

At a regular meeting of the Federal Reserve Board, held in the office of the Board on September 10, 1918, at 11 A.M.,

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

The minutes of the meetings of the Board held on September 3d, 4th and 5th were read, and, on motion, approved as amended.

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

The minutes of the meetings of the Gold Export Committee, held on September 4th, 5th, 6th, 7th and 9th were presented and approved, and the action therein set forth ratified.

It was voted that the Board specifically ratify the action of the Federal Reserve Bank of New York in opening and maintaining a banking account with the Sveriges Riksbank, and appointing said bank its correspondent and agent in the Kingdom of Sweden.

Morning business was presented and disposed of as follows:

Letter, dated September 3, 1918, from Assistant Federal Reserve Agent at New York, transmitting his bond

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in the sum of \$100,000, running to the United States.

Approved.

The Governor reported that the Secretary of the Treasury had invited Federal Reserve Agent Jay to undertake certain duties in connection with the war savings campaign that would require his presence in Washington from the present date until December 31, 1918. It was voted that Mr. Jay be given permission to spend, at Washington, such time, between now and December 31, 1918, as might be necessary to enable him to discharge the special duties which he had been invited to undertake by the Secretary of the Treasury.

The Governor reported that Mr. Jay had recommended that in his absence Deputy Chairman George Foster Peabody be authorized to act as his substitute. Voted that, effective this day, Mr. George Foster Peabody be appointed Assistant Federal Reserve Agent at New York, with the designation of Acting Federal Reserve Agent, in order that he may be in a position fully to discharge the powers and duties of Federal Reserve Agent, such appointment to terminate January 1, 1919.

The Governor reported the purchase on September 9th, of special 2½ certificates of indebtedness of the United States for three million dollars and one million dollars, re-

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spectively, for account of the Federal Reserve Banks of New York and Philadelphia, to be deposited with the Comptroller of the Currency as collateral for Federal Reserve Bank notes. Approved.

At this point Mr. Williams withdrew from the meeting.

Letter, dated September 6th, from Federal Reserve Agent at Chicago, transmitting inquiry by Tri-State Loan & Trust Company as to whether or not it would be permitted, as a member of the Federal Reserve System, to hold stock in land bank to be organized by it. Voted to approve such holding.

At this point Mr. Williams rejoined the meeting.

Mr. Miller moved that Section 2, Article VII of the By-laws of the Board be amended so as to read as follows:

"Section 2. A majority of the Board shall constitute a quorum for the transaction of business except that an affirmative vote of at least five members of the Board shall be necessary to require Federal Reserve Banks to rediscount the discounted paper of other Federal reserve banks; provided, however, that in case of and during any vacancy in office of any member or members due to death, resignation or other causes, a majority of the remaining members shall constitute a quorum."

Tabled one week pursuant to provisions of By-laws. Voted that Counsel prepare opinion as to legality of amendment proposed.

Letter, dated September 5th, from First and Security National Bank, Minneapolis, requesting permission to accept

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up to 100% of capital and surplus; and draft of letter in reply prepared by Secretary under date of September 9th. Approved.

Letter, dated September 6th, from the Secretary of National Association of Credit Men, advocating the use of trade acceptances in connection with business of railway companies. Noted.

The following discount rates were approved:

Federal Reserve Bank of Minneapolis:

Four and one-half per cent on paper maturing within 15 days, including member bank collateral notes and excluding paper secured by Government obligations.

Federal Reserve Bank of Dallas:

Four and one-half per cent on paper maturing within 15 days, including member bank collateral notes and excluding paper secured by Government obligations.

Report on discount rates by Federal Reserve Bank of Atlanta. No change recommended.

Letter from Deputy Governor Case, Federal Reserve Bank of New York, dated August 28th, recommending establishment of fixed rediscount rate for bankers' acceptances. Tabled for meeting September 12th.

Letter, dated September 10th, by the Comptroller of the Currency, suggesting that Federal Reserve Banks require that all member banks asking for loans or rediscount here-

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after shall state in each case the rate of interest or discount that the member bank collected or charged customers on each particular piece of paper offered as collateral. Voted that the Governor communicate with the Federal Reserve Banks in line with the Comptroller's suggestion.

Draft of letter to the Chairman of each Federal Reserve Bank, dated September 10, 1918, prescribing new method of reports by Federal Reserve Banks of changes in salary lists. Approved.

