

At a regular meeting of the Federal Reserve Board held in the office of the Board on Wednesday, February 13, at eleven A. M.,

PRESENT:

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

The minutes of the meeting of the Board held on February 11 were read and, on motion, approved.

The minutes of the meetings of the Gold Exports Committee held on February 12 and 13 were presented and, on motion, approved and the action therein set forth ratified.

The minutes of the meetings of the Capital Issues Committee held on February 7 and 9 were presented and, on motion, approved and the action therein set forth ratified.

A letter from Governor Lynch recommending that Federal Reserve banks be permitted to receive deposits from states and cities, was presented and noted.

Correspondence with Governor Strong regarding the acquirement of quarters for Federal Reserve banks out of surplus, was read and discussed. The Governor was, on motion, authorized to reply expressing the Board's views.

A letter from Federal Reserve Agent Perrin re purchase of land for the Federal Reserve Bank of San Francisco, was read and noted.

Correspondence between Governor Strong and President C. A. Hinsch re redemption of national bank notes, was presented and referred to Mr. Miller.

A letter from Mr. Joseph Wayne re officers at the Federal Reserve Bank of Philadelphia, was read and noted.

A letter from Federal Reserve Agent Perrin re the absorption of loss on abraded gold, was read and noted.

A memorandum prepared by Mr. Warburg re renewal of certain French railway acceptance credits, and recommending such extension, was read and referred to Committee No. 3.

A telegram from El Paso Clearing House re a branch to be established at El Paso, was read and noted.

An order authorizing the establishment of a branch of the National City Bank of New York at San Juan with certain sub-branches in Porto Rico, was ordered entered as follows:

AT A STATED MEETING OF THE FEDERAL

branches or offices of the said Branch in each of the Cities
of Arecibo, Mayaguez and Ponce or in any of the said Cities.

FEDERAL RESERVE BOARD,

BY (Sgd) W. P. G. Harding,
GOVERNOR

Attest:

(Sgd) H. Parker Willis
Secretary.

Reports of Committee No. 1 were presented and ap-
proved as follows:

Dated Feb. 11 recommending the appointment of W. S. Maryon
at \$125 per month ordered in-
serted in the minutes of Feb-
ruary 11.

" " 13 " the appointment of National Bank Examin-
er J. W. McReynolds at \$2400.

" " 8 " " " of D. H. Barrows, Assistant Sec-
retary Federal Reserve Bank of
New York, at \$4,000 per annum.

Reports of Committee No. 2 were presented and approved
as follows:

Dated Feb. 11 recommending acceptance powers for the National
City Bank of Chicago.

" " 13 " the admission of the following institu-
tions on conditions named by
the Committee in each case:

Birmingham Trust & Savings Co., Birmingham, Alabama,
690 shares in the Federal Reserve Bank of Atlanta.

The First Territorial Bank, Lovington, N. M.
30 shares in the Federal Reserve Bank of Dallas.

Scandinavian-American Bank, Marshfield, Oregon.
18 shares in the Federal Reserve Bank of San Francisco.

Bank of Camilla, Camilla, Georgia
60 shares in the Federal Reserve Bank of Atlanta.

Thompson Savings Bank, Hudson, Mich.
90 shares in the Federal Reserve Bank of Chicago.

State Exchange Bank of Macon, Macon, Missouri.
72 shares in the Federal Reserve Bank of St. Louis.

Citizens State & Trust Bank, Edwardsville, Ill.
56 shares in the Federal Reserve Bank of St. Louis.

Exchange Bank of Jefferson City, Jefferson City, Mo.
72 shares in the Federal Reserve Bank of St. Louis.

A report of Committee No. 3 re the status of certain directors of the Mattapan National Bank of Boston, and other institutions, was presented and, on motion, approved.

Certain documents and correspondence re the trade acceptance situation were presented by Governor Harding and noted.

A draft of a letter to President Pease of the Canadian Bankers Association re the export of gold to Venezuela, was presented and, on motion approved for transmission.

A memorandum from Mr. Hamlin re the mailing of the

Index Digest, was presented, and it was ordered that the Governor be authorized to notify the Federal Reserve banks that orders for the Index Digest will be filled from the Board direct. The question of a complimentary list was referred to the Executive Committee with power.

A letter from Mr. S. Watkins outlining a plan for the organization of a "National Discount Bank" in New York, was read and, on motion, referred to Counsel for an opinion.

A telegram from Assistant Secretary Allen re the signature of checks for the payroll was read and, on motion, the question of the bonding of the Fiscal Agent of the Board was referred to the Governor for consultation with Counsel.

