

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Tuesday, September 11, at eleven a.m.,

PRESENT:

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

The minutes of the meeting of the Board held on September 7 were read and, on motion, approved.

The minutes of the meetings of the Executive Committee held on September 8 and 10 were read and, on motion, approved, and the action therein set forth ratified.

Governor Harding presented business as follows:

For the information of the Board it was explained that arrangements had been made to furnish the Treasurer of the United States with Federal reserve notes for payment over the counter against gold certificates credited to the Gold Settlement Fund.

The method of passing upon gold exports which is now in effect was explained, with special reference to the management of those exports leaving New Orleans, and as to which information was desired from the New Orleans Branch. A telegram from Federal Reserve Agent Wellborn assenting to the proposed plan for managing gold exports shipments from New Orleans, was

also read.

The substance of a message received from Governor Strong on September 10 stating that the Federal Reserve Bank of New York was imposing a penalty of 6% interest, payable monthly, upon unpaid reserves of member banks, but that other Federal reserve banks were probably not acting as vigorously in the matter as they should, was stated to the Board. The draft of a letter to all Federal reserve banks with reference to the imposition of penalties on deficient reserves, and asking for information as to what these banks are doing, was presented, and, on motion, the transmission of the letter proposed was authorized, subject to minor modifications.

The docket for the day was then taken up.

A letter from Federal Reserve Agent Wellborn relative to the ownership of stock by members of his family, and informing the Board of the transfer of such stock, was read and noted.

A letter from Secretary J. F. Curtis of the Federal Reserve Bank of New York with reference to the acceptance of the examination of State banking authorities of New York, New Jersey and Connecticut, was read and, on motion, refer-

red to the Committee on Operation of the Federal Reserve Bank of Boston.

A letter from the Security National Bank of Dallas asking for permission to act as a medium for the discount of nonmember bank notes, was read and discussed and, on motion, referred to Governor Harding with power to act.

Governor Harding reported a conversation with Mr. H. C. Hoover who had stated to him that wheat was not being placed on the market in its accustomed volume at the new rate of \$2.20 per bushel, farmers having arranged to hold it back. He desired to have the Board direct the banks to decline to discount grain paper during the continuance of this condition. The matter was discussed, but no action taken.

The application of the Equitable Trust Company for power to ship gold in order to create exchange, and a reply sent by the Assistant Secretary of the Treasury referring the Company to the Federal Reserve Bank of New York, were read for the information of the Board.

Governor Harding stated that he had been receiving many letters from members of Congress with reference to the



foreign exchange situation. He called attention to certain letters of the kind, and also to a standard form of reply he had been transmitting. He then read to the Board a general letter received from Honorable R. L. Owen discussing the whole situation. The matter was referred to the Executive Committee with power to prepare an answer to Senator Owen and report the same back to the Board.

On recommendation of the Committee on Membership, changes in stock at Federal reserve banks were read and approved as follows:

Applications for original stock.

<u>District No. 1.</u>		<u>shares.</u>	
The Back Bay National Bank	Boston, Mass.	150	
Tanners National Bank	Woburn, Mass.	66	216
<u>District No. 2.</u>			
Union National Bank	Friendship, N.Y.	66	66
<u>District No. 5.</u>			
First National Bank	Mount Hope, W.Va.	9	9
<u>District No. 7.</u>			
First National Bank	West Bend, Wis.	50	50
<u>District No. 9.</u>			
First National Bank	Molt, Mond.	15	15

## Applications for original stock (Con.)

District No. 10.

Central National Bank	Okmulgee, Okla.	60	
Farmers National Bank	Sulphur, Okla.	30	
First National Bank	Tipton, Okla.	15	
Citizens National Bank	Colby, Kans.	29	134

District No. 12.

First National Bank	Bishop, Cal.	18	18
	Total .....		506

Applications for Additional stock.

<u>District No. 2.</u>	Croghan, N.Y.	3	3
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Croghan National Bank

District No. 3.

Bituminous National Bank	Winburne, Pa.	3	3
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District No. 4.

First National Bank	Carlisle, Ky.	1	
First National Bank	Avonmore, Pa.	6	7

District No. 5.

First National Bank	Lincolnton, N.C.	12	
Peoples National Bank	Salisbury, N.C.	15	
First National Bank	York, S.C.	12	39

District No. 6.

First National Bank	Huntsville, Ala.	3	
Bibb National Bank	Macon, Ga.	4	
American National Bank	Pensacola, Fla.	123	
Henry National Bank	Abbeville, Ala.	1	131
	Total .....		183

Applications for Surrender of stock.

<u>District No. 10.</u>		Shares	
First National Bank	Denver, Colo.	450	450

District No. 11.

Citizens National Bank	Quanah, Tex.	32	32
	Total .....		482

The application of the Citizens National Bank of Pineville, West Virginia, for the surrender of 36 shares of capital stock, was also approved.

Upon recommendation of the Committee on Staff, the salary of Mr. Harry M. Foster as examiner in the Kansas City District, was approved at \$2400 per annum, effective when Mr. Foster takes up his duties.

A report of the Committee on Staff granting Miss Mabel Mickley leave of absence without pay for as long as may be necessary, subsequent to the exhaustion of her regular leave and sick leave, was approved.

A report of the Committee on Staff, dated September 11, with reference to certain changes in salaries at the Federal Reserve Bank of Dallas, was approved.

Mr. Delano, as a special Committee on Reserve Cities, reported adversely to the request of a banker of Charleston, S. C., that the designation of that place as a reserve city be cancelled.

An opinion of Counsel with reference to a plan proposed by the National Bank of Topton, W. Va., which desires to issue \$10 certificates of participation in a block of Liberty Bonds owned by the bank, and to be trans-



ferred by it to its trust department, was referred to the Committee on Law.

A letter from the International Harvester Company renewing inquiries made by it on June 7 with reference to trade acceptances, was referred to Counsel.

Governor Harding reported that a committee from the Federal Reserve Bank of Richmond had visited Baltimore to look into the question of quarters for the proposed branch at that place, and stated that the committee would probably visit Washington shortly for a conference with the Board.

Mr. Warburg reported the result of a conversation with Mr. Levi L. Rue, President of the Philadelphia National Bank, with reference to the proposed "McKellar Amendment" granting banks power to make loans in excess of 10% of their capital and surplus. The matter was discussed, but no action taken.

A letter from President Griggs of the Bank of New York, with reference to a possible increase of acceptance powers beyond the present 100% limit, was read, and, on motion, Mr. Warburg was authorized to transmit to him copy of the regulations already formulated for the conduct of business by certain foreign banks as probably providing a basis for meeting his ac-

ceptance requirements.

On motion, the authority of the Bank of California of San Francisco to accept drafts and bills of exchange up to 100% of its capital and surplus, was renewed, it being noted, however, that under the Board's recent ruling such renewal was not technically necessary.

Upon recommendation of the Committee on Membership, the following state banks were ordered admitted to the Federal reserve system upon the conditions set forth by the Committee on Membership in each case:

Commercial Savings Bank  
Hingham State Bank  
First State Bank

Mason City, Iowa,  
Hingham, Montana,  
Opheim, Montana.

On motion at 12.35 p.m. the Board adjourned to meet on Wednesday, September 12, at eleven a.m.

APPROVED:

*A. H. K. L. L.*  
Secretary.

Chairman.