

At an adjourned meeting of the Federal Reserve Board held in the office of the Board on Tuesday, June 27, 1918, at 2:30 P.M.,

PRESENT:

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

The minutes of the meeting of the Board held on June 25th were read and on motion approved.

The minutes of the meetings of the Gold Export Committee held on June 26th and 27th were presented and approved and the action therein set forth ratified.

It was ordered that no "charge offs" be made by any Federal Reserve bank until the close of the year. The same order was made in the case of Philadelphia.

Dividends at Federal Reserve banks were approved as follows:

San Francisco,	6% to June 30, 1918.
Kansas City,	6% to June 30, 1918.
Atlanta,	6% to June 30, 1918.

On motion Mr. Delano was named as member of the Executive Committee to act in place of Mr. Miller to July 1st, and as regular member of the Executive Committee from the beginning of the New Quarter, July 1st, until the time of his departure from the Board.

Proposed salary increases at Federal Reserve Banks, (Boston, Philadelphia and Dallas), were considered and referred to Executive Committee with power to act.

The resolutions re guaranty of deposits adopted at the Board meeting of June 25th, were re-read and Mr. Delano, who had been permitted at the time to record his vote on the subject, asked to be recorded in favor of the resolution; which action was accordingly ordered entered.

The Secretary notified the Office of the Comptroller of the Currency that the matter was under discussion.

Governor Harding read a letter from the Robertson Banking Company inquiring about the Board's position re guaranty of bank deposits and also a proposed statement of his own as follows:

"In casting his vote in favor of this resolution Governor Harding stated that while he had always been opposed to a Government guaranty of deposits made applicable by compulsion to all national banks and had so expressed himself, he had had, prior to June 5, several brief and informal conversations with the Comptroller of the Currency regarding certain features of a guaranty system, including a voluntary plan, which warranted the Comptroller in including him in the "majority of the board" to which reference was made in the circular letter of that date issued by the Comptroller, but after a careful and deliberate consideration of the whole proposal he had reached a definite conclusion as expressed in the foregoing resolutions".

suggesting that both be published in the forthcoming issue of the Federal Reserve Bulletin. Discussion ensued.

On motion it was voted to publish without further comment in the forthcoming Bulletin the resolutions re guaranty of deposits followed by the statement proposed by Governor Harding.

On this motion the vote was unanimous.

Mr. Hamlin moved that if the resolutions be published the Comptroller be assigned space in the Bulletin to express his views on the question of guaranty of deposits.

Mr. Miller moved to amend the motion by providing that the Comptroller be given opportunity to submit a statement which, if approved for publication by the Board, shall be published in the Bulletin.

Mr. Warburg moved as an amendment to the amendment that if any member wishes to submit a statement for publication he may do so subject to the approval of the Board.

The amendment as amended by Mr. Warburg having been accepted by Mr. Miller, prevailed, the vote standing as follows:

Affirmative:

Mr. Harding,

Mr. Warburg,

Mr. Miller,

Mr. Delano.

Negative:

Mr. Hamlin,

The original motion, as amended, being then put before the Board was adopted, the vote standing as follows:

Affirmative:

Mr. Harding,

Mr. Warburg,

Mr. Delano,

Mr. Miller.

Negative:

Mr. Hamlin,

The Secretary of the Board presented the following letter:

June 27, 1918.

Dear Governor Harding:

The events of the past day or two in connection with the work of the Board have been of such a nature that I think I ought to revoke my resignation as Secretary of the Board, provided such be the Board's pleasure. I should regret exceedingly to be responsible for even temporary inconvenience or embarrassment in connection with the work. I therefore propose to take the action indicated, with the understanding that I may resubmit the resignation as soon as the emergency in the Board's work shall have passed.

Very truly yours,  
(Signed) H.P. Willis.

Hon. W.P.G. Harding,  
Governor, Federal Reserve Board.

On motion the letter was received and the revocation of the resignation approved.

Governor Harding stated, in view of the almost immediate departure of Mr. Miller, that the banks of Little Rock, Arkansas, had asked for the establishment of a branch at that point. Mr. Miller expressed himself informally as opposed to further branches of this kind.

Mr. Delano submitted a memorandum regarding the treatment of clearing members at points such as Chattanooga and others which was read and received.

Mr. Delano reported informally the results of a hearing he had held at Kansas City re an Oklahoma branch and read part of a memorandum on the subject.

On motion, it was voted in accord with Mr. Delano's recommendation to decline the application of Tulsa, Oklahoma, and Oklahoma City, Oklahoma, to be reopened later if need be. A copy of the report and notice of action taken was ordered sent to Senator R. L. Owen.

