

At a regular meeting of the Federal Reserve Board held in the office of the Board on Monday, May 6, 1918, at 11 A. M.,

PRESENT:

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

The minutes of the meeting of the Board held on May 3, were read, and, on motion, approved.

The minutes of the meetings of the Gold Export Committee held on May 4 and 6 were presented and, on motion, approved and the action therein set forth ratified.

- A memorandum from the Comptroller of the Currency stating recent transfers of examiners was read, noted, and referred to Committee No. 1.

Reports of Committees were approved as follows:

No. 2.

Dated May 3, recommending acceptance powers to 100% for the Beacon Trust Co., of Boston.

No. 2.

Dated May 6, recommending admission of state institutions upon terms named in the report of the Committee in the case

of each institution, as follows:

Chattanooga Savings Bank, Chattanooga, Tenn.  
585 shares in the Federal Reserve Bank of Atlanta.

The First State Bank, Hillsboro, Texas.  
99 shares in the Federal Reserve Bank of Dallas.

First State Bank, Post City, Texas.  
15 shares in the Federal Reserve Bank of Dallas.

Drovers State Bank of So. St. Paul, So. St.  
Paul, Minnesota.  
90 shares in the Federal Reserve Bank of Minneapolis.

Coalgate State Bank, Coalgate, Oklahoma.  
38 shares in the Federal Reserve Bank of Dallas.

Bank of Moro, Moro, Oregon.  
30 shares in the Federal Reserve Bank of San Francisco.

Mr. Delano presented a letter from Federal Reserve Agent Ramsay (Kansas City) re the application of present clearing rules in Kansas City. After discussion Mr. Delano was requested to ascertain the conditions under which a resolution of the Board of Directors of the Federal Reserve Bank of Kansas City re the exchange situation was adopted. It was also agreed that the Governor ascertain how far statements made in the letter of Mr. Ramsay regarding the position of the Comptroller of the Currency are accurate.

The Governor presented correspondence between Federal Reserve Agent Hardy and certain banks re alleged taxation of time deposits, which was noted and

referred to Assistant Secretary Leffingwell.

A letter from Assistant Secretary Leffingwell re a proposed loan to Canada to restore exchange to par was read and referred to the Executive Committee for later report to the Board.

A letter from Governor J. Z. Miller, re the discount of bill of lading drafts was read, and discussed with reference to the policy to be pursued regarding the insertion of a fixed date in such drafts. The matter was referred back to Governor Harding.

A letter from Assistant Secretary Leffingwell, re private wire service between the Treasury and Federal Reserve Banks and agreeing to pay one-half of the cost of circuits 1-5 and one-half of the salaries of operators needed during the war upon obtaining funds by appropriation from Congress, was read and referred back to the Executive Committee with power to act.

A letter from Governor J. Z. Miller re the form of payments for sales of public lands required by the Secretary of the Interior, was read and referred to Mr. A. C. Miller for consultation with the Interior Department.

A letter from Federal Reserve Agent Wills re recent action of the Associated Savings banks and trust companies of Cleveland, against the payment of more than 3% interest on demand deposits, was read and noted.

Governor Harding reported the results of the cotton financing discussion at the National Cotton Manufacturers Association in New York on May 4th.

A letter from the Citizens Commercial Trust Co., re interest rates in Buffalo and neighboring places, was read and referred to Governor Harding.

A letter from the Atlantic National Bank of Jacksonville, Fla., re interest in that place was read and noted.

A letter from Governor Morss, re inventory of securities held to protect Treasury deposits and conveying certain suggestions on the subject was read and referred to Assistant Secretary of the Treasury Leffingwell.

A letter from Mr. N. Musher, re exchange on France was read and referred to Governor Harding for reply.

A letter from Assistant Secretary Leffingwell re exchange transactions with Copenhagen was referred to the Gold Export Committee.

On motion, a bound copy of the Federal Reserve Bulletin for 1917 was ordered sent to each Chief National Bank Examiner.

At this point Mr. Williams entered the meeting.

Governor Harding read to Mr. Williams the letter from Federal Reserve Agent Ramsey already discussed at an earlier point in the meeting inquiring whether he (Mr. Williams) had been correctly quoted by Mr. J. W. Perry before the Board of Directors of the Federal Reserve Bank of Kansas City. Mr. Williams stated that he had been misquoted. Mr. Williams further stated that he had no recollection of having discussed this matter with Mr. Perry at all. He had never said that Federal Reserve Banks should not be permitted to earn over 6%. All he remembered having said was that the service charge should be abolished and that exchange be made as near par as possible.

Mr. Williams said he had just called on the

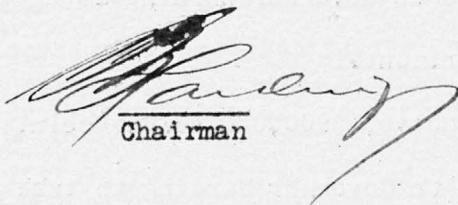
National City Bank for a statement of foreign exchange profits made at its branches and would like to have the Board ask for a similar statement from the Guaranty Trust Co., and Bankers Trust Company. It was agreed to do so and also that the Comptroller ask the same from the Philadelphia National Bank and the Irving National Bank of New York.

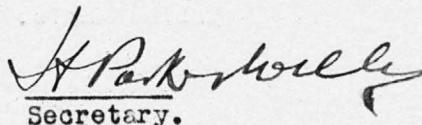
Mr. Miller read a telegram from Federal Reserve Agent Perrin re the purchase of an additional piece of land at \$43,000 asking that the Board wire approving a price of \$40,000 free of lease. On motion, a telegram to this effect was authorized.

A report of Committee No. 2, recommending the addition of 1 day to the maturity of all bankers' acceptances unless collectible on day of maturity, was presented and, on motion, approved. The application of the report was referred to the Executive Committee.

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

APPROVED:

  
Chairman

  
Secretary.