

At a regular meeting of the Federal Reserve Board held in the office of the Board on August 1, 1918, at 11:15 A.M.,

PRESENT: Mr. Harding, presiding
Mr. Warburg
Mr. Hamlin
Mr. Williams
Mr. Willis, Secretary.

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

The minutes of the meetings of the Executive Committee held on July 26th, 27th, 29th, 30th (morning) and 30th (afternoon) were read and approved and the action therein set forth ratified.

The minutes of the meeting of the Gold Export Committee held on July 26th-August 1st, inclusive, were presented and approved, and the action therein set forth ratified.

The draft of a letter for transmission to Federal Reserve agents enclosing a letter to be sent to clearing house managers was read and approved for transmission.

Discount rate sheets from Federal Reserve Banks (no changes) were presented and ordered filed.

A memorandum from the Federal Reserve Bank of Chicago, showing expense of the private wire service was presented and noted.

A letter from the Federal Reserve Bank of New York re borrowers' statements read and noted.

A letter from Musher & Company, dated July 31st, re

-2-

banking conditions and the loans of the concern in question read and voted in accord with Governor Harding's previous letter to make no reply. Mr. Kent, who was present by invitation, made the following statement:

"In a report on the lira situation made by the Equitable Trust Company, they showed three sales of 50,000 lire each to Nathan Musher for future delivery against margin, the rate being 8.80, on the day of sale, July 10, 1918.

"In Mr. LeBlanc's letter (Vice President, Equitable Trust Company) he stated that he understood Mr. Musher had confidential information from Washington that the lira rate was going to go up. Mr. Musher purchased 5,000,000 lire Italian Government bonds from the Bank of Naples, presumably to take advantage of this information. He also sent several cablegrams, copies of which are on file, which show that he is again speculating in Spanish exchange."

Mr. Warburg announced that the Gold Export Committee was considering the discontinuance of granting export licenses for silver if such silver had been bought at over \$1 per ounce.

Governor Harding presented for filing an opinion of Counsel re the application of the Act of July 3, 1918, to the salaries of the Board's staff.

A letter from H. H. Franklin re curtailment of unessential credits read and ordered filed.

A letter from Governor McDougal saying that the Chicago Board of Directors had concurred in the plan of advancing rates $\frac{1}{2}$ of 1% on long paper discounted for 15 days or less under repurchase agreement. Read and noted.

-3-

Letters from Governor Passmore re curtailment of credits, making of statements, and rate on repurchased paper, read and noted.

A letter from Mr. Moorhead Wright of Little Rock, re the proposed branch at that point, read and agreed that the Executive Committee draft a resolution stating the Board's policy as to branches, the Governor to reply to Mr. Wright meanwhile.

A letter from Governor Wold re sales of Treasury certificates below par read and noted.

Mr. Hamlin submitted a letter from Franklin Bruce of the National School Supply Co. re the practice of requiring a certified check with bids for school supplies. The letter was discussed and Governor Harding made a general statement on the subject.

Reports of Committees were presented and approved as follows:

No. 1: (Executive)

Dated July 31st, recommending the following changes in the Board's staff:

Appointments and salaries, Division of Foreign Exchange, as set forth.

C. S. Bradley, salary \$2,400, effective August 1st.

Mrs. J. A. Hutton, temporary appointment at present salary.

-4-

Dated July 31st, recommending the following changes in the staffs and salaries at Federal Reserve Banks:

Bonus system and salary adjustments at Dallas as set forth in detail.

Dated August 1st, salaries at the Federal Reserve Bank of Chicago as set forth in letter of W.F. McLallen, dated July 30th.

Salary of \$2,100 per annum, effective August 1st for George N. Martin, Assistant Federal Reserve Agent at Jacksonville.

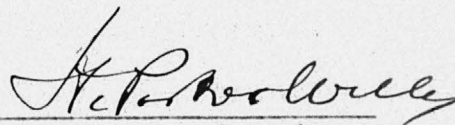
No. 2

Dated July 31st, recommending that power to accept up to 100% of capital and surplus be granted to the following institutions:

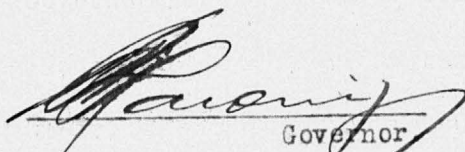
Baltimore Trust Company, Baltimore, Md.
Guaranty Trust Company, New York, N.Y.

The question of conditions governing the rise of Federal Reserve Exchange drafts was laid on the table.

At 12 noon, the meeting adjourned.


Secretary.

Approved:


Governor