

At a regular meeting of the Federal Reserve Board held in the office of the Board on Friday, August 9, 1918, at 3:30 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 8th were read and on motion approved.

The minutes of the Gold Export Committee held on August 9th were presented and approved, and action therein set forth ratified.

Morning business was presented and disposed of as follows:

The Governor stated that he was in receipt of a telegram from Dr. P. H. Saunders accepting appointment as a director of the New Orleans Branch.

Report dated August 7th, with respect to discount rates at New York. No change recommended.

Letter from Senator E.S. Johnston, dated August 8, 1918, enclosing communication from Mr. C.L. Millett, President of the Stockgrowers Bank, Ft. Pierre, S.D. in re treasury certificates purchased by banks in agricultural and stock raising sections; also in re discount rates of the Federal Reserve Banks. Referred to the Governor.

Letter, dated August 7th, from Deputy Governor of the

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Federal Reserve Bank of Chicago, in re effect of change of interest rate on transfer drafts. Acting Secretary instructed to send copy of the letter to the Federal Reserve Banks for their information.

Letter dated August 7th, from Lieut. Colonel C.W.Weeks, General Staff, U.S.Army, Officer in Charge of Historical Branch (War Department) requesting that an official of the Federal Reserve Board be designated to cooperate with the Branch in studying the history of the participation of the United States in the present war. Acting Secretary instructed to advise Lieut. Colonel Weeks that Dr. H. Parker Willis had been designated to represent the Board.

Letter dated August 7th, from the Governor of the Federal Reserve Bank of Cleveland, enclosing copy of communication from the Fifth-Third National Bank of Cincinnati in re reasonable demand for \$1 and \$2 bills and the necessity for the issue of Federal Reserve Bank notes of small denominations to replace silver certificates now being withdrawn from circulation. Read and instructions given to furnish the Federal Reserve Bank of Cleveland with the latest information that we may have as to the issuance of Federal Reserve Bank notes.

Opinion of Counsel, dated August 7th, in re application of Section 5200, Revised Statutes, to notes which have

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been rediscounted by a National bank and which are no longer owned or held by such bank. Referred to Committee on Law.

Correspondence and data submitted by the Director of the Division of Foreign Exchange, and a letter and memorandum from the Deputy Comptroller of the Currency in re foreign exchange and other transactions of N. Musher & Co. Read and ordered filed.

The Acting Secretary was instructed to sign telephone contract submitted by the Division of Foreign Exchange, New York.

Upon recommendation of Mr. Miller, the Acting Secretary was authorized to tender to Mr. Sargent, Examiner now in employ of the Federal Reserve Bank of San Francisco, the position of Federal Reserve Examiner, District No. 12, at a salary of \$5,000 per annum.

REPORT OF COMMITTEE NO.1: (Executive)

Dated August 9th, telegram received from Federal Reserve Agent, Chicago, stating that he was about to appoint Mr. John Ballantyne of the Detroit Branch, alternate or substitute for Mr. Baskin, Assistant Federal Reserve Agent at that City. Acting Secretary instructed to advise Federal Reserve Agent, Chicago, that the Board approves the appointment of Mr. Ballantyne as Acting Assistant Federal Reserve Agent with the understanding that he is to serve in absence of Mr. Baskin.

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Upon recommendation of Governor Harding, dated August 9th, the following appointments in the Division of Foreign Exchange, New York, were approved by the Board:

<u>Name</u>	<u>Position</u>	<u>Salary</u>	<u>Date Effective</u>
Miss Delia Larison	Filing and Switchboard.....	\$900	Aug. 12, 1918
Miss Louise Earl,	Filing Dept.....	720	Aug. 13, 1918
Miss Henrietta Howell,	Typist and Filing Dept....	1,000	Aug. 15, 1918
Miss Janet Lane,	Filing Dept....	900	Aug. 26, 1918

Resignation, dated August 9, 1918, of Carlisle Johnson, Messenger, tendered and accepted, effective after he has received the leave of absence to which he may be entitled.

Dated August 9th, recommendation of Mr. Warburg and Mr. Hamlin, of 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.

Dated August 9th, application from the First National Bank, Navasota, Texas, for permission to accept drafts and bills of exchange drawn upon it up to 100% of its capital and surplus under the provisions of Section 13 of the Federal Reserve Bank, accompanied by the favorable recommendation of the Federal Reserve Bank of Dallas. Approved.

Recommendation that Mr. James M. Prendergast be permitted under the Clayton Act to serve simultaneously as a Director of the Second National Bank of Boston and the New England Trust Company of Boston, as requested in letter of August 6th from Federal Reserve Agent at Boston. Granted. Acting

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Secretary directed to note that when the letter was discussed at the meeting of August 8th, Mr. Williams had expressed his disapproval.

The Governor stated that the term for which he had been designated to serve as Governor of the Federal Reserve Board expired August 9, 1918, but that in accordance with his letter of designation, he would continue to act in that capacity until his successor was appointed. He expressed to the members of the Board his appreciation of the unfailing courtesy extended to him and the effective support which he had received during the last two years.

Upon motion of Mr. Hamlin, seconded by Mr. Miller, the Governor was requested to prepare an appropriate resolution, to be spread upon the minutes of this meeting, expressing the sentiment of the Board upon the retirement of Mr. Paul M. Warburg. The resolution is as follows:

"The Members of the Board, now that the term of their Colleague, Honorable Paul M. Warburg, is about to expire, desire to place upon record this evidence of their high appreciation of the important and valuable services which have been rendered by him in the development and administration of the Federal Reserve System. They wish to express also their sense of personal loss in being deprived of their daily association with him, and their feeling that his retirement from the Board is a serious loss to the public service.

"Mr. Warburg's thorough knowledge of national and international finance, his indefatigable and untiring industry, his masterly conception and firm grasp of the many important banking problems which

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have come before the Board, have placed its members under a lasting obligation to him.

"The important amendments to the Act relating to reserves which have enabled the system to meet so fully all the requirements which have been made upon it during the most critical period of the nation's financial history, and the extension of the use of bankers and trade acceptances are among the many important developments which have been due in a great degree to his foresight and untiring efforts.

"The Board has received from him also, especially since the entrance of our Country into the war, very valuable suggestions regarding the fiscal relations of the banks to the Government, foreign exchange, regulation of gold exports, control of capital issues, and restriction of non-essential credits.

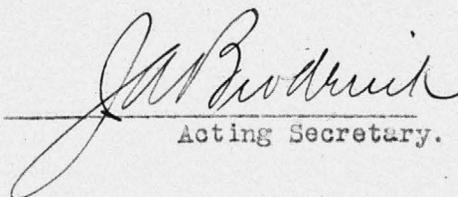
"His services can be appreciated best by those who have had the near view of colleagues. The sense of public duty, loyally and ably performed, is, after all the chief reward of official life, and whatever the future may have in store for Mr. Warburg, he can feel that he leaves office with the admiration, confidence and sincere esteem of his colleagues, and with the satisfaction of knowing that he has given valuable assistance to the Board in grasping and solving many of the momentous financial problems, both domestic and international, which have come before it."

Ordered that engrossed copy of resolution be presented to Mr. Warburg.

Mr. Warburg thanked the members of the Board for their consideration and expressed the great pleasure he had derived from his association with them during the past four years. He stated that, while he was retiring from active participation in the work of the Board, he would continue to give, as a private citizen, his active support to its work and policies and do all in his power to further the

interests of the System.

At 5:30 P.M., the meeting adjourned.


Acting Secretary.

Approved:


Governor.