Chairman of their respective banks, and sundry letters from Federal Reserve Agents on the same subject, were read and ordered passed to file.

A letter from Federal Reserve Agent Perrin with reference to the exportation of gold to the East, in answer to a recent inquiry by the Board, was read and ordered passed to file.

Mr. Miller called attention to the present unsatisfactory situation with reference to action on foreign exchange questions, and recommended that the Executive Committee be authorized to make a comprehensive investigation of the subject and to employ such aid as it might need. The matter was discussed, and Governor Harding read certain correspondence with the Secretary of the Treasury approving of the plan. On motion it was voted that the Executive Committee be authorized to make such an investigation and that it have power to incur the necessary expense.

A letter from Federal Reserve Agent Perrin with reference to the question who should act as chairman of the local Liberty Loan Committee, was read, and after dis-

cussion it was informally agreed that Mr. Miller reply that the question at this time is somewhat premature, but that in the San Francisco district the organization already perfected is probably the one to be preferred.

A letter from Mr. C. J. Byrne making certain recommendations with reference to the floating of further issues of Liberty Bonds, was presented and ordered filed.

A letter from Federal Reserve Agent Perrin as to reduction in the bonds of Federal Reserve Agents and raising certain questions with reference thereto, was referred to the Governor for answer.

On motion, the Secretary of the Board was authorized to return to the First National Bank of Boston the copy of its telegraphic code which it had formerly loaned to the Board for the use of the Code Committee.

A letter from Secretary Curtis of the Federal Reserve Bank of New York, with reference to the question of making Buffalo, New York, a reserve city, was referred to Mr. Delano as chairman of the special Committee on Reserve Cities.

Changes in capital stock at Federal reserve banks,

duly recommended by the Committee on Membership, were, on motion, approved as follows:

Applications for Original Stock.

<u>District No. 2.</u>		<u>Shares</u>	
Public National Bank	New York, N.Y.	<u>690</u>	690
<u>District No. 9.</u>			
Corn Belt National Bank	Scotland, S.D.	<u>12</u>	12
<u>District No. 12.</u>			
First National Bank	Sherman, Cal.	<u>16</u>	16
		Total	718

Applications for Surrender of Stock.

<u>District No. 3.</u>			
Peoples National Bank	Scranton, Pa.	<u>450</u>	450
<u>District No. 6.</u>			
Gainesville National Bank	Gainesville, Fla.	60	
Colquitt National Bank	Colquitt, Ga.	30	
Heard National Bank	Jacksonville, Fla.	<u>750</u>	840
<u>District No. 7.</u>			
Citizens National Bank	Des Moines, Ia.	<u>240</u>	240
<u>District No. 12.</u>			
First National Bank	Challis, Ida.	<u>24</u>	24
		Total	1,554

Reports of the Committee on Staff recommending the approval of a salary of \$3,000 per annum for Wm. J. Duane, National Bank Examiner, was, on motion, approved.

The report of the Committee on Staff, dated July 31, approving certain changes in salaries in the Federal

Reserve Agent's Department at the Federal Reserve Bank of San Francisco, was, on motion, approved.

The report of the Committee on Staff, dated July 21, authorizing the employment of Isadore Rudash as special employee, at \$3.00 per day, seven days, was, on motion, approved.

The minutes of a meeting of the Committee on the Clayton Act, held at 3 p.m., July 26, were read to the Board, and on motion approved, and the action therein set forth ratified.

The report of the Committee on Investments recommending that the Tenison National Bank, of Dallas, Texas, be authorized to accept bills up to an amount equal to 100% of its capital and surplus, was, on motion, approved.

On recommendation of the Committee on Staff, Governor Harding was authorized to employ a temporary messenger to fill the place of messengers on vacation during the present summer.

The following report of the Committee on Staff relative to the terms of office of certain designated officers of the Board, was, on motion, approved:

RESOLVED, that the terms of office of the chief designated officers on the staff of the Federal Reserve Board shall be held to expire as of December 31, 1917, and hereafter all such designated officers on the Federal Reserve Board's staff shall be elected annually from January 1, 1917. These officers are as follows:

Secretary
 Assistant Secretary
 Counsel
 Assistant Counsel
 Chief of Division of Reports
 and Statistics
 Chief of Division of Audit and
 Examination

Recommended by (F. A. Delano
 (A. C. Miller

Committee on Staff

The Governor of the Board presented certain drafts of proposed resolutions relative to meetings of Governors of reserve banks, which were read and, on motion, referred to Mr. Warburg, Mr. Delano and Mr. Miller, as a special committee, to consider the same and report back to the Board.

Governor Harding presented a letter drafted by Counsel, asking the President of the United States to submit to the Attorney General questions relating to the status of state banks under the Clayton Act. The letter was referred back to the Governor for further consideration.

Governor Harding read a telegram from Federal Reserve Agent Sawyer stating that further action with reference to the proposed branch at Denver would be suspended until the Committee of the Board authorized to make inquiries in the Kansas City District should arrive.

Letters from Federal Reserve Agent Hardy with reference to bonds of the Federal Reserve Agent and the Assistant Federal Reserve Agent at Richmond, were read and noted.

A letter from Federal Reserve Agent Jay with reference to the development of the collection system at New York was referred to the Committee on Clearing.

A letter from the Union Securities Company of Spokane, inquiring whether banks which operate under the depositors' guarantee law in the State of Washington may become members of the Federal Reserve System, was referred to Counsel for an opinion.

Mr. Delano reported unfavorably to a request recently received from a bank at Albuquerque, New Mexico, that it be permitted to rediscount the paper of other banks as agent for them. After discussion, it was agreed that the Governor of the Board reply, indicating

that the Board was disinclined to ratify such an arrangement.

On motion, at 4.15 p.m. the Board adjourned.

APPROVED:

Chairman.

A. Petrovich
Secretary.