

At a regular meeting of the Federal Reserve Board, held in the office of the Governor on Thursday, August 2, 1917, at 11 a.m.,

PRESENT:

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

Mr. Miller and Mr. Warburg presented drafts of the proposed resolutions with reference to meetings of conferences of governors and the drafts as presented were discussed. On motion, the subject was laid on the table.

A letter from Mr. Thos. C. Byrne relating to the desirable size of the local board of directors at the proposed Omaha and Denver Branches was read to the Board. On motion it was voted that the Governor telegraph Mr. Luther Drake asking his opinion on the whole subject of the Omaha Branch.

At 12.50 p.m., recess was taken until 3 p.m. this day.

At 3 p.m. the Board reassembled.

Present: Mr. Harding, presiding, Mr. Warburg, Mr. Miller, Mr. Williams, Mr. Delano, Mr. Willis, Secretary.

On motion, Governor Harding was authorized to visit New York on public business at the expense of the Board.

The Secretary of the Board read a telegram from Mr. Hamlin recommending former Governor Osborne, of Wyoming, as director of the Denver Branch, also Governor Harding's reply to the same. The matter was noted and ordered passed to file.

A letter from Deputy Governor Treman with reference to collections was, on motion, referred to Mr. Delano, Chairman of the Committee on Clearings.

A letter from Governor Miller, of Kansas City, with reference to branches in his district, was read and ordered passed to file.

A letter from Governor McCord of Atlanta, with reference to form of resolution to be used by member banks relating to making loans to directors was referred to the Governor with power to act.

A letter from Mr. Herbert Hoover with reference to loans on warehoused commodities was presented and ordered filed.

An opinion of Counsel with reference to number of

state examinations to be required of member banks was read and on motion referred to Chief Examiner Broderick for report.

The Secretary of the Board presented acceptances of appointment from Messrs. Chas. E. Hoge and F. E. Fleming, which were noted and ordered filed.

A letter from Federal Reserve Agent Perrin with reference to methods of redeeming national bank notes was presented and on motion referred to the Committee on Issue and Redemption.

A letter from Federal Reserve Agent Perrin, with reference to the acceptance of public deposits by reserve banks from local governments, was presented and the Secretary directed to reply to the effect that it would be impracticable to take up the matter at the present time.

The application of the Iowa Loan & Trust Co. for membership in the Federal Reserve System was presented to the Board, with favorable recommendation of the Committee on Membership. On motion it was ordered admitted.

Discount sheets for the week from various Federal Reserve Banks, no changes being requested, were presented and ordered passed to file.

A letter from Mr. Jas. E. Zunts, of New Orleans, with reference to the question of charging certain items of overhead expense to the New Orleans Branch was presented and noted.

On motion it was voted that Mr. C. J. H. Mooney, of Memphis, Tenn., be named as a director (Class C) of the Federal Reserve Bank of St. Louis. Secretary of the Board notified Federal Reserve Agent Martin to that effect.

A letter from Mr. Warburg to Mr. Archibald Kains, of New York, relative to the power of the American and Foreign Banking Corporation to accept, was read, and on motion approved and its transmission ordered.

On motion, the appointment of Mr. C. M. Stewart as Assistant Federal Reserve Agent, St. Louis, at a salary of \$2500, was approved, the Secretary to notify Federal Reserve Agent Martin accordingly.

Governor Harding presented a letter from the Federal Reserve Bank at New York, inquiring whether Messrs. Bigelow & Company, private bankers, were authorized to make clearing deposits with the Federal Reserve Bank of New York, and opinion of Counsel to the contrary. The op-

inion was ordered circulated.

Governor Harding presented a letter addressed to Mr. Warburg from the Federal Reserve Bank of Philadelphia, in which it was recommended that the salary of Cashier Hardt of the Federal Reserve Bank of Philadelphia be fixed at \$12,000 per annum, effective August 1. It was stated that Mr. Hardt would hereafter have the title of Deputy Governor and Cashier.

Governor Harding read a letter from Governor Fancher, of Cleveland, with reference to the proposed loan to the City of Cincinnati, amounting to \$700,000. The matter was discussed and on motion it was voted that the Board disagree to the proposed loan, the Secretary to notify Governor Fancher.

Mr. Miller presented a resolution relating to meetings of conferences of governors, which had been discussed at the morning session of the Board, and temporarily laid on the table. After discussion, the resolution in question was on motion adopted and ordered spread upon the minutes, as follows:

WHEREAS, the Federal Reserve Board is empowered to exercise general supervision over Federal Reserve Banks,

WHEREAS, it has seemed desirable to said Board, under the exercise of this power of supervision, and for the purpose of more quickly and more effectively

promoting an understanding of the problems and work of the Federal Reserve Banks and the system as a whole, that the officers of such banks should meet for occasional conference,

WHEREAS, such conferences have been held in the past, either at the instance of the Federal Reserve Board or with its knowledge and consent, and have served useful purpose,

WHEREAS, there is, in the judgment of the Board, lessened occasion for such meetings or conferences in the future,

WHEREAS, the institution of permanent organizations of officers of the Federal Reserve Banks by regular meetings or conferences of such officers is not contemplated by the Federal Reserve Act, and might well be regarded as an encroachment upon the prerogatives of the Federal Advisory Council,

WHEREAS, the Federal Reserve Board, in the exercise of its powers of general supervision of the affairs of the Federal Reserve System, is the only body under the law competent to determine when conditions are such as to require that officers or directors of Federal Reserve Banks should be called into conference for the purpose of advising on the common problems of the Federal Reserve Banks of the Federal Reserve System,

NOW, THEREFORE, BE IT RESOLVED, That the Board hereby approves and affirms the position taken by its Governor in his letter of July 25, 1917, and places on record its view that it is undesirable for the governors to maintain a permanent organization and that the governors should not meet in general conference unless such conference shall have first been called by the Federal Reserve Board, and

BE IT RESOLVED, FURTHER, That the Board will always be glad to receive any suggestions as to the necessity or reasons for calling any conference that any of the governors or other officers of the Federal Reserve Banks may transmit to it.

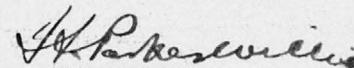
Mr. Warburg presented a letter from the Federal Reserve Bank of New York, stating that that bank was now disposing of its acceptances. Discussion of the policy ensued, but no action was taken.

Governor Harding presented an opinion from Counsel with reference to the question whether reserve is required against Postal Savings. The opinion was considered and ordered circulated.

On motion it was voted that the Governor should wire Governor Miller of Kansas City, stating that the establishment of the Omaha Branch has been officially approved, but expressing the Board's regret at the failure to reach an agreement with the local clearing house banks on the lines originally proposed.

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

APPROVED:


Secretary.

Chairman.