

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11:15 A.M. on Monday, June 10, 1918,

PRESENT:

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

The minutes of the meeting of the Board held on June 7th were read and on motion approved.

The minutes of the meetings of the Gold Export Committee held on June 8th and 10th were presented and on motion approved and the action therein set forth ratified.

Mr. Harding read a letter from the President dated June 7th re the exchange agreement of Musher & Company.

Mr. Warburg stated to the Board that control of Italian exchange had been taken over by the Division of Foreign Exchange under instructions of the Treasury Department.

Governor Harding presented business as follows:

A letter from the Eighth National Bank of Philadelphia re loss due to abrasion of gold coin, asking

that the Federal Reserve banks be required to bear the cost; voted that the Governor write the Federal Reserve Bank of Philadelphia suggesting that it absorb the charge.

Letters relating to the proposed Jacksonville and Birmingham branches and by-laws for them, raising questions as to the discount and collection powers; read and explained by Mr. Harding, and on motion the question of powers referred to the Atlanta Committee for report and recommendation.

A letter from Federal Reserve Agent Martin re dividends to June 30, 1918 at St. Louis; read and referred to Committee No. 1.

At this point Mr. Williams entered the meeting.

On motion it was voted that the Federal Reserve Bank of Philadelphia be authorized to pay a dividend at the rate of 6% to June 30, 1918.

Dividend applications from Kansas City and Boston were referred to Committee No. 1 with power to grant.

It was agreed that banks authorized to pay dividends be authorized to "declare and pay that part of the 6% annual dividend for the year 1918 which shall

have accrued on June 30, 1918."

A letter from Mr. Charles A. Hinsch re the legal status of acceptances in certain cases; read and referred to Committee No. 2.

A letter from Acting Federal Reserve Agent Elliott re state bank membership in California; read and noted; also a letter from Mr. Elliott re a scale for interest on bank deposits; read and on motion voted to inform Mr. Elliott that the Board would prefer a return to the old 2% rate but that if this is impossible the Board would be glad to see the sliding scale of interest rates on deposits prevailing in other cities adopted also in San Francisco. On this motion the vote stood as follows:

Affirmative.

Negative.

Mr. Harding
Mr. Warburg
Mr. Williams
Mr. Hamlin
Mr. Delano

Mr. Miller

Mr. Harding reported the result of his visit to New York on June 8th. A committee which had been named by the American Cotton Manufacturers Association to consider the use of the acceptance in financing cotton had met on the eighth. The meeting showed that

the northern men favored acceptances but the southerners opposed. He had, however, secured a unanimous vote in favor of the use of acceptances in financing this year's crop.

A letter from Governor Seay re the deposit of proceeds of taxes with the banks and the discount requirements of the Richmond district for the coming season; read and noted, the Governor to signify the general concurrence of the Board in the views expressed.

Discussion of the question of inducing investors to absorb short term Treasury certificates and the Board's views with respect thereto ensued but no action was taken.

A letter from Federal Reserve Agent Ramsey (Dallas) re the eligibility of local road bonds to protect government deposits; discussed and referred to Assistant Secretary Leffingwell.

A letter from the Federal Reserve Agent Heath re gold in local banks; read and noted.

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A letter from Commissioner Hitt of Idaho re

a connection with the Federal Reserve System; referred to Committee No. 1.

A letter from the Federal Reserve Bank of New York re large lines of packing house paper and comments of examiners thereon as "capital loans"; read and noted.

A letter from Federal Reserve Agent Austin re a visit of Governor Harding to Philadelphia on June 18th to meet the officers of state institutions; read and noted.

Correspondence between Assistant Secretary Leffingwell and the Federal Reserve Bank of Atlanta re "float" on checks for excess profits and income taxes; presented and noted.

Mr. Williams at this point presented correspondence re the exchange situation at Dallas as affected by the operations of the New York and Chicago banks; referred to Committee No. 1.

A letter from Assistant Secretary Leffingwell re deposits of gold by the Treasury in Federal Reserve banks; read and noted with appreciation.

A letter from Federal Reserve Agent Ramsey (Dallas) re the conditions of membership of The Texas Bank & Trust Company in El Paso was read and referred to Committee No. 1.

A letter from Federal Reserve Agent Martin recommending the establishment of a Memphis branch; read and laid on the table until June 12th.

A letter from Federal Reserve Agent Austin re purchase of the warrants of the Borough of Stone Harbor, New Jersey, was read and it was agreed that the warrants are not eligible; the Secretary to advise accordingly.

A letter from H. C. Cutting, addressed to the President, was presented and ordered circulated.

A memorandum of Counsel re the eligibility of notes secured by War Savings stamps for rediscount was read and referred to Committee No. 3.

On motion C. R. Tidwell of the Federal Reserve Bank of Atlanta was authorized to make examinations of state banks in the Atlanta district.

Reports of Committees were presented and approved as follows:

No. 1.

Dated June 10th, recommending approval of R. M. O'Hara as special examiner in the New York district at his present salary.

No. 2.

Dated June 10th, recommending admission of state institutions upon terms named by the Committee in each case as follows:

Mondamin Savings Bank, Mondamin, Iowa,
24 shares in the Federal Reserve Bank of Chicago.

McCornick & Co., Bankers, Salt Lake City,
Utah, 432 shares in the Federal Reserve Bank of
San Francisco.

Dated June 5th, recommending a form of reply to
an inquiry as to the proposed
membership of a state bank located
in Benson, Nebraska.

Mr. Hamlin offered for file a published state-
ment by Sinclair Kennedy of Boston re the attitude of
Boston interests toward saving and thrift; noted and
passed to file.

The Secretary was directed to ask Mr. F. I. Kent
to furnish the Board the form of inquiry re foreign
exchange profits which he has submitted to eastern
banks.

No. 3.

Dated June 8th, re the status of an employee of the
Boston Federal Reserve Bank who had
stolen certain Liberty bonds, recom-
mending that the Secretary make in-
quiry as to facts.

Various dates, recommending action on fiduciary
powers applications as follows:

First National Bank, Winamac, Ind. - ordered held;
Muskogee National Bank, Muskogee, Okla. " "
First National Bank, Englewood, Ill.- approved
powers as Trustee, Executor, Administrator
and Registrar.

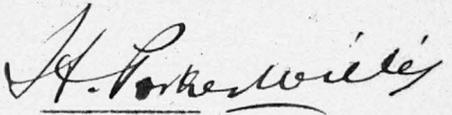
Third National Bank, Walla Walla, Wash.-
granted powers as Trustee, Administrator and Registrar.
First National Bank, Amarillo, Tex.- granted ad-
ditional powers as Administrator.

Dated June 1st, re the eligibility of cold storage
paper and a minority report on the
same discussed and ordered referred
back to Committee No. 3.

Mr. Warburg read a resolution of the Raw Silk
Association naming cash or trade acceptances as the
future basis of their sales.

On motion at 1:10 P.M., the Board adjourned.

APPROVED:


Secretary,

Chairman.