

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Governor on Wednesday, October 10, at eleven a.m.,

PRESENT:

Mr. Harding,

Mr. Willis, Secretary.

Mr. Williams,

Present also, Mr. Strauss, representing the Treasury Department.

Applications for permission to export coin, bullion and currency were considered and acted upon as follows:

360. Shui Tai Company, San Francisco to Hongkong, \$25,000 gold. Declined.

361. Antonio Melillo, \$200 gold, United States to Naples. Approved.

362. First National Bank of Boston, Boston to Buenos Aires, 20,000 roubles, Russian currency, approved for paper or silver only.

363. National Bank of the Republic, Chicago, Chicago to Calcutta, \$100,000 gold, declined.

365. A letter from the Williams Gold Refining Company setting forth their necessity for permission to ship dental gold to Canada, was read (original application No. 335), and,

on motion, it was voted to grant the requirements of the Company for the month of October set forth in their original application, the Secretary to suggest that they devise as quickly as possible some other plan for supplying their needs for gold.

In the case of Muller, Schall & Company, New York, who had applied for permission to ship currency to Porto Rico (case No. 351) and whose application had been granted on October 9, it was agreed to request them to name a limit for the month of October and for succeeding months in order that such applications might be handled on a uniform basis.

Mr. Strauss read a memorandum representing the views of the Peruvian Government with reference to the leaving of gold in the United States on general deposit instead of either earmarking it or exporting it, as follows:

1. Parties in the United States desiring to remit funds to Peru may from time to time deposit with the Federal Reserve Bank of New York the funds to be so remitted. Such deposits are to be made in dollars with the Federal Reserve Bank of New York to the credit of Junta de Vigilancia de la Emision de Cheques Circulares in an account which shall explicitly state that the deposits are for the purpose of guaranteeing the notes issued by the Junta de Vigilancia.

2. It is understood that the statement to be added to the above account to the effect that the deposits are for the purpose of guaranteeing the notes issued by the Junta de Vigilancia is intended merely to identify the account and imposes no trust relation on the Federal Reserve Bank of New York nor any duty as to the application of the funds contained in the account beyond the requirement to honor such checks as the Junta de Vigilancia may draw on the account and to comply with such directions as it may give in regard to the disposal thereof.

3. The Federal Reserve Bank of New York will notify directly by cable the Junta de Vigilancia of each deposit and will forward by the following mail a certificate certifying that the deposit has been made with it. In the cable containing said notice the Federal Reserve Bank will state by whom the deposit was made and will give the name of the party to whom the corresponding bank notes are to be delivered in Lima. Upon receipt of such cable notice the Junta de Vigilancia will issue to the parties so designated in the cable the bank notes corresponding to the deposit at the rate of one Peruvian Pound in respect of each \$4.8665, or such figure as may be now agreed on, of United States money deposited.

The said deposit with the Federal Reserve Bank of New York is to be a general deposit (not an earmarking or custody arrangement). The Junta de Vigilancia can draw checks expressed in dollars against these deposits and the Federal Reserve Bank will agree that three months after the treaty of peace ending the existing war is signed, any balance remaining to the credit of said account after payment of any checks that may have been drawn against it will be payable in gold ingots at the rate of 23.22 grains of fine gold per U.S. \$1 and the Government of the United States undertakes to permit the exportation at that time of the gold ingots representing said balance.

The Federal Reserve Bank of New York will not charge to the Peruvian Government any commission for the operations connected with the deposits of gold

ingots and the payment of checks issued by the Junta de Vigilancia, but is authorized, if it so determines, to charge the parties depositing funds for transmission to Peru, the sum of not exceeding 50/100 of a cent U.S. per Peruvian Pound, to cover the cost of procuring gold ingots.

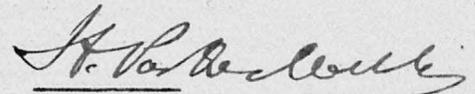
The United States Government will permit the exportation by the Peruvian Government of the sum of \$226,000, being the balance held in the United States by the Peruvian Government on September 7th, the date of the President's proclamation, limiting the exportation of gold.

The United States Government will permit the annual exportation by the Peruvian Government of an amount of gold equivalent to 1,200,000 Peruvian Pounds."

The memorandum was informally approved by the Committee.

On motion, at 11.45 p. m. the Committee adjourned.

APPROVED:

  
Secretary.

                      
Chairman.