

At a regular meeting of the Federal Reserve Board held in the office of the Board on Thursday, June 20, 1918, at 11 A.M.,

PRESENT:

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

The minutes of the meeting of the Board held on June 17th were read and, on motion approved. Mr. Williams was recorded as not voting on the approval of the minutes.

The minutes of the meeting of the Board held on June 18th were read and on motion approved.

The minutes of the meeting of the Gold Export Committee held on June 18th, 19th and 20th, were presented and on motion approved and the action therein set forth ratified.

By unanimous consent a report of the Atlanta Committee dated June 20th, proposing the establishment of a branch of the Federal Reserve Bank of Atlanta at Nashville was read out of order and discussed. On motion the report was laid on the table.

A report of the Atlanta Committee re organization of the Birmingham Branch was presented and on motion

W. H. Kettig was approved as Director and as Chairman of the Board. A. A. Walker was approved as Manager of the branch at \$4,800 per annum, provided the bank is willing to make him a director.

A report of the Atlanta Committee re the organization of the Jacksonville branch was presented, discussed and referred to a special Committee consisting of Governor Harding and Mr. Williams.

A letter from Senator Owen re reports of the current hearings on foreign exchange was read and it was agreed that Governor Harding say the Board would wish to appear before the Senate Banking Committee through Governor Harding as its representative, and that it is desired to have stenographic copies of the testimony from day to day.

A letter from Federal Reserve Agent Heath enclosing a letter sent by the State Superintendent of Banking in Michigan to Michigan State banks re gold deposits in Federal Reserve Banks was read and referred to the Bulletin Committee(No.4), proper acknowledgment to be made by Governor Harding.

A letter from Robert J. Patterson of the Straw Hat Manufacturers Association was referred to Committee No.2.

A letter from Assistant Secretary Leffingwell transmitting a telegram from I. W. Collins to the President was referred to Governor Harding for reply.

A letter from Governor Seay re the conditions governing the sale of Treasury Certificates of Indebtedness was referred to the Executive Committee; and the question of a revision of the rate schedule was transferred from Committee No. 2 to the Executive Committee, the two matters to be considered together.

A letter from Assistant Secretary Leffingwell re the conditions under which rupee exchange is provided was read and referred to Committee No. 2.

A letter from Federal Reserve Agent Hardy asking a modification of the Board's rules regarding savings deposits was read and it was agreed that the present rules must be maintained. The letter was referred back to Governor Harding.

A letter from Governor Lynch re the cost of shipping gold and notes between Alaska and San Francisco was read and referred back to the San Francisco bank with the suggestion that the matter is a business question, to be determined locally according as the gold to be had is or is not thought to be worth the cost of shipment.

A letter from Federal Reserve Agent Jay  
re the conditions of establishing a branch at  
Buffalo was read and referred to the New York Com-  
mittee for consideration and report.

Reports of Committees were read and acted  
upon as follows:

Atlanta Committee:

Dated June 18th, recommending agencies at Chattanooga  
and Savannah, read and laid on the  
table.

Dated June 19th, presenting comparison of the Cincinnati  
and proposed Birmingham - Jacksonville  
by-laws; ordered circulated.

No. 1.

Dated June 20th, recommending approval of the appointment  
of George A. Acken of the Federal Re-  
serve Bank of New York at \$2,500 per  
annum effective on assuming duty; ap-  
proved.

Dated June 5th, recommending the appointment of a mes-  
senger in the Division of Statistics at  
\$50 per month, effective on assuming  
duty; approved.

Dated June 19th, recommending approval of a stenographer  
for the Comptroller on temporary ap-  
pointment for two months at \$1,200 per  
annum, in place of Mrs. Helen P. Wedder-  
burn; approved.

Dated June 19th, recommending that the Comptroller be  
authorized to purchase at the expense  
of the Board a macerator to cost \$3,500;  
approved.

Dated June 20th, recommending increases at the Federal Reserve Bank of Atlanta as set forth in the report; approved.

A letter from the Comptroller of the Currency notifying the Board of the appointment of Miss N. B. Gordon as clerk counter at \$900 per annum; noted.

Salary changes at the New Orleans branch were approved, as set forth in a memorandum filed with the Board by Governor Harding as of this date.

Dated June 20th, recommending approval of certain employees of the Division of Foreign Exchange (Research Section) at salaries and dates of appointment as set forth in the report referred to; approved.

No. 2.

Dated June 20th, recommending admission of state institutions upon terms named by the Committee in each case as follows:

American Bank, Union Springs, Alabama; 35 shares in the Federal Reserve Bank of Atlanta.

