

At a regular meeting of the Federal Reserve Board held in the office of the Board on Friday, December 28, at 12.25 p.m.,

## PRESENT:

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

The minutes of the meeting of the Board held on December 26 were read and, on motion, passed over.

The minutes of the meetings of the Executive Committee held on December 27 and 28, were presented and, on motion, passed over.

After informal discussion of the question of appointing the Bank of Japan as an agent of the Federal Reserve system, the whole matter was, on motion, referred to the Executive Committee with power to act, Mr. Hamlin to continue his negotiations on the subject.

A proposed telegram to all Federal Reserve banks regarding member bank reports was read and it was agreed that the substance thereof be sent to all Federal Reserve banks in the form of a letter.

A report of Committee No. 1 re salaries of the Federal Reserve Board's staff was read and, on motion, the following salaries were approved, effective January 1, 1918:

	Present Annual Salary	Proposed Annual Salary	Annual Increase
M. Jacobson	\$4200	\$4500	\$300
Nelson Stuart	2250	2500	250
W. W. Jemison	1500	1650	150
J. P. Moore	1320	1440	120
W. M. Imlay	2800	3000	200
Geo. A. Aughterton	1600	1800	200
James Buchanan, Jr.	1500	1800	300
Alfred H. Laning	1500	1800	200
Rolfe E. Brett	1320	1500	180
Charles H. Bartz, Jr.	420	600	180
Edw. L. Smead	2250	2500	250
J. E. Bizzell	1650	1800	150
Pauline McLinden	1500	1800	300
John R. Van Fossen	1400	1650	250

On motion the salary of Chief Examiner Broderick was fixed, effective January 1, 1918, as follows:

J. A. Broderick, Chief Division of Audit and Examination, present salary \$7200, proposed salary \$8400, annual increase \$1200.

Governor Harding presented a letter from Mr. H. D. Westcott of Philadelphia asking an opinion regarding the advisability of certain corporate financing to develop transportation on the Delaware River. He further called attention to various other pending requests of the same sort. On motion, all of these applications were referred to the Executive Committee to consult with the Secretary of the Treasury and report back to the Board a plan of procedure.

Governor Harding presented a letter from Federal Reserve Agent Wellborn recommending the appointment of Mr. Wm. R. Patterson as Assistant Federal Reserve Agent at New Orleans; which was noted and referred to the Atlanta Committee.

On motion, at 1.20 p.m. a recess was taken until 2.30 p.m.

After recess at 2.40 p.m. the same members being present,

Mr. Delano moved that no change be made in the pres-

ent salary of Counsel. The motion being put to a vote there were recorded:

Ayes, Mr. Delano, Mr. Warburg, Mr. Miller.

Noes, Mr. Hamlin, Mr. Harding, Mr. Williams.

So the motion was lost, Mr. Harding reserving the right to change his vote. Mr. Harding thereupon proposed that the salary of Counsel be raised in the amount of income and excess profit tax on \$9,000. No action was taken.

Mr. Miller moved that the salary of the Assistant Counsel be \$5,000 per annum.

Mr. Warburg moved as a substitute that the salary of Assistant Counsel be \$6,000, effective January 1, 1918.

The substitute being put to a vote, there were recorded:

Ayes, Mr. Harding, Mr. Delano, Mr. Williams, Mr. Warburg.

Noes, Mr. Hamlin, Mr. Miller.

So the substitute was adopted.

Mr. Williams moved that the salary of Counsel be at the rate of \$10,000 per annum from January 1, 1918, with the understanding that if the Comptroller's office should no longer call upon him for service on matters in which the Comptroller and the Board are jointly interested, the salary

of Counsel shall be readjusted.

The motion being put to a vote, there were recorded:  
Ayes, Mr. Hamlin, Mr. Williams, Mr. Warburg.  
Noes, Mr. Miller, Mr. Harding.  
Not voting, Mr. Delano.

So the motion prevailed.

Mr. Hamlin asked that his vote on the salary of Assistant Counsel be now recorded in the affirmative, and such a minute was ordered entered.

The minutes of the Board meeting, passed over at the opening of the morning meeting, were read and, on motion, approved.

The minutes of the Executive Committee meetings, passed over at the opening of the morning meeting, were presented and, on motion, approved, and the action therein set forth ratified.

A letter from Mr. J. M. Witherow was ordered circulated.

A memorandum of Counsel re the eligibility of Mr. Walter Wyatt for draft, was read and it was, on motion, voted that the proposed letter in behalf of Mr. Wyatt be not transmitted.

A letter from Secretary Curtis of the Federal Reserve Bank of New York regarding a proposed dividend being presented, was discussed and referred to Governor Harding for investigation.

A letter from Federal Reserve Agent Perrin of the Federal Reserve Bank of San Francisco proposing a dividend of  $7\frac{1}{2}\%$  (6% from October 1, 1915, to December 31, 1916), was read and the proposed dividend approved.

