

At a regular meeting of the Federal Reserve Board held in the office of the Board on August 6, 1918, at 3 P.M.,

PRESENT: Mr. Harding, presiding
Mr. Warburg
Mr. Hamlin
Mr. Miller
Mr. Broderick, Acting Secretary.

The minutes of the meeting of the Board held on August 1st were read and on motion approved as amended.

The minutes of the meeting of the Executive Committee held on August 5th were read and approved and the action therein set forth ratified.

The minutes of the meetings of the Gold Export Committee held on August 2d, 3d, 5th and 6th were presented and approved, and the action therein set forth ratified.

Mr. Warburg stated that an agreement had been reached with the War Trade Board and the War Industries Board, with the consent of the Department of State, to discontinue granting of licenses for the exportation of gold to be used in the payment of Mexican duties on miscellaneous exports.

Governor Harding presented letter from the Acting Secretary of the Treasury transmitting correspondence between the Treasury Department, the State Department and the Bolivian Minister in re proposed plan for the stabilization of exchange rates between the United States and Bolivia, together with an acceptance from the Bolivian Minister. The plan was approved and the Federal Reserve Bank of New York

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authorized to open an account in accordance with the terms stated. Acting Secretary instructed to forward copy of the plan and correspondence in connection therewith to the Federal Reserve Bank of New York for its information and guidance.

It was voted that Mr. Jesse H. Metcalf be appointed Class C director of the Federal Reserve Bank of Boston for a term to expire December 31, 1919, to fill vacancy caused by the resignation of Hon. Andrew J. Peters.

Governor Harding presented telegram received by him from the Secretary of the Indiana Bankers' Association, requesting that the Board be represented at the meeting of the Association to be held at Indianapolis, September 18th, and stated that officers of the Federal Reserve Banks of Cleveland and Chicago had expressed opinion that it was desirable to have a member of the Board attend the meetings of the Ohio, Indiana and Illinois Bankers' Associations. Voted that the Governor or some other member of the Board be authorized to attend such meeting at the expense of the Board. Referred to Governor for reply.

The following matters were presented and action taken thereon:

Letter from Rocky Mountain Auto Trade Association, dated August 2d, in re automobile business on cash basis.

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Referred to Governor for reply.

Letter from Federal Reserve Agent, New York, dated August 2d, in re rate of discount on long term paper mentioned in Board's letter of July 22d. Referred to Executive Committee with power. Correspondence to be circulated.

Letter from Federal Reserve Agent, New York, dated August 1st, advising that Peoples Trust Company of Brooklyn had acquired the business of the Bank of Flatbush, also of Brooklyn, by purchasing its assets and assuming its liabilities. Letter further stated that Superintendent of Banks had authorized the Peoples Trust Company to establish branch office at the office formerly used by the Bank of Flatbush. Approved.

Letter from Federal Reserve Bank of New York, dated August 1st, enclosing application of Guaranty Trust Company of New York for permission to accept drafts of the Anglo South American Bank, Ltd., Buenos Aires, to run not longer than ninety days and drawn upon them for the purpose of furnishing dollar exchange. Approved.

Letter from Federal Reserve Agent, Cleveland, dated August 1st, suggesting changes in revenue law with respect to collection of items received from the Collector of Internal Revenue. Referred to Governor for consultation

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with Assistant Secretary Leffingwell, with recommendation that endeavor be made to secure amendment to law as suggested.

Letter from W. L. Cleveland & Company, Los Angeles, California, dated July 29th, in re banks discouraging purchases of traction engines. Referred to Mr. Miller.

Letter from Secretary of State, dated August 1st, transmitting copy of communication from Ambassador Fletcher relating to decree of the Mexican Government in re silver exports. Referred to Gold Export Committee.

Letter from First National Bank of Boston, dated August 2d, transmitting communication from Crimmins & Peirce, protesting the exclusion of that firm from group formed by the Quartermaster General's Department for purchase of wool in the Argentine and requesting that matter be reopened with view to securing admission of Crimmins & Peirce to group selected. Governor Harding stated that he had taken up the matter with the Chairman of the War Industries Board and submitted a copy of his reply. Reopening of question approved and Governor instructed to take necessary action.

Memorandum by Mr. Warburg, dated August 2d, recommending changes in method of stating reserve, together with draft of confidential letter in connection therewith to be sent to all Federal Reserve Banks. Referred to Executive Committee with power.

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Letter, dated August 3d, received from the Director of the Division of Foreign Exchange in re foreign exchange transactions of Musher & Company. Ordered filed.

