

At a regular meeting of the Federal Reserve Board held in the office of the Board on Monday, December 10, at 11:15 A. M.,

PRESENT:

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| Mr. Harding, presiding, | Mr. Hamlin, |
| Mr. Warburg, | Mr. Miller, |
| Mr. Delano, | Mr. Willis, Secretary. |

The minutes of the meeting of the Board held on December 8, were read and, on motion, approved.

A memorandum of Counsel regarding the need of a certificate to be attached to the acceptances of the American Tobacco Company made against warehoused tobacco, was read and referred to Committee No. 2.

A letter from Mr. W. B. Berger of Denver, relative to the district assignment of banks in Albuquerque, N. M., was read and noted.

The Secretary of the Board gave notice of the receipt of information of the election of directors as follows:

Cleveland -

- Robert Wardrop
- T. A. Combs

New York -

- R. H. Treman
- W. B. Thompson

Kansas City -

C. E. Burnham
H. W. Gibson

St. Louis -

Walker Hill
Le Roy Percy

Atlanta -

P. R. Kittles
E. B. Storn

Upon report of the appropriate committee, Class C
Directors were elected as follows:

Boston -

F. H. Curtiss elected as director
elected as director for three years,
redesignated as Federal Reserve Agent
for one year.

Cleveland -

D. C. Wills, elected as director for
three years, redesignated as Federal
Reserve Agent for one year.

St. Louis -

J. W. Boehne, elected as director for
three years.

On motion, it was voted that assistant Federal
Reserve agents be elected for terms of one year upon
the nomination of the Federal Reserve Agent.

A letter from the Federal Reserve Bank of Cleve-
land proposing bonus for employees, was referred to Com-

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mittee No. 1.

A letter from Federal Reserve Agent Rich regarding the agricultural situation in the Ninth Federal Reserve District, commenting upon the recent letter of the National Non Partisan League, was presented and noted.

A report of Committee No. 2 to the effect that the requirement of a complete list of loans in which directors are interested, be waived in the case of the State Street Trust Company of Boston, an applicant for membership, was read and, on motion, approved, the requirement to be accordingly waived.

A report of Committee No. 3 stating that no violation of the Clayton Act had been found in the facts regarding the Bank of Charleston, S. C., was read and, on motion, approved.

On recommendation of Committee No. 1 the bond of Mr. A. W. Dudley, Assistant Federal Reserve Agent at Richmond, was fixed at \$50,000.

On recommendation of Committee No. 1 the salaries of certain employees at the Federal Reserve Bank of Atlanta, named in a letter from Federal Reserve Agent Wellborn, under date of December 4, were approved.

Governor Harding brought before the Board business as follows:

A statement that Assistant Attorney General Warren had called his attention to the fact that the Federal Reserve Act lacked any criminal provision designed to penalize dishonesty. He had asked Counsel to prepare a bill designed to correct the defect.

A statement that Mr. Breckenridge Jones had told him that the chief present obstacle to an increase of membership in the system was found in the terms of Section 22; and that he had asked Counsel to prepare a redraft of the Section.

A letter from Mr. J. D. Brodhead resigning his directorship in the Federal Reserve Bank of Philadelphia to take effect immediately after the next meeting of the Philadelphia Board; - noted.

A memorandum of Counsel re the status of the American Trust Company of Charlotte, N. C., an applicant for admission to the system; - discussed and voted that the Board in such cases would be disposed to accept interpretations of State law placed on such law by State authorities.

A letter from Federal Reserve Agent Sawyer re appointment of assistant Federal Reserve agents at Denver and

at other branches; - read and referred to the Governor to draft a suitable letter of reply stating the sense of the Board in the matter.

A letter from Federal Reserve Agent Wellborn stating that Mr. M. W. Bell had been placed in charge of the fiscal agency department of the bank; - noted.

A letter from Federal Reserve Agent Ramsey regarding the proposed dividend at Dallas; - discussed and, on motion, voted that the proposed dividend be paid to June 30, only, Mr. Ramsey to be advised.

A letter from Governor McDougla regarding the organization of the proposed Branch at Detroit, and stating the results of a conference with representatives of the Detroit banks. Discussion ensued, and Governor Harding stated his views at some length regarding the organization of the new branches, requesting that his views as to the composition of the directorates be entered in the minutes. He was of opinion that in the branches at Pittsburgh, Detroit and Cincinnati the local directors should all be bankers for three main reasons: (1) that the Federal Reserve Act has been so amended as to make possible a complete banking membership; (2) that no general banking principle to the contrary is involved; (3) that

if this standard plan be departed from, the Board would subject itself to the danger of political influences.

At the Pittsburgh branch, he added, the Board had already felt the pressure of political recommendations. Discussion ensued, and Messrs. Miller and Warburg took the view that business representation on the branch boards was desirable. Mr. Miller moved that all new directors at branches be chosen for terms of one year, and that this term of office for directors be added to the standard draft of by-laws. The motion was informally approved and referred to the Executive Committee.

A letter from Mr. Robert Wardrop stating that should there be five directors only, at the Pittsburgh Branch, he would not expect to be a member, and commending Charles W. Brown, chosen as a director by the Cleveland bank; read, and in this connection Governor Harding reported that Mr. Lockhart, who had been chosen by the Board as a Government director, would not serve, and that, therefore, there was a vacancy. The matter of the vacancy was referred to the Cleveland Committee.

A letter from the Assistant Attorney General regarding a letter from Counsel as to the right of the Board to regulate exchange charges made by nonmember banks; discussed

and referred to the Executive Committee for reply.

A letter from Federal Reserve Agent Ramsey regarding a proposed agency at El Paso, Texas; discussed and referred to the Governor for consultation and report.

A letter from Federal Reserve Agent Ramsey regarding salaries at the Federal Reserve Bank of Dallas, and a letter outlining the bonus policy adopted by the Bank; read and referred to Committee No. 1.

A letter from Federal Reserve Agent Rich informing the Board of the choice of directors in the Minneapolis District; read and referred to Committee No. 3.

A letter from Federal Reserve Agent Martin re payment of taxes by member banks, read and referred to the Governor with power to act.

A letter from the First National Bank of Rome, Ga., regarding the mode of Computing discount at Atlanta, read and noted.

A letter from Governor Aiken regarding the eligibility of public service corporation notes; read and referred to Committee No. 2.

A letter from the Secretary of the Treasury in

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reply to the Board's resolution of December 8, read and noted.

A letter from Federal Reserve Agent Martin proposing a dividend to June 30, 1917, and a letter from Federal Reserve Agent Rich proposing a dividend to July 1, 1917; read and referred to the Executive Committee with power to act, Mr. Delano to investigate and report on the same.

A letter from Governor Fancher stating that he had discussed the question of branch organization with Mr. McKay of Chicago; noted.

The action of the Atlanta Bank in designating its chief executive officer as President stated; and Governor Harding authorized to say that the Board has noted the action taken, but does not care to ratify it until more uniformity among the banks can be secured.

A letter from Mr. H. B. Harris of the American and Foreign Banking Corporation, stating that that concern desires Federal incorporation, read and referred to the Executive Committee.

Special orders for the day were passed over by agreement, and ordered redocketed as special orders for the meeting of Wednesday, December 12.

On motion, at 1:25 P. M. the Board adjourned
to meet on Wednesday, December 12, at eleven A. M.

APPROVED:

Chairman

H. Porter Willis

Secretary