The Secretary presented acceptance of appointments by Messrs. Moncure, Hinsch, Austin, Jay, Harmon, Hollis, Treadway, Thompson and Saunders.

Informal approval was given to the following firms as depositaries for the Alien Property Custodian:

- Kissel, Kinnicutt & Co.,
- Bonbright & Co.,
- Hallgarten & Co.,
- Wm. Salomon & Co.

Resignations from the Board's staff were accepted as follows:

- A. J. Hagerman, effective December 31, 1917,
- J. R. Zimmerman, " " 31, 1917.

A memorandum of Counsel re the resignation of Mrs. O. M. Croghan was referred to the Fiscal Agent.

The Secretary of the Board was directed to place the usual order for forms to be used for the next report of condition of national banks.

Mr. Delano gave notice that the "Committee of Five" of the American Bankers Association would call upon the Board on January 15 or 16.

A letter from the State Street Trust Company of Boston regarding the discounting of collateral notes, was read and noted.

Upon recommendation of Committee No. 1 appointments to the Statistical Division were authorized as follows:

L. R. Gottlieb at a salary of \$1600 per annum, effective December 29.

A. E. Smith, at a salary of \$1800 per annum, effective at once.

Upon recommendation of Committee No. 1 a report of that Committee, dated December 26, 1917, approving proposed changes of salary at the Federal Reserve Bank of Chicago, was approved. In this connection Mr. Miller presented a minority report opposing the proposed increases of salary for Messrs. Heath and Powell of Chicago, but on being put to a vote, this minority report was lost.

Upon recommendation of Committee No. 1 a report naming directors for the Detroit Branch of the Federal Reserve Bank of Chicago was approved, and the following directors accordingly named:

For the Board -

Mr. John Ballentine	Detroit.
" Chas. H. Hodges	"

For the Bank.-

Mr. Emory W. Clark	Detroit
" Julius H. Haass	"

Upon recommendation of the Executive Committee it was voted to inform the Pompeian Oil Company, in reply to a recent letter, that no hearing could be allowed it, but that it might file a brief stating its argument regarding the exportation of gold.

Upon recommendation of Committee No. 2 a memorandum relating to loans to drainage contractors, was referred to the Executive Committee.

Upon recommendation of Committee No. 3, in a report dated December 19, it was, on motion, voted that certain named directors may be reelected for another year under specified conditions.

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

- First State Bank & Trust Company, Cuero, Texas.
- Princeton Bank & Trust Company, Princeton, N.J.
- The Brighton State Bank, Brighton, Ia.
- First Commercial State Bank, Royal Oak, Mich.

Miscellaneous business was acted upon as follows:

Mr. Charles A. Harrison of Philadelphia was informally elected a director of the Federal Reserve Bank of Philadelphia, Mr. Warburg to ascertain his attitude in the matter.

A memoranda regarding chilian and Argentine exchange were submitted by Mr. Albert Strauss, to the Acting Governor and referred to the Executive Committee.

Mr. Delano having presented papers relating to a proposed bonus at the Federal Reserve Bank of New York, it was, on motion, voted to reaffirm the Board's decision of December 24 regarding such bonuses, and to suggest salary readjustments where necessary, in lieu thereof.

Letters from Federal Reserve Agent Wellborn naming an Assistant Federal Reserve Agent at Atlanta at a salary of \$4800, and an Assistant at New Orleans at a salary of \$3600, were read and, on motion, referred to the Atlanta Committee, papers being placed in Mr. Harding's hands.

A letter from Federal Reserve Agent Heath regarding American Tobacco Company acceptances was read and noted.

A letter from Governor McDougal regarding the organization of the proposed Detroit Branch, was referred to the Chicago Committee for report, papers being placed

in Mr. Harding's hands.

A letter from Mr. George H. Paine of Philadelphia was ordered circulated.

The question of methods of pledging, endorsing and holding paper at Federal Reserve Banks was presented and made a special order for December 31.

A letter written by Mr. J. S. Love, State Bank Commissioner of Mississippi, regarding banking conditions in that State, was read and noted.

A statement for issue to the press regarding the relation of the banks of the country to the financing of the war, was read and modified and, on motion, referred to the Executive Committee with power to take such action as was deemed best.

On motion, the Division of Statistics was authorized to carry an item entitled "Surplus" to follow "Capital paid in."

On motion, the Secretary of the Board was authorized to act as fiscal agent in the absence of the fiscal agent, the following resolution being ordered entered:

RESOLVED, that the Secretary of the Board (H. Parker Willis) be named Acting Fiscal Agent, and be authorized to sign checks for and in the place of Sherman Allen, Fiscal Agent.

On motion, at 5.20 p.m. the Board adjourned.

APPROVED:

                      
Chairman.

*A. P. [Signature]*  
                      
Secretary.