

At an adjourned meeting of the Federal Reserve Board held in the office of the Board on Friday, May 17, 1918, at 3:15 P. M.,

PRESENT:

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

The minutes of the meeting of the Board held on May 15 were read and, on motion, approved.

The minutes of the special meeting of the Board, hearing of Kansas City bankers, held on May 13 were reported and ordered passed to file.

The minutes of the meetings of the Gold Export Committee held on May 16 and 17 were presented and, on motion, approved and the action therein set forth ratified.

The minutes of the Capital Issues Committee held on May 10 were presented and, on motion, approved and the action therein set forth ratified.

On motion, the following telegram, addressed to the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Chicago, and San Francisco, was authorized:

"Board desires you to rediscount for Federal Reserve Bank Richmond, with its endorsement, one million dollars bankers acceptances, sixteen to ninety days, rate four and one quarter; and also two million dollars bills receivable, in amounts five thousand dollars and over, maturing not later than July fifteenth, at four and one half. Please arrange details with Richmond direct."

(Signed) HARDING

The following telegram, addressed to the Federal Reserve Bank of Richmond, was authorized:

"Boston Philadelphia, Cleveland, Chicago, and San Francisco will each take three million, and one million of bankers acceptances at four and one quarter, and two million bills receivable at four and one half, with your bank's endorsement in each case. Please arrange details direct."

(Signed) HARDING

The following telegram, addressed to the Federal Reserve Bank of San Francisco, was authorized:

"Board ventures to suggest that you consider leaving acceptances and bills purchased from Federal Reserve Bank of Richmond with Federal Reserve agent there in trust as your agent, having him send you detailed list and trust receipt. This will obviate danger of loss in transit, and much of the paper matures within a short time. This method has been generally adopted by other Federal Reserve banks in transactions of this kind."

(Signed) HARDING

Discount rate sheets from Federal Reserve banks being presented, the following rates were authorized for the Federal Reserve Bank of Richmond:

	Maturities	Present rates	Rates recommended
Paper maturing within 15 days including member banks' collateral notes.	15-days	$4\frac{1}{4}$	$4\frac{3}{4}$
do	16 to 60 inclusive	$4\frac{3}{4}$	5
do	61 to 90 inclusive	$4\frac{3}{4}$	5
Agricultural and live stock paper over	90	5	$5\frac{1}{4}$
Secured by U. S. certificates of indebtedness or Liberty Loan bonds -			
including member banks' collateral notes	15	4	$4\frac{1}{4}$
do	15	$4\frac{1}{4}$	$4\frac{1}{4}$
Trade Acceptances	1 to 15 days inclusive	$4\frac{1}{4}$	$4\frac{1}{2}$
" "	16 to 90 days inclusive	$4\frac{1}{2}$	$4\frac{3}{4}$
Open Market Purchases	All Maturities	4	
Commodity paper	1 to 15 inclusive	$4\frac{1}{4}$	$4\frac{3}{4}$

	Maturities	Present rates	Rates re- commended
Commodity paper	16 to 90 days inclusive	$4\frac{3}{4}$	5

An opinion of counsel re the question whether the War Finance Corporation act has repealed a part of Section 13 of the Federal Reserve Act, and holding that it has not, was referred to Committee No. 3.

A memorandum of Counsel re powers of attorney authorizing the engraving of the signatures of officers on Federal Reserve banks notes, was read and, on motion, approved, the Secretary to send notice accordingly.

A memorandum of Mr. A. C. Miller, recommending that the Board disapprove the proposal to change the name of the American Savings Bank and Trust Company of Seattle to the American Reserve Bank, was read and on motion the recommendation of Mr. Miller was approved.

A letter from the Chief of the Wool Division of the War Industries Board, re the discount of the paper of the National Wool Warehouse and Storage Co., was read and referred to Committee No. 2.

A letter from Governor E. R. Fancher, re the policy of charging discount for additional days after maturity of items sent for collection, was read and

ordered referred to Counsel for an opinion.

Correspondence with the American Trade Acceptance Council, re acceptances given against garage services, was discussed and the Governor authorized to write stating that the Board would not favor the giving of a preferential rate on trade acceptances of this class.

A letter from F. R. Farnsworth, Secretary of the American Bankers Association, transmitting resolutions re a bill to provide for guaranty of bank deposits, was read and discussed.

Reports of Committees were presented and on motion approved as follows:

No. 1.

Dated May 16, recommending the appointment of Mr. W. M. Imlay as Fiscal Agent at \$50 per month, effective May 16, and that R. R. Burklin be named Deputy Fiscal Agent, and providing for the management of the business of the Fiscal Agent.

Dated May 16, recommending that the salary of S. A. Wardell, acting auditor at Kansas City, be fixed at \$3,300 per annum, effective on assuming duty.

No. 2.

Dated May 17, recommending the admission of state institutions upon conditions named by the Committee in each case, as follows:

The St. Joseph Loan & Trust Co., South Bond, Ind.
180 shares in the Federal Reserve Bank of Chicago.

Hillsboro State Bank, Plant City, Florida.
60 shares in the Federal Reserve Bank of Atlanta.

Dated May 16, rescinding a part of the conditions previously fixed for the admission of the Texas Bank & Trust Company.

No. 3.

Various dates, re the applications of Messrs. Paul Wick, J. E. Thayer, J. H. Hillman, J. E. Rech, and S. T. Crapo under the Clayton Act.

Kansas City Committee.

File re a recent meeting of the Board of Directors of the Kansas City Bank and certain expressions there used; presented and noted.

Special Committee on Examination Grouping.

Dated May 17, outlining a regrouping of banks for examination; presented, discussed and referred back to Committee No. 1 with power to introduce the proposed plan, if after consulting with Chief Examiner Broderick, it seems feasible.

Memoranda and file relating to the application of the First National Bank of New York for powers as registrar were considered and on motion, referred back to Committee No. 3.

After further discussion of the question of guaranty of bank deposits, it was voted to authorize

Governor Harding to write a letter to the Secretary of the Treasury stating that for a variety of reasons it was the opinion of the Board that the pending bill for the guaranty of bank deposits is unwise and should be withdrawn, and that the Board prefers a plan for the application of an insurance or liquidation principle based upon the value of the sound assets of failed banks.

Mr. Delano raised the question of the Board's time of meeting and on motion, the time was set at 11:15 A. M. on the same dates as at present.

Mr. Hamlin gave notice that he would withdraw from the Gold Export Committee as of the present date.

It was agreed to hold the hearing re branches in the Atlanta district at 10 a. m. on the 18th instant in the office of the Governor.

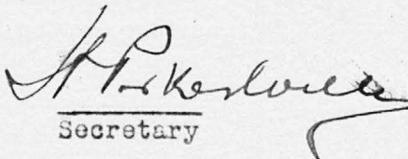
Discussion of certain phases of the branch situation ensued.

On motion, the Richmond Committee was authorized to tender the vacant Richmond directorship to Mr. Howard Bruce of Baltimore.

On motion at 4:50 p. m. the Board adjourned.

APPROVED:

Chairman


Secretary