The Governor reported that he had received a letter from the Governor of the Federal Reserve Bank of Chicago, requesting authority to install an extra telegraph wire between New York and Chicago. It was voted that Mr. Miller, now acting as a committee of one on telegraph matters, secure messages transmitted between New York and Chicago during the course of some three day period, and submit same at the next meeting of the Board. The Governor requested that it be noted in the minutes that it was his opinion that such telegraph wire should be put in without any delay. Mr. Williams requested that it be noted in the minutes that he was in favor of putting in the wire immediately upon receipt of evidence that its installation was justified.

Governor Harding presented a letter, dated September

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7th, addressed to him by The President, calling attention to propaganda instituted by the Journal of the American Bankers' Association, in favor of raising interest rates, and stating he was concerned lest these representations should have some effect, and further, that it was his opinion that this is the very time to resist such tendencies. Noted.

It was voted that the Governor be authorized to consult with the Provost Marshal General to ascertain the status of officers and employees of the Federal Reserve Banks under the military draft regulations, and to report to the Board at its next meeting.

REPORT OF COMMITTEE NO. 1:

Dated September 9th, recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Dated September 7th, recommending action upon applications for fiduciary powers, as stated in the auxiliary minute book as of this date.

Dated September 10th, recommending the 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.

Letter dated September 6th, from the Comptroller of the Currency, advising the appointment of O. W. Birkhead as his Private Secretary, effective September 1st, salary \$2,900 per annum. Approved as being in line with resolution adopted

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by the Board on June 29, 1918.

The following appointments were approved:

<u>Name</u>	<u>Position</u>	<u>Salary</u>	<u>Date Effective</u>
Mrs. Hennie McFadyen,	Tabulator, .....	\$1,000	Sept. 16, 1918
Frank Valentine,	Messenger, .....	840	Sept. 10, 1918

Officers and employees of Memphis Branch of Federal Reserve Bank of St. Louis, as shown and at salaries stated in letter dated September 5th, from the Secretary of the Federal Reserve Bank at St. Louis.

Division of Foreign Exchange:

<u>Name</u>	<u>Position</u>	<u>Salary</u>	<u>Date Effective</u>
Miss Edith Hartley,	Asst., Research Department, .....	\$1,200	Sept. 16, 1918
Miss Eleanor Hatch,	Filing Clerk, .....	900	Sept. 20, 1918
Miss Virginia Bartels,	Stenographer and Typewriter, .....	1,200	Sept. 20, 1918
Mrs. Lucy Farr,	Asst. File Clerk and Typist, .....	1,200	Sept. 13, 1918

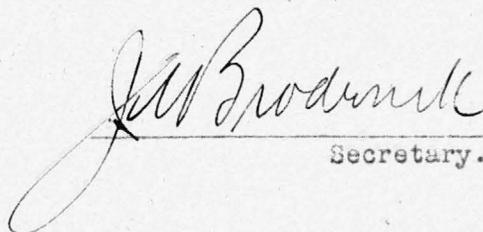
The following appointments to replace employees, as stated:

<u>Name and Position</u>	<u>Replacing</u>	<u>Salary</u>	<u>Date Effective</u>
Josephine Herrick Lapsley, Asst., Filing Dept.,	Miss Kellog	\$780	Sept. 9, 1918
Lillian Demuth, Sten'r. and Typ'r.,	Miss Passedoit who resigns in October,	1,200	Sept. 9, 1918
Helen Saunders, File Clerk and Asst. Relief to Telephone Opr.,	Miss Bell,	780	Sept. 9, 1918
Marion Brown, Sten'r. and Typ'r.,	Miss McIntosh,	900	Sept. 20, 1918

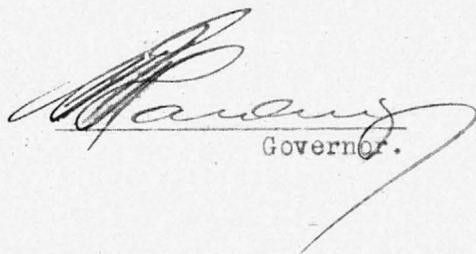
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<u>Name and Position</u>	<u>Replacing</u>	<u>Salary</u>	<u>Date Effective</u>
Camille Smith, Asst., Filing Dept.,	Miss Williamson,	\$900	Oct. 2, 1918

At 1 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.