A memorandum of Counsel regarding a proposed amendment to Section 22 of the Federal Reserve Act proposed by Stetson Jennings & Russell of New York in conjunction with White & Case of New York, was read and it was agreed to give a hearing to the New York attorneys on Friday afternoon, February 15, at 3 P. M.

The question of a readjustment of certificate assignments among Federal Reserve banks was brought up and referred to Committee No. 2 for a recommendation.

A memorandum from the Division of Statistics re the redistribution of rediscounts among Federal Reserve banks, was read. Five members being present and unanimously concurring, it was, on motion, voted to relieve the Richmond Bank of \$10,000,000 of discounted paper or acceptances, at 4 $\frac{1}{4}$ %, the same to be redistributed among other Reserve banks as follows:

Philadelphia	\$5,000,000	
Chicago)		(approximately
Minneapolis)	5,000,000	(evenly
Kansas City)		(divided
Total	<u>\$10,000,000</u>	

The Governor of the Board was, on motion, charged with the duty of carrying out the redistribution provided for.

A letter from Mr. J. B. Pike of the Federal Reserve Bank of Atlanta regarding the extension of the par list, was read and discussed and, on motion, referred to Governor Harding.

At this point Mr. Williams entered the room.

The question of the Board's attitude on the proposed bill for the sale of the Treasury silver, was considered and a proposed letter as to the position of the Board re the suggested issue of Federal Reserve bank notes,

220
was presented by Mr. Delano, modified and approved for transmission.

A letter from Secretary of the Treasury McAdoo transmitting a letter from the Secretary of State re sugar crop financing, was presented and ordered entered in the minutes as follows:

Secretary of the Treasury

Washington.

February 13, 1918.

Hon. W. P. G. Harding,
Governor, Federal Reserve Board,
Treasury Department.

Dear Governor Harding:

I beg to enclose herewith copy of a letter received from the Secretary of State, explaining the difficult situation in regard to moving and financing the Cuban sugar crop, and suggesting the necessity for the establishment of credits to relieve the situation.

I understand that certain banks, at the suggestion of Mr. Hoover, are interesting themselves in the matter and I hope that the Federal Reserve Board will be able to cooperate in facilitating a solution.

Cordially yours,

(Signed) W. G. McAdoo,
Secretary.

Enclosure.

DEPARTMENT OF STATE,

WASHINGTON,

February 12, 1918.

The Honorable

The Secretary of the Treasury.

Sir:

I have the honor to inform you that according to reports received by the Department from American Officials in Cuba there exists a situation in connection with the financing of the sugar crop, which may result in serious economic as well as political difficulties for both the United States and the Republic of Cuba.

The Department understands that the international Sugar Commission has entered into a contract with the Cuban Government and with the representatives of the Cuban sugar producers, which provides for a certain price to be placed on sugar produced in Cuba and also comprises arrangements for the transportation of this sugar to the

United States.

it now appears that on account of the lack of tonnage existing at this moment, due to conditions brought about by the war, that the sugar cannot be moved with that rapidity which is essential for the satisfactory financial operations customary in these transactions. It is therefore necessary that credits be extended to the sugar producers based on the sale of the sugar in order that they may continue to pay the wages of their employees and to meet their other expenses.

The Department understands that the various banking institutions of Cuba are unable on account of limited resources, to finance the present undertaking and very many of the mills cannot pay for their cane and discharge their own expenses during the harvest season under present conditions, nevertheless the cane must be paid for. In the past neither the laborers nor the colonos have ever waited for their money, and as they know that the world needs sugar, the cane must be paid for or it will not be harvested. Without taking into consideration the serious difficulty which would undoubtedly be occasioned in this country, as well as in the countries of the Entent Allies should sugar production come to an end in Cuba, it is

necessary to give careful thought to the fact that if the great quantities of laborers, who have come to Cuba from different countries only on account of the harvesting of sugar crop, are not paid, riots will undoubtedly take place together with the burning of cane and of sugar mills. Such a situation would most certainly bring in its train political unrest which would, in all probability be fostered by enemy agents who are only too desirous of seizing such an opportunity to embarrass Cuba, the United States and the Entent Allied powers.

The Department in bringing these facts to your attention trusts that you may be in a position to take whatever steps may be necessary, to aid in arranging for the necessary credits.

I have the honor to be Sir,

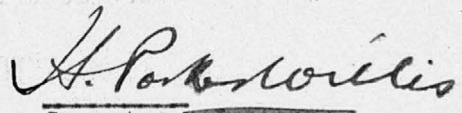
Your obedient servant,

(Signed) ROBERT LANSING.

On motion at 12:45 P. M. the Board adjourned.

APPROVED:


Chairman.


Secretary.