Liberty Bank & Trust Co., New Orleans, La.; 126 shares in the Federal Reserve Bank of Atlanta.

Union Savings Bank, Manchester, Mich.; 45 shares in the Federal Reserve Bank of Chicago.

Chappell State Bank, Chappell, Neb.; 30 shares in the Federal Reserve Bank of Kansas City.

No. 3.

Dated June 17th, recommending changes in stock at Federal Reserve Banks as follows:

Applications for original stock:

<u>District No.</u>		<u>Shares.</u>
<u>8</u>		
First National Bank,	Heber Spring, Ark.	17
<u>11</u>		
First National Bank,	McAllen, Texas.	33

Boston Committee:

Dated June 12th, recommending appointment of Jesse H. Metcalf, Providence, R.O., as Class C director at the Federal Reserve Bank of Boston for the term ending December 31, 1919.

A supplementary report on the discounting of cold storage paper dated June 14th, was presented and on motion laid on the table.

## No. 4.

Dated June 17th, recommending the creation of a new division to be called the Division of Research, Analysis, and Publication; presented and referred to the Executive Committee for report as to methods of making it effective.

On motion it was voted that the question of sums to be charged off by the Federal Reserve Bank of Philadelphia as of June 30, 1918, be referred to the Committee on the Philadelphia bank for report.

Mr. Williams offered the following statement which, on motion was inserted in the minutes:

"Governor Harding stated that the Comptroller of the Currency's statement in his circular of June 5, 1918, which represented that two of the members of the Board

(who with the Secretary of the Treasury and the Comptroller of the Currency constitute a majority of the members) individually approved -

"The plan for the guarantee of national bank deposits for \$5,000 or less, upon which interest not exceeding 3 per cent is to be paid, and making it discretionary with the national banks as to whether or not they shall take advantage of its provisions" - was entirely correct so far as it applied to him as one of the two appointed members favoring the plan.

"Mr. Hamlin said the Comptroller of the Currency was entirely correct in his statement representing him as having also expressed his approval of the plan mentioned."

Mr. Hamlin offered the following resolution, which was referred to the Executive Committee for report:

Resolved:

That while each member of the Board must determine for himself the propriety or necessity of expressing his individual opinion on any question, it is the sense of the Board that in the future, to avoid embarrassment, members should not quote publicly the opinions of other members on matters which have not formally been passed upon by the Board.

The following letter from the Secretary of the Board was presented:

June 17, 1918.

"Hon. W.P.G. Harding,  
Governor, Federal Reserve Board,  
Washington, D.C.

Dear Governor Harding:

"Please receive this letter as a resignation of my office as Secretary of the Federal Reserve Board. The matter has been so fully considered with you that I need say nothing further except to convey my best respects to you and your colleagues and to assure you of my strong and permanent interest in the Federal Reserve System, as well as of my desire to contribute whenever and whatever I can to its success.

If it suits your convenience I should be glad to be relieved of duty on July 1st, or as soon thereafter as conditions will permit.

With assurances of my very genuine personal regard, believe me,

Sincerely yours,

(Signed) H. Parker Willis.

On motion it was voted that the Secretary of the Board be requested to reconsider his resignation.

On motion the following resolution levying an assessment for the support of the Board during the coming half year, was adopted:

WHEREAS, under Section 10 of the Act approved Dec. 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semiannually upon the Federal Reserve banks in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts, and employes for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year; and

WHEREAS, it appears from estimates submitted and considered that it is necessary that a fund equal to one hundred and twenty-five thousandths (.00125) of one per cent of the capital stock of the Federal Reserve banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal Reserve notes;

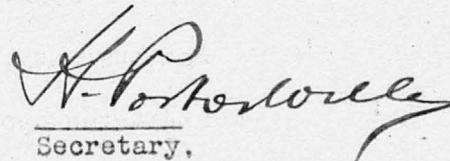
NOW, THEREFORE, BE IT RESOLVED, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal Reserve banks of an amount equal to one hundred and twenty five thousandths of one per cent (.00125) of the total capital stock and surplus of such banks, and the fiscal agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board, a receipt for payment made. Such assessment,

will be collected in two instalments of one-half each; the first instalment to be paid on July 1, 1918, and the second half on September 1, 1918.

General discussion of the question of guaranty of bank deposits ensued.

On motion of Mr. Hamlin the Board at 1:20 P.M. adjourned to 10:30 A.M. on Saturday, June 22d, the meeting to be at that time devoted to a further discussion of guaranty deposits.

APPROVED:

  
Secretary.

                      
Chairman.