

had telegraphed to the bank about the matter. Mr. Curtis said the bank felt morally committed in the matter because of a statement by Governor Strong, and was anxious to have the Board, while maintaining the position which it had outlined in its statement to the newspapers on the subject, allow the bank to exercise some discretion as to rediscounting the notes in question. He stated that at the time the matter was presented, Governor Strong was very much pressed with work, and in a highly nervous state due to his being overtaxed. Mr. Curtis said Mr. Jay had stated that if the notes were otherwise eligible the bank did not care what the contract was between the bankers and the companies. Mr. Curtis thought about forty banks were in one syndicate and forty-five in the other.

Governor Harding stated that Mr. Stetson, of the Guaranty Trust Co., had said that the two banks involved would release the members of the syndicate. Mr. Curtis in closing his statement asked that the New York Bank be allowed to rediscount the paper of the American Tobacco Company and the Goodrich Rubber Company if the member banks holding it were pinched or had no other paper for rediscount.

He then retired from the Board Room and there was

discussion of the matter by the Board, after which Mr. Curtis was summoned and Governor Harding stated as follows:

"We have decided we will stand on our statement as given to the press. We think this paper an undesirable investment to make. We do not believe that in the face of our statement the Federal Reserve Bank would re-discount any of this paper. If the question comes up again we will cross that bridge when we get to it."

Mr. Curtis replied that he feared an absolute closing down might have embarrassed the bank very much and also Governor Strong.

In reply to this Mr. Hamlin said that from the remarks of Mr. Curtis it seemed as if he thought the Board had decided that while undesirable as a whole, the Bank in particular cases, might exercise its discretion, and to remove any doubt he added: "Please understand that we are not opening any door by our decision, on the contrary, we have closed it."

The minutes of the meeting of November 9 were read and approved.

The minutes of the conference held with Governors on November 8 and 9 were referred to Mr. Hamlin for

examination and approval.

Discount rates at San Francisco as indicated by a letter from Federal Reserve Agent Perrin, dated November 6, were noted.

Attention was called to a letter from Clarence V. Tiers, Paying Teller of the Dollar Savings Bank of Pittsburgh relative to withdrawals in gold by German-Americans, and this was ordered to be sent to Federal Reserve Agent Wills, of the Cleveland District, asking his attention.

Formal approval was given to a salary of \$1200 per year for John Thomas Schram, whose employment had been previously authorized by the Board.

Letters from Federal Reserve Agent Wills stating progress made in connection with the preliminary organization of branches of the Federal Reserve Bank of Cleveland at Cincinnati and Pittsburgh were noted.

Authorization was given to send to the Federal Reserve Bank of Dallas without indicating names, the salaries of officers and directors of various banks of similar size to that of Dallas, for their guidance in the revision of the salary list.

The request of the Treasury Department for ap-

proval by the Board of a plan for the payment of coupons of United States bonds by Federal Reserve Banks acting as Federal Reserve Agents, was noted and given the approval of the Board.

Governor Harding called attention to the letter of Counsel in connection with the complaint of Thomas L. Jones Company, Louisville, Ky., as to exchange charges, and the letter was approved subject to minor changes as suggested.

Reports from Committee No. 2 were acted upon as follows:

Discount rates at Philadelphia:

The report of the Committee, which was approved by the Board, provided for the following increase in rate for 15-day paper, including member banks' collateral notes, from $3\frac{1}{2}\%$ to 4% .

Increase in 90-day Liberty Loan rate to 4% , rate to go into effect a few days after November 15.

15-day rate for collateral notes secured by Liberty Bonds or certificates of indebtedness; decision withheld until November 15.

Margin of $\frac{1}{2}\%$ to be maintained between trade acceptances and commercial paper of similar maturity, a bank to

make an additional charge of ten cents per item for each item under \$50.00.

Application of the Federal Reserve Bank of Philadelphia to take \$50,000 warrants of the County of Gloucester, N. J., from the Farmers & Mechanics National Bank of Woodbury, N. J., due January 2, 1918, recommended by the Committee, and approved by the Board.

Applications of the Importers & Traders National Bank of New York, recommended by the Federal Reserve Bank of New York, and the Massasoit-Pocasset National Bank of Fall River, Mass., recommended by the Federal Reserve Bank of Boston, to accept up to 100%, recommended by the Committee and approved by the Board.

Reports from Committee No. 3 -- Clayton Act -- were approved as follows:

Recommending that no further action be taken in connection with a list of what were regarded as possible interlocking directorates, furnished by the Comptroller of the Currency on October 30, 1917.

A report to the effect that no further action was necessary in regard to R. Baker and H. A. Wroe, directors of the American National Bank, Austin, Texas.

Committee No. 3 also reported in favor of answering in the affirmative the following inquiry from Federal Reserve Agent Perrin;

"Are trade acceptances originating outside but payable inside this country subject to stamp taxes? Are acceptances originating inside but payable outside subject to stamp taxes.?"

Mr. Warburg reported for Committee No. 2, recommending favorable action upon the following applications from State banks for admission to the system:

United States Mortgage & Trust Co., New York.

Exchange Bank of Kentucky, Mount Sterling, Ky.

Lapeer Savings Bank, Lapeer, Mich.

Hillsboro Bank & Savings Company, Hillsboro, O.

Columbia Trust Company, New York.

B. Dansard & Sons State Bank, Monroe, Mich.

Farmers State Bank, Spring Valley, Minn.

Mr. Williams entered the meeting at this point.

At the suggestion of Mr. Warburg, Form Federal Reserve Agent X-26, giving maturity of paper held by the Federal Reserve Agent, was authorized abandoned.

Mr. Hamlin reported informally to the Board that in a telephone conversation with Mr. Curtiss of Boston he had been informed that Charles A. Morss had been recom-

mended for Governor of the Federal Reserve Bank of Boston by a committee of its directors, but that action upon the recommendation had been postponed for two weeks. Mr. Hamlin was authorized to inform Mr. Curtiss that it would be necessary for him to come to Washington to discuss the matter.

At 5:00 p. m. the Board adjourned.

APPROVED:

Chairman.

Asst.

Secretary.