

At a regular meeting of the Federal Reserve Board, held in the office of the Governor at 11 a.m., Wednesday, August 8, 1917,

PRESENT:

Governor Harding, presiding, Mr. Warburg,  
Mr. Hamlin, Mr. Miller,  
Mr. Delano, Mr. Allen, Assistant  
Secretary.

The minutes of the Board meetings of August 2 and 7 were read and approved.

Governor Harding presented a telegram from the Canadian Bank of Commerce of San Francisco, stating their desire to export by steamer sailing today \$200,000 in gold, and on the recommendation of Assistant Secretary Crosby the bank was requested to consult with the Federal Reserve Bank, of San Francisco, the Federal Reserve Bank having been advised by the Board of the receipt of the request.

Acting upon a telegram from Federal Reserve Agent Perrin, the Board approved the selection of James K. Lynch, of San Francisco, as Governor of the Federal Reserve Bank of San Francisco, at a salary of \$18,000.

X On motion of Mr. Miller it was agreed that selection be approved and that the telegram of approval should suggest that Mr. Lynch follow precedent and dispose of any bank stock owned by him, and that he not be a candidate for re-election as a director of the bank.

A letter from Federal Reserve Agent Wills, dated August 3, 1917, calling attention to alleged hoarding by the foreign element was ordered to be circulated.

A letter from James E. Zunts, Chairman of the Board of the New Orleans Branch Bank, forwarding at the request of the Commercial Trust & Savings Bank, of New Orleans, a suggestion that steps be taken to prevent the inlet of salt water to the rice marshes of Louisiana, was referred to Governor Harding for action.

A memorandum of Counsel, based upon a letter from E. N. Gough, National Bank Examiner, Booneville, Indiana, suggesting the liability of W. F. Huthsteiner, director in the Tell City National Bank, Tell City, Indiana, and also in the Citizens National Bank, of Evansville, to the provisions of the Clayton Act, was referred to the Committee on the Clayton Act.

Letter from Henry S. Jackson, Beaumont, Texas, sug-

gesting that liens and mortgages on vessels be accepted as collateral for loans by Federal Reserve banks was referred to Governor Harding for reply.

A letter from the Refrigerating Sales Company, Indianapolis, Indiana, suggesting that onions be classed as a non-perishable commodity, and that loans upon onions in storage might be rediscounted by Federal Reserve Banks at the rate of commodity paper, was referred to Governor Harding that he might consult with the Department of Agriculture upon the whole subject of non-perishable commodities.

A report of Federal Reserve Agent Rich on crop conditions in the Northwest was ordered to be circulated.

Mr. Delano reported, informally, on the question of joint custody of funds and securities by Federal Reserve Banks and agents, and a draft of a letter covering this matter was referred to the Governor to be sent out when approved.

Favorable action was taken on the applications to be admitted to the system of the Jefferson Commercial and Savings Bank, of Gretna, La., and the State Bank of Chicago, both of which had previously received the approval

of the Committee on State banks.

A memorandum from Mr. Broderick on the open market rate of the Federal Reserve Bank of Atlanta was ordered circulated and docketed for the meeting on Thursday.

Mr. Broderick's memorandum on the examination of State banks and trust companies which are members of the Federal Reserve System, based upon the opinion of Counsel, dated July 26, 1917, the conclusion of which was that the one examination required by state law might be accepted by the Board as sufficient, was ordered to be circulated.

A letter from Representative J. B. Thompson, of Oklahoma, suggesting a branch bank at Oklahoma City, was noted and referred to the Committee on Operation of the Federal Reserve Bank of Kansas City.

The announcement of the directors of the Federal Reserve Branch at Louisville was authorized by the Board.

The following reports of the Committee on Staff were approved:

1. Authorizing salary of \$2400 per annum for Herbert W. Scott, appointed to fill the vacancy due to the resignation of National Bank Examiner Harry F. Currier, in the Boston District.

2. Approving the increase of the monthly payroll of the Federal Reserve Bank of Kansas City from \$7,366.64 to \$8,119.98, as recommended in letter of Federal Reserve Agent Sawyer, dated August 1, 1917.

3. Covering the following increases to junior officers, Federal Reserve Bank of St. Louis:

A. H. Hail, promoted from Auditor to Assistant Cashier, his salary to remain as at present - \$3,300

C.M. Atterbery, Assistant Cashier, from \$3,200 per year to 5,000

R.R. Clabaugh, Assistant Cashier, from \$3,200 per year, to 3,600

John A. Will, appointed Auditor, at a salary of 3,000

4. Informing Federal Reserve Agent Perrin that he is correct in assuming that the fee of \$2 per day for resident directors and \$5 per day and incidental expenses for non-resident directors of the Branch at Spokane, Washington, applies also to those directors who attend meetings of the Discount Committee.

5. Approving an increase of salary for Ira Clark, Assistant Cashier, Federal Reserve Bank of San Francisco, from \$2,700 to \$3,000 per annum, and recommending that action on the proposed increase for Deputy Governor Calkins await an investigation by Mr. Miller.

6. Recommending that Mr. L. C. Adelson, on the examining force, now at Birmingham, Alabama, be authorized to remain there on leave with pay until his services are required in that vicinity later in the month.

7. Recommending approval of the report of the committee of which Mr. Hilliard, Class A Director of the Federal Reserve Bank of Atlanta, was chairman, covering a plan for group insurance on the basis of one year's salary with a maximum of \$3,000 for the employes of the Federal Reserve Bank of Atlanta.

Mr. Miller was requested, while on the Pacific Coast, to report upon the proposed increase in salary for Deputy Governor Calkins, and also upon the need and desirability of a building for the Federal Reserve Bank of San Francisco. In the latter connection, he was authorized to state to the

officials of the bank that the Board held approximately \$500,000 as the maximum of expense which should be incurred.

Several opinions of Counsel were referred to the Committee on Law, with the request that they make recommendations for action at the meeting on August 9.

Governor Harding suggested improvements which might be made in the Board's routing of business through an adjustment of the Law and Legislative Committees, and the question of the readjustment of all the Committees was referred to the Executive Committee.

Letters from the Federal Reserve Banks of St. Louis and Boston, relative to the use of notes and drafts, were referred to the Committee on Collections.

Governor Harding read a letter from Federal Reserve Agent Hardy, inclosing a letter from H. B. Wilcox, of Baltimore, on the question of quarters for the Baltimore Branch. This was ordered to be circulated.

A memorandum from Mr. Broderick on the adjustment of expenses of the Federal Reserve Bank of Atlanta and its New Orleans Branch, was referred to Governor Harding with power.

A memorandum from Mr. Broderick relative to the effect of calling for certain detailed information from prospective State bank members was referred to Mr. Delano.

A letter from Mr. E. C. Lassiter, calling attention to certain alleged increases in rates for loans on cattle, was referred to Governor Harding for attention.

Governor Harding presented a form of reports of condition of National Banks, prepared by the Comptroller of the Currency, and submitted for comment, and this was referred to the Executive Committee.

On motion, at one p.m. the Board adjourned to meet at 11 a.m., Thursday, August 9, 1917.

APPROVED:

Chairman.

Secretary.