Memorandum from Mr. Jacobson, dated August 3d, in re method of reporting investments by Federal Reserve Banks in banking premises and real estate. Action ordered deferred until January 1, 1919.

Letter from Comptroller of the Currency, dated August 2d, advising changes in national bank examining force during the month of July, 1918. Read and ordered filed.

Letter, dated July 8th, from James L. Wilmeth, Director of the Bureau of Engraving and Printing, in re estimate of number of sheets probably required during fiscal year 1920 for printing of Federal Reserve notes and Federal Reserve currency, together with memorandum in connection therewith prepared by Assistant Secretary Adelson. Ordered circulated before replying in line with such memorandum.

Acting Secretary submitted report of examination of Federal Reserve Bank of New York as of close of business June 1, 1918. Referred to Mr. Warburg as Chairman of the New York Committee.

Telegram from the Secretary of the Federal Reserve Bank of Chicago, advising of the death of Mr. M. B. Hutchison, Class B Director of the Chicago Bank. Referred to Governor

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for suitable response on behalf of the Board.

Letter from Counsel, dated August 6th, in re inquiry from Murchison National Bank, Wilmington, N. C., in connection with rediscount of notes of non-member banks by member banks. Referred to Governor for reply.

Letter, dated August 1st, from Federal Reserve Agent, St. Louis, advising of the election as directors of the Memphis Branch of the Federal Reserve Bank of St. Louis of the following gentlemen:

R. Brinkley Snowden,
Vice-President, Bank of Commerce & Trust Co.,
Memphis.

John D. McDowell,
Vice-President, Union & Planters Bank & Trust Co.,
Memphis.

John J. Heflin,
Assistant Bank Commissioner of the State of
Tennessee; resident of Nashville,

and the appointment of the last named gentleman as manager of said branch at a salary of \$5,000 per annum. Letter referred to also transmitted forms of by-laws adopted for the Memphis and Louisville Branches of the Federal Reserve Bank of St. Louis. Voted to approve election of directors as above and appointment of Mr. Heflin as Manager at salary stated. Voted also to approve forms of by-laws submitted. The following were elected Government directors of the Memphis Branch:

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S. E. Ragland,
President, Central State National Bank,
Memphis.

T. K. Riddick,
A Lawyer and Director of the First National
Bank, Memphis.

Memorandum from Mr. Jacobson, dated August 6th, in re quarters in the Southern Building for use of Division of Reports and Statistics. Approved and referred to Governor and Acting Secretary for execution of proper documents.

W. T. Chapman was detailed temporarily, effective August 6th, from the office of the Vice Governor to the office of the Acting Secretary.

Mr. Miller stated that he had discussed with the officers of the Federal Reserve Bank of San Francisco the appointment of Mr. S. G. Sargent as Examiner for the Federal Reserve Board, and suggested that Mr. Sargent be taken over by the Board and the bank permitted to use his services at such times as he was not engaged on work for the Board. Referred to Acting Secretary for preparation of memorandum.

Mr. Miller made a statement with reference to the employment of Mr. George Smithson.

Other minutes were presented and disposed of as follows:

Reports of Committees:

No. 1

Dated August 6th, recommending following changes in Board's staff.

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Joseph Vermælen, salary \$685 per annum for period August 6th to August 15th, inclusive; \$480 per annum thereafter.
Approved.

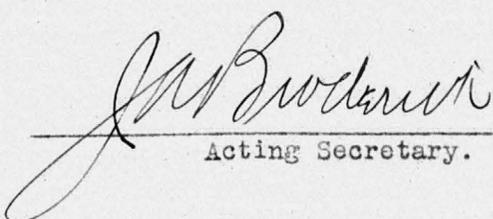
No. 2

Dated August 6th, recommending admission of State institutions as set forth in the auxiliary minute book as of this date, subject to the conditions stated in the individual reports attached to each application.

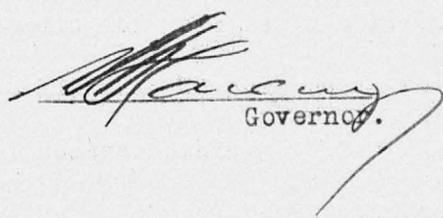
No. 3

Dated July 31st, recommending action upon applications for fiduciary powers as stated in the auxiliary minute book as of this date. (None had for entry).

At 5:40 P.M., the meeting adjourned.


Acting Secretary.

Approved:


Governor.