

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11.10 a.m. on Wednesday, December 19,

PRESENT:

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

The minutes of the meeting of the Board held on December 17 were read and, on motion, approved.

Mr. Delano having called attention to the expiration of his term of service as a member of the Executive Committee, Mr. Hamlin was elected as a member for the three months from January 1 to March 31, 1918.

The Secretary read a telegram from Federal Reserve Agent Perrin dated December 11, and subsequent wire correspondence, regarding the membership of California State banks. Discussion ensued, and, on motion, it was voted to refer the matter to Governor Harding and Mr. Miller to consult with the Secretary of the Treasury and others, and to report back to the Board.

A memorandum of Counsel regarding the classification of savings deposits was read, discussed and modified, and it

was agreed to send a copy to all Federal Reserve Banks asking their opinion.

A memorandum of Mr. Warburg re reserves at Federal Reserve banks, etc., was passed over by unanimous consent.

A memorandum of Mr. Delano re investment of capital in municipal utilities, was passed over by unanimous consent.

Correspondence regarding the eligibility of notes of the American Car & Foundry Co. was presented and, on motion, it was agreed to transmit a letter drafted by Mr. Warburg for Governor Rhoads, no publication of the letter to be made.

Upon recommendation of the Committee on Operation of the Federal Reserve Bank of Chicago, Mr. James Simpson was elected for three years as director, and designated for one year as Deputy Chairman.

Upon recommendation of the Committee on Operation of the Federal Reserve Bank of Kansas City, Mr. A. E. Ramsay was elected director for three years and designated as Federal Reserve Agent for one year to succeed Mr. Charles M. Sawyer from and after December 31, 1917.

A letter from Federal Reserve Agent Hardy notify-

ing the Board of the declaration of a dividend at the Federal Reserve Bank of Richmond from January 1, 1917, to December 31, 1917, was read and the dividend approved, Governor Harding to communicate with Mr. Hardy as to the general rules and conditions to be followed in making payment.

An opinion of Counsel regarding the eligibility of a British Government 90-day bill drawn on a member bank and accepted by it, was presented and, on motion, laid on the table.

A letter from Federal Reserve Agent Wills regarding the amended by-laws for the Cincinnati Branch of the Federal Reserve Bank of Cleveland was read, and a letter confirming the amendments in the by-laws ordered sent to Mr. Wills.

Papers relating to the American Tobacco Company's acceptances were presented by Mr. Warburg and ordered filed.

A letter from Federal Reserve Agent Ramsey to Governor Harding regarding the proposed El Paso Branch, was presented and ordered referred to the Executive Committee for consultation with Counsel.

A memorandum from Counsel re the opening of an account by the Federal Reserve Bank of Chicago for the First

Joint Stock Land Bank was read and referred to Governor Harding for consultation with Mr. Norris of the Farm Loan Board.

An opinion of Counsel regarding an amendment to Sec. 11 (k) of the Federal Reserve Act, was presented and referred to Committee No. 3 for report.

A letter of Counsel transmitting a draft of a proposed amendment to Sections 5208 5209, R. S., prescribing penalties for frauds, was presented and referred to the Executive Committee for the preparation of a definitive bill for transmission to Congress.

Upon recommendation of Committee No. 1 (b) a proposed dividend at the Federal Reserve Bank of Chicago from July 1, 1916, to December 31, 1917, was approved.

The proposed dividend at the Federal Reserve Bank of Minneapolis, considered at the meeting of December 17, was referred to the Executive Committee with power to act.

A report of Committee No. 2 regarding a letter from Governor Lynch of San Francisco relative to the rate on agricultural paper, was presented and ordered passed to file.

Upon report of Committee No. 3, the following banks

were granted acceptance powers up to 100% of capital and surplus:

Fourth National Bank	Macon, Georgia,
First National Bank	Hutchinson, Kansas.

Changes in stock at Federal Reserve Banks were approved as follows:

Applications for Additional Stock.

<u>District No.</u>		Shares
<u>6.</u>		
First National Bank	Coal Creek, Tenn.	1 1
<u>9.</u>		
Citizens National Bank	Fairmont, Minn.	3 3 4

Application for Surrender of Stock.

<u>District No.</u>		
<u>10.</u>		
Lenapah National Bank	Lenapah, Okla.	17 17

Application for Original Stock.

<u>District No.</u>		
<u>12.</u>		
First National Bank	Silverton, Oregon	21 21

Reports of Committee No. 3 re the status of certain directors under the Clayton Act, dated December 13, 14 and 17, were presented and on motion, approved.

Upon recommendation of the Comptroller of the Currency, the reduction of capital stock for the Martindale National Bank of Martindale, Texas, from \$50,000 to \$25,000, and of the Corydon National Bank of Corydon, Ind., from \$125,000 to \$100,000, were approved.

Upon recommendation of the Federal Reserve Bank of San Francisco, a report expressing the opinion of the Board regarding an investment in site and building for that bank, was approved, and the Committee authorized to express to Mr. Perrin informally the views of the Board.

Governor Harding presented a draft of a letter to Secretary Curtis of the Federal Reserve Bank of New York re the purchase of light weight gold, which was approved and referred to Committee No. 4 for revision, the Governor being authorized to send the letter subsequently to all Federal Reserve Banks.

Mr. Warburg submitted a letter from Senator Calder regarding the pending "Calder Amendment" as to discount of industrial paper. Governor Harding further reported a conversation with the Secretary of the Treasury in which the latter had spoken of placing in the hands of the Board the work of passing on priorities in capital issues.

A letter from Governor Aiken of Boston regarding the dividend at that bank, was read and it was noted that the dividend had already been approved. It was agreed that the Governor communicate further with Mr. Aiken.

A letter from Federal Reserve Agent Wellborn re-

garding relations with the New Orleans Branch was read and it was agreed that the letter be laid on the table until Friday, December 21.

Upon recommendation of Committee No. 2 the following institutions were ordered admitted to the Federal Reserve system upon conditions named in each case by the Committee:

Citizens Bank	West Point, Ga.
Trust Company of Fulton Co.	Gloversville, N.Y.
Rome Trust Company,	Rome, N. Y.
Lansing State Savings Bank	Lansing, Mich.
Suburban Trust & Savings Bank	Oak Park, Ill.

Upon recommendation of Committee No. 1, appointments were authorized as follows:

R. T. Emerson, \$1800 per annum, effective December 26.

Julia Kinsolving, \$75 per month, effective Dec. 20.

Male stenographer, \$100 per month, effective upon resignation of A. J. Hegerman.

On motion, at 12.45 p.m. the Board adjourned.

APPROVED:

*J. P. McWilliams*  
Secretary.

                      
Chairman.