A memorandum of Counsel re surrender of stock in the Kansas City bank and the claims of member banks surrendering such stock was read and on motion the memorandum was referred to Committee No. 3.

Upon motion it was voted to make the hours of the Board's Staff 9 A.M., to 5:30 P.M. with 30 minutes lunch hour, provided the "Borland Amendment" now pending should pass.

A letter from the Department of Justice re elimination of fees to contract brokers was read and the form of covenant suggested by it ordered incorporated into the Board's contracts in future.

A letter from Assistant Secretary Leffingwell re coinage of a  $2\frac{1}{2}$  cent piece was read and the Secretary directed to say the Board has no recommendation in the matter.

A letter from the Comptroller of the Currency to Federal Reserve Agent Rich re the status of banks in Montana, was read and ordered filed.

A letter from Assistant Federal Reserve Agent Elliott of San Francisco re gold production was read and ordered returned to Mr. A. C. Miller to whom it was addressed.

A letter from Governor Seay suggesting that the Conference of Governors discuss the question of the volume of loans of members to non-members was read and the topic approved for presentation to the coming conference with the Governors.

A letter from the Lincoln County Bank of Merrill, Wis., re boundaries of the Minneapolis and Chicago districts was read and the Secretary ordered to reply.

A letter from the American Bankers Association inviting the Board to attend the next meeting of the Association was read and referred to the Secretary for reply.

A letter from Federal Reserve Agent Martin re the desire of the St. Louis Federal Reserve Bank for the establishment of a branch at Little Rock was read and referred to the Executive Committee.

A letter from the Georgia National Bank re the amendment of Section 5200 R.S. was read and referred to Counsel for report.

A letter from Governor Strong re the division of post-war gold export obligations among Federal Reserve Banks was read and the question ordered discussed at the coming conference with Governors July 1st.

A letter from E. T. Gallien transmitting resolutions re service of Mr. P. M. Warburg on the Board was read and ordered filed.

A letter from Deputy Governor Case of the Federal Reserve Bank of New York accepting the new plan

of rupee exchange was read and ordered filed.

The following telegrams relative to re-discounts on June 26th were read and the action approved:

June 26, 1918.

Seay,  
Richmond.

Have requested the following four banks to rediscount for you the fifteen millions with your bank's endorsement. Cleveland three hundred thousand of trade acceptances, one million five hundred thousand of bankers acceptances and four million two hundred thousand of bills receivable stop Chicago three hundred thousand trade acceptances, one million of bankers acceptances and two million seven hundred thousand of bills receivable stop Boston one hundred thousand of trade acceptances, seven hundred thousand of bankers acceptances and one million seven hundred thousand of bills receivable stop Philadelphia one hundred thousand of trade acceptances, six hundred thousand of bankers acceptances and one million eight hundred thousand of bills receivable stop Rates as follows: Bankers acceptances four and one half percent, trade acceptances four and three quarters percent and bills receivable four and three quarters percent. Banks have been requested to arrange details with you direct.

HARDING.

McDougal,  
Chicago.

Board desires you to rediscount for Federal Reserve Bank Richmond with its endorsement three hundred thousand dollars trade acceptances, rate four and three quarters percent; one million dollars of bankers acceptances, rate four and one half percent, and two million seven hundred thousand dollars bills receivable in amounts of five thousand dollars and over, rate four and three quarters percent, all paper maturing within thirty to ninety days. Please arrange details with Richmond direct.

HARDING.

Morss,  
Boston.

Board desires you to rediscount for Federal Reserve Bank of Richmond with its endorsement one hundred thousand dollars of trade acceptances rate four and three quarters per cent; seven hundred thousand dollars of bankers acceptances rate four and one-half percent, and one million seven hundred thousand dollars of bills receivable rate four and three quarters percent, bills receivable in amounts of five thousand dollars and over, all paper maturing within thirty to ninety days stop Please arrange details with Richmond direct.

HARDING.

Fancher,  
Cleveland.

Board desires you to rediscount for Federal Reserve Bank of Richmond with its endorsement three hundred thousand dollars of trade acceptances, rate four and three-quarters percent, one million five hundred thousand dollars of bankers acceptances rate four and one-half percent, and four million two hundred thousand dollars of bills receivable in amounts of five thousand dollars and over, rate four and three-quarters percent, all paper maturing within thirty to ninety days. Stop Please arrange details with Richmond direct.

HARDING.

Passmore,  
Philadelphia.

