

At a special meeting of the Federal Reserve Board, held in the office of the Board on September 6, 1918, at 3:10 P.M.,

PRESENT: Mr. Harding, presiding
Mr. Hamlin
Mr. Miller
Mr. Williams
Mr. Broderick, Secretary.

Business was presented and disposed of as follows:

The Governor called attention to the article appearing in the New York Times of September 6, 1918, to the effect that Frederic H. Curtiss, Chairman of the District Committee on Capital Issues of the Federal Reserve Bank of Boston, had sent out a letter to banks and trust companies, reading as follows:

"The Capital Issues Committee has stated that while 'borrowings' in the ordinary course of business are usually done for seasonable requirements, through bank loans, advances, or through the issue of short time notes, nevertheless, borrowing may be done in the same manner for capital purposes, and in such cases bank loans, advances, or short time notes come within its province.

"In cases where you are requested to make loans for capital purposes, we should be glad to have you ask your clients to communicate first with our committee.

"We trust we may have your cooperation in this important matter."

In the above mentioned article it was stated "It is presumed that District Committees of the other eleven Federal Reserve Districts have sent out similar letters." Mr. Hamlin stated that the action of the Boston Committee was not taken at the instance of the Capital Issues Committee, but mainly on the initiative of the Boston Committee.

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Letters, dated September 4, 1918, from Asia Banking Corporation, accepting requirements specified in Board's letters of August 31, 1918, with reference to rendering stock of the Banking Corporation eligible for purchase by national banks under Section 25 of the Federal Reserve Act. Approved. It was voted that advice be sent to the Comptroller of the Currency of this and any future agreements under which national banks may be authorized to acquire stock in banking corporations organized for foreign business.

Letter, dated August 31, 1918, from First National Bank of Portland, Oregon, making application for permission to purchase \$150,000 stock of Asia Banking Corporation at a price of \$187,500. Approved.

Reports on discount rates, received from Federal Reserve Banks of Boston, New York, Richmond, St. Louis, Kansas City, San Francisco, Philadelphia, Cleveland, Minneapolis and Dallas. No changes recommended. Noted.

Letter, dated September 6, 1918, from the Director of the Division of Foreign Exchange, transmitting for approval three contracts for telephone service for the Division of Foreign Exchange at New York, such contracts aggregating a charge of \$658. Approved, subject to review by Counsel.

Letter, dated September 5, 1918, from Mr. Percival

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S. Hill, President, The American Tobacco Company, enquiring:

"If we make an arrangement with the Bankers substantially similar with the arrangement made in November, 1917, that is, for the sale of 90 day acceptances secured by the deposit of leaf tobacco of an agreed standard minimum credit value and with a commitment on the part of the bankers to take renewals ... will such acceptances be declared eligible for rediscount by the Federal Reserve Banks?"

with opinion of Counsel of the Board, dated September 6th.

It was moved by Mr. Hamlin that such paper be declared eligible, provided the Comptroller of the Currency authorized such an acceptance credit. The motion was lost. Mr. Williams was not present when vote on above motion was taken.

It was voted that the Governor be directed to request the Chairman of the Advisory Council to list among the subjects for consideration at the meeting of the Council to be held September 16th, the topic "Supervision of Loans made by Banks for Capital Purposes," and that the Capital Issues Committee be invited to have representatives present at the discussion of this topic.

Letter dated September 3, 1918, from the Acting Quartermaster General, United States Army, in re meal tickets issued to drafted men, and opinion of Counsel, dated September 6th. Voted that Federal Reserve Banks be instructed to request member banks to receive such meal tickets for collection only, the tickets when so accepted to be forwarded

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through their several correspondents, for collection. Voted that form of ticket and ruling in connection therewith be published in the next issue of the Bulletin. Referred to Bulletin Committee and Secretary, with power.

Application of Earl D. Babst for permission to serve at the same time as a Director of the Mercantile Trust & Deposit Company and National City Bank, both of New York City. Approved.

Letter, dated September 3d, from Comptroller of the Currency, recommending for approval increase in salary of Examiner Hubert F. Thomas from \$3,500 to \$3,600 per annum, effective September 1st. Approved.

REPORTS OF COMMITTEE NO. 1:

Changes in Staff:

Dated September 5th, recommending the appointment of Miss Grace Heneke, as Clerk in the Division of Foreign Exchange, at \$840 per annum, effective September 15th, to fill vacancy caused by the resignation of Miss Helen M. Crookston. Approved.

Dated September 6th, recommending the appointment of Miss Norma Holt as stenographer and typewriter in the office of Mr. Hamlin, effective Sept. 9, 1918, such appointment to be probationary at \$1,200 per annum until October 1st, on which date, if services are satisfactory, salary to be increased to \$1,320 per annum. Approved.

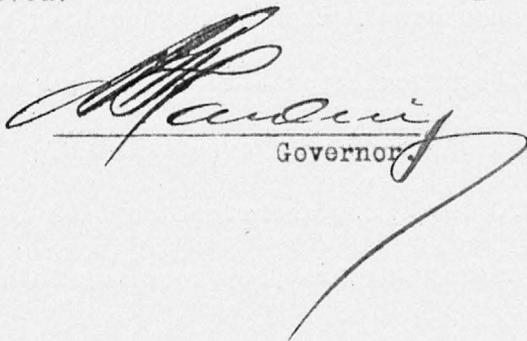
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Dated September 5th, (2 reports) recommending admission of State institutions as set forth in the auxiliary minute book as of this date, subject to the conditions stated in the individual reports attached to each application

At 4:15 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.