

At a regular meeting of the Federal Reserve Board held in the office of the Board on Monday, June 17, 1918, at 3 P. M.,

PRESENT:

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

The minutes of the meeting of the Board held on June 14th were read and on motion approved.

The minutes of the meetings of the Gold Export Committee held on June 15th and 17th were presented and on motion approved and the action therein set forth ratified:

The question of rediscounts and discount rates being taken up, Governor Harding read a letter from Assistant Secretary of the Treasury Leffingwell suggesting that no increase be made for the present in Federal Reserve bank discount rates. The letter was referred to Committee No. 2.

The following telegrams sent by Vice Governor Warburg to the Dallas and Cleveland banks under date of June 14th were read and on motion the action taken ratified:

Ramsey, Agent,
Dallas, Texas.

We have instructed Cleveland to take over from you five million dollars bills receivable running thirty to sixty days at rate four and three quarters per cent. Please arrange details direct.

WARBURG.

Federal Reserve Bank,
Cleveland, Ohio.

Board desires you to rediscount five million dollars bills receivable for Federal Reserve Bank Dallas with its endorsement four and three quarters per cent rate. Please arrange details direct.

WARBURG.

A letter prepared by Committee No. 3 for transmission to Federal Reserve Agent Perrin re the question whether he may engage to return to state banks deposited gold left with the Federal Reserve bank of San Francisco was read and on motion approved for transmission.

A letter from Federal Reserve Agent Ramsey re a proposed dividend at Dallas (June 30, 1917 to July 1, 1918) was read and referred to Committee No. 1 for early report.

A letter from Mr. J. F. Curtis re the charging off of the value of real estate at the Federal Reserve Bank of New York was read and referred back to Mr. Harding for reply, it being understood that no charge off would be made until the end of the year.

A letter from Mr. J. P. Cotton re a conference with cattle raising interests of Texas in Washington on the 24th or 26th of June was read and noted.

A letter from Federal Reserve Agent Jay, enclosing copy of a letter to Secretary McAdoo re the pending bill for guaranty of deposits, was read and ordered circulated. Governor Harding further read telegrams and letters from various sources on the same subject and reported briefly regarding the feeling on the matter in Boston and New York.

On motion it was voted that in view of the feeling of anxiety aroused among banks, both member, state and Federal Reserve banks by the recent statement of the Comptroller of the Currency urging the passage of a bill providing for guaranty of bank deposits, and in view also of the ambiguous attitude in which the Board finds itself as a result of this statement, it is the sense of the Board that the present is an inopportune time to raise the question and that "a majority of the members are opposed to the pending bill (S.4426) in principle" as previously expressed in a letter to the Secretary of the Treasury, signed by Governor Harding under date of May 18, 1918.

Mr. Hamlin stated that the Comptroller had requested that action on the matter be deferred until his return.

On being put to a vote the motion prevailed:

<u>Affirmative</u>	<u>Negative</u>
Mr. Harding	Mr. Hamlin
Mr. Delano	
Mr. Miller	

On motion it was voted that the Executive Committee prepare a report stating why guaranty of deposits is inexpedient at this time and wrong in principle:

<u>Affirmative</u>	<u>Negative</u>
Mr. Harding	Mr. Hamlin
Mr. Delano	
Mr. Miller	

A memorandum of Counsel re the discounting of notes executed in blank was read, discussed, and referred to the Federal Reserve Bank of Richmond.

Mr. Harding presented correspondence with President Hinsch of the American Bankers Association re the pending case of Goldman, Sachs & Company versus Sigmund Rheinstrom, which was noted.

A memorandum of Counsel re the action of the Hanover National Bank of New York as registrar was

read and on motion it was voted to refer the memorandum to Committee No. 3 for transmission to Consulting Counsel J. P. Cotton.

A memorandum of Counsel re a proposed form of trade acceptance offered by the Business Bourse was referred to Committee No. 3.

A proposed letter submitted by Mr. Warburg for transmission to the Federal Reserve Bank of New York re the handling of "float" on acceptances was read and approved for transmission.

The question of reports of the proceedings at Senate Banking Committee hearings re foreign exchange was discussed and on motion it was voted that Governor Harding write Senator Owen asking for an early report (either printed or stenographic) of the hearings before the Committee.

Governor Harding read a letter from Mr. F. I. Kent transmitting copy of a letter he had sent to Senator Owen enclosing exchange quotations on neutral countries as of June 1, 1918.

A letter from Federal Reserve Agent Curtiss re the attitude of the Federal Reserve Bank of Boston toward an employee guilty of a recent theft was read and it was agreed to reply that the case should be referred

to the District Attorney, for consultation, with a full statement on the subject, and to write Senator Owen calling attention to the fact that there is no means under present law to punish such offenders and that the pending Phelan bill contains a provision on the subject.

Reports of Committees were presented and adopted as follows:

Executive Committee.

Dated June 7th, favoring the institution of a daily gold settlement.

No. 1.

Dated June 17th, recommending approval of the appointment of Henry Schutz as Assistant Federal Reserve Agent at the Baltimore branch at \$1,200 per annum, effective on assuming duty.

No. 2.

Dated June 15th, recommending the grant of power to provide dollar exchange in Argentine, Brazil, Uruguay to the Bank of New York, N.B.A.

No. 3.

A memorandum of Counsel re the discount of notes secured by War Savings Stamps was reported by Committee No. 3 and approved for transmission.

On recommendation of Counsel powers as trustee;

executor, administrator and registrar were granted to the First National Bank of Joliet, Ill.

A report of Committee No. 3, granting to Theodore Stempfel permission under the Clayton Act in accord with his application, was approved.

A report of the Boston Committee re the appointment of a Class C director at Boston was presented and on motion laid on the table.

Upon report of the Kansas City Committee it was on motion voted to approve the action of the Board of Directors of the Kansas City Bank in voting to purchase for \$500,000 a bank site at Tenth and Grand Streets in Kansas City.

On motion the following minute was ordered entered:

"Mr. Warburg reported to the Board that while acting as Chairman of the Capital Issues Committee for the Federal Reserve Board, he had, with approval of the other members of the Committee and in accord with a vote of the Federal Reserve Board dated February 6, 1918, made arrangements with:

Messrs:

Allen B. Forbes of New York,
F. H. Goff of Cleveland, and
H. C. Flower of Kansas City

to give their services to the Capital Issues Committee in an advisory capacity, and made similar arrangements with:

Messrs:

B. W. Palmer to act as Counsel, and
S. L. Selden to act as Executive
Secretary.

It was understood that while these gentlemen would receive nothing for their services the Board would compensate them for their actual, reasonable out-of-pocket expenses, and it was thought that they should receive, in lieu of their actual subsistence expenses in Washington, \$10 per day for say four days of each week, in addition to their expenses for railroad fares, etc. Under this arrangement each of these gentlemen gave their time from January 25th to May 17th, a period of sixteen weeks, when the new law went into effect.

Mr. Warburg requested that the Board approve vouchers on the above basis for \$640 plus railroad fares for each of the gentlemen named. Payments were ordered made accordingly.

Mr. Hamlin offered a draft of a letter to the Attorney General re the action recently taken as to the status of Mr. Max May. On motion it was voted that

Governor Harding transmit the letter as read.

Mr. Hamlin filed an additional memorandum of Counsel re the discounting of cold storage paper, which was ordered placed on the docket for Thursday, June 20th.

On motion at 4:45 P.M., the Board adjourned to Thursday, June 20, 1918, at 11 A.M.

APPROVED:

Chairman.

A. L. ...
Secretary,