Board desires you to rediscount for Federal Reserve Bank of Richmond with its endorsement one hundred thousand dollars of trade acceptances rate four and three quarters percent, six hundred thousand dollars of bankers acceptances rate four and one half percent and one million eight hundred thousand dollars of bills receivable rate four and three quarters percent, all bills receivable in amounts of five thousand dollars and over and maturing within thirty to ninety days stop Please arrange details with Richmond direct.

HARDING.

A telegram from Federal Reserve Agent Perrin re

making Federal Reserve notes and Federal Reserve bank notes interchangeable was read and referred to Governor Harding for discussion with the Treasury authorities.

A letter from Assistant Federal Reserve Agent Elliott re the scantiness of the supply of Federal Reserve notes at San Francisco was read and on motion referred to Governor Harding for consideration with Assistant Secretary Moyle.

A memorandum of Counsel re aid extended by member banks to non-member banks was read and on motion ordered discussed at the forthcoming Governors Conference.

On motion it was voted that until further order the Executive Committee be authorized to act for and in the name of the Board in the absence of a quorum.

A special meeting of the Committee was set for Saturday morning, June 29th, at 11 A.M.

The Secretary was directed to write Federal Reserve Agent Martin re certain differences between the by laws in use at Louisville and those proposed for the Memphis Branch.

Reports of Committees were presented and approved as follows:

## No. 1

Dated June 26th, recommending approval for Division of Foreign Exchange of

Miss M. B. Wells,	at \$1,200,	effective July 1st.
Miss M. M. Vail,	at 1,200,	" June 29th.
Mrs. Byrd Cary,	at 1,000,	" July 1st.
Miss M. T. Howell	at 1,200,	" July 1st.
Miss A. L. Seward	at 3,000,	" July 1st.

Dated June 27th, recommending appointment of J. H. Blocker (Dallas) at \$250 per month for July and August.

Dated June 26th, recommending approval of the salary of Examiner R. N. Aycock at \$3,000 per annum effective on assuming duty and Miss F. P. Meade at \$960 per annum effective July 1st, in place of Mrs. E. R. Potter.

Dated June 27th, recommending appointment of William Hale (Board's Staff) at 1,800 per annum, effective July 8th.

Dated June 20th, recommending a new plan for reserve bank examinations; approved and ordered transmitted to Mr. Broderick.

## No. 2

Dated June 27th, recommending admission of state institutions upon terms named by the Committee in each case as follows:

Dime Savings Bank Co., Canton, Ohio; 192 shares in the Federal Reserve Bank of Cleveland.

Wachovia Bank & Trust Co., Winston-Salem, N.C.; 1200 shares in the Federal Reserve Bank of Atlanta.

Bank of Suffolk County, Stony Brook, N.Y.;  
24 shares in the Federal Reserve Bank of New York.

Denton State Bank, Denton, Montana;  
18 shares in the Federal Reserve Bank of Minneapolis.

Lodi Trust Company, Lodi, N. J.; 84 shares in  
the Federal Reserve Bank of New York.

Bank of Green, Green, Kansas; 34 shares in the  
Federal Reserve Bank of Kansas City.

Commercial Exchange Bank, New York; 540 shares  
in the Federal Reserve Bank of New York.

Citizens Bank, Metter, Ga.; 18 shares in the  
Federal Reserve Bank of Atlanta.

Peoples Savings & Trust Co., Akron, Ohio; 180  
shares in the Federal Reserve Bank of Cleveland.

Liberty Bank of Baltimore Co., Gwynn Oak Jct.,  
Md.; 18 shares in the Federal Reserve Bank of Richmond.

Commercial Trust & Savings Bank, New Orleans;  
1,230 shares in the Federal Reserve Bank of Atlanta.

Empire Bank & Trust Co., Lewistown, Mont.; 61  
shares in the Federal Reserve Bank of Minneapolis.

First State Bank, Wylie, Texas; 26 shares in the  
Federal Reserve Bank of Dallas.

Dated June 26th, recommending the grant of acceptances  
powers to 100% to the Hibernia Bank  
& Trust Co., of New Orleans.

No. 3. Dated June 24th, recommending the grant of acceptances  
powers to

Dated June 24th, recommending action on application for  
fiduciary powers as follows:

Trustee, Executor, Administrator and Registrar:

First National Bank, Barron, Wis., Approved.  
First National Bank, Murphysboro, Ill., Approved.  
Federal National Bank, Norfolk, Va., Suspended.

On motion, at 5:10 P.M., the Board adjourned.

APPROVED:

Chairman.

*H. P. Wille*  
Secretary,