

At a special meeting of the Federal Reserve Board held in the office of the Board on Tuesday, May 13, 1919, at 11 A.M.,

PRESENT: The Governor
Mr. Strauss
Mr. Miller
Mr. Hamlin
Mr. Williams
Mr. Broderick, Secretary.

The minutes of the meeting of the Board held on May 12th were read and on motion approved.

Business was presented and disposed of as follows:

Memorandum dated May 13th from Mr. Jacobson, in re separation of item "Victory Loan notes" on weekly statement of Federal Reserve System.

Referred to the Executive Committee with power.

Report by Executive Committee dated May 12th, recommending that the officers of the Federal Reserve Bank of Richmond be authorized to proceed with the work of constructing a new building for that Bank, upon the understanding that the cost of the building, exclusive of movable furniture and equipment, will be approximately \$1,000,000.

Approved.

Letter dated May 7th from the Chairman of the Federal Reserve Bank of Dallas, advising of the appointment of Dwight P. Reardon as Assistant Cashier of that Bank at a salary of \$3,300 per annum, subject to the approval of the Federal

-2-

Reserve Board.

Approved.

Memorandum by the Secretary dated May 8th, in re closing of books of Federal Reserve banks as of June 30, 1919.

Ordered circulated.

Letter dated May 9th from the Chairman of the Federal Reserve Bank of Minneapolis, submitting for approval application of the First National Bank, Stillwater, Minnesota, for surrender of 60 shares of stock in the Federal Reserve Bank of Minneapolis, held by the member bank; together with memorandum by General Counsel dated May 12th, recommending approval.

Approved.

Application of the Citizens National Bank, Hillsboro, Texas, for authority to accept drafts and bills of exchange up to 100% of its capital and surplus, under the provisions of Section 13 of the Federal Reserve Act.

Approved.

The Governor stated that, pursuant to instructions of the Board, he had investigated the complaint of Mr. William F. Rieckhoff in re circular of L. T. Lewis advertising connection of R. H. Malone, Director of the Federal Reserve Bank of Kansas City, with the Western Oil Fields Corporation, and stated that from the facts gathered by him it would appear

-3-

that the circular received by Mr. Rieckhoff was one of the original circulars and not one issued subsequent to the Board's general letter of March 12th, stating its policy in this connection. The Secretary reported that when he had been in Kansas City he was informed that Mr. Malone had done everything in his power to retire from circulation the circulars making reference to his connection with the Federal Reserve Bank of Kansas City.

Mr. Miller moved that his motion made at the meeting of the Board held on April 18th, viz: "That the Governor be instructed to write Mr. Malone a letter, the conclusion of which shall be that the Board would be relieved of embarrassment if he would resign as a Director of the Federal Reserve Bank of Kansas City", be taken off the table.

Mr. Miller stated that in view of the statements made by the Governor and the Secretary, he withdrew his motion above.

No objection being raised, the motion was withdrawn.

Pursuant to notice given at the meeting of the Board on April 4th, Mr. Miller moved the following resolution:

RESOLVED that it is the sense of the Board that hereafter no resolutions of a personal character be published in the Federal Reserve Bulletin.

Mr. Hamlin moved amendment that the Bulletin shall not contain any personal references without a direct vote of the Board.

The motion to amend was lost.

-4-

Mr. Williams moved that there be published in the Bulletin an appropriate notice to the effect that Mr. F. A. Delano, formerly a member of the Board, had been made a Chevalier of the Legion of Honor of France, and also that he had been promoted to the rank of Colonel in the United States Army.

The motion to amend was lost.

Voted to approve Mr. Miller's motion as submitted.

Letter dated May 12th from the Chairman of the Federal Reserve Bank of New York, advising that on that date 40 employees of the Federal Reserve Bank of New York had left for Buffalo for the purpose of remaining in that City two weeks, for the purpose of training local clerks, et cetera, to comprise the staff of the Buffalo Branch of the Federal Reserve Bank of New York, the expense of such undertaking being estimated at \$3,000.

Voted unanimously that the Governor be requested to investigate the necessity and propriety of the expense incurred by the Federal Reserve Bank of New York in sending 40 clerks to assist in the opening of its Buffalo Branch, and to make report and recommendation to the Board with full particulars and information.

The Governor submitted circular No. 165 of the Federal Reserve Bank of New York, dated May 10th, containing schedule showing when the proceeds of items would become available at the Buffalo Branch, and pointed out apparent inconsistencies therein.

-5-

Referred to the Secretary for report.

The Governor reported that, with the approval of the Chairman of the Board, General Counsel would soon have ready for submission to the Board, draft of a proposed amendment to Section 14 of the Federal Reserve Act, which, while leaving federal reserve Banks free to engage in all foreign exchange transactions in which they now engage, would put the foreign exchange business of the Federal Reserve System directly in charge of the Federal Reserve Board.

At 12:45 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.