

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Governor on Saturday, May 31, 1919, at 11:30 A.M.,

PRESENT: The Governor
Mr. Miller
Mr. Hamlin
Mr. Chapman, Assistant Secretary.

Business was presented and disposed of as follows:

The Governor reported that he had been advised by the Secretary of the Treasury that, pursuant to the request of the Vice-Governor, he had sent to The President a cablegram requesting the latter's approval of the contemplated removal of the restrictions upon the exportation of coin, bullion and currency and dealings in foreign exchange, imposed by Executive Order of The President and administered by the Federal Reserve Board subject to the approval of the Secretary of the Treasury, but that the Secretary of the Treasury was as yet without a reply to his communication.

The Governor stated that when in Atlanta on May 25th he had instructed Deputy Governor Adelson of the Federal Reserve Bank of Atlanta to communicate to the Treasury Department that the subscription for \$1,000,000 of Victory Loan notes made in the name and on behalf of the Federal Reserve Bank of Atlanta, was subject to the approval of the Federal Reserve Board.

On motion duly seconded, it was voted

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that the Governor be authorized to advise the Federal Reserve Bank of Atlanta that the Board does not approve of the subscription as made.

The Governor reported the results of his visit to New Orleans, Houston and Dallas, stating particularly that the situation in the Dallas District is improving, by reason of the fact that cotton has begun to move in considerable volume.

The Governor stated that he was in receipt of a letter from the Director of the Division of Foreign Exchange, advising that some banking institutions had been undertaking the guaranty of reimportation of gold from Colombia and Venezuela under the terms of licenses granted by the Board, with the feeling that they need not be circumspect in their guaranties because the expected lifting of the embargo on gold exports would automatically cancel agreements to reimport gold undertaken through such guaranties.

On motion duly seconded, it was voted that if and when the embargo on the export of gold is lifted, it shall be the policy of the Board to regard the lifting of the embargo as a cancellation of reimportation agreements and guaranties with respect to licenses for export of gold to Columbia and Venezuela.

Memorandum by General Counsel dated May 21st, in re power of Reserve banks to receive special deposits.

Referred to Mr. Hamlin for report.

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Letter dated May 29th from the Chairman of the Federal Reserve Bank of Boston, submitting inquiry by Counsel of the Federal Reserve Bank of Boston as to whether or not the International Trust Company of Boston must be governed by the terms of the conditions imposed upon its entrance to the Federal Reserve System or governed by the provisions of Section 9 of the Federal Reserve Act as amended subsequent to the entry of the Trust Company into the System.

Referred to Mr. Hamlin for report.

Memorandum by the Secretary dated May 28th, submitting for approval draft of letter dated May 31st to Deputy Governor Peple of the Federal Reserve Bank of Richmond, in regard to the practice of leaving securities pledged as collateral for Government deposits in possession of depository banks or of appointing an officer or director of the depository bank as custodian of the securities pledged by it to secure Government deposits.

Approved.

The Governor submitted for approval, draft of letter by the Secretary, dated March 31st, to the Chairman of the Federal Reserve Bank of Richmond, suggesting the employment of three or four senior audit clerks in compliance with recommendation made in the last report of examination of that bank.

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Approved.

The Governor submitted for approval draft of letter by the Secretary dated May 29th, to the Chairman of the Federal Reserve Bank of Minneapolis, advising that it would not be feasible for the Federal Reserve Board to ask Congress for an amendment to the Federal Reserve Act to permit the appointment of special officers under Government supervision to guard Federal Reserve banks.

Approved.

Letter dated May 28th from the Secretary of the Federal Reserve Bank of New York, submitting application of the Directors of that Bank for permission to open and maintain accounts with the Banque Nationale de Belgique, the State bank of Belgium, having its principal office in Brussels, Belgium, and to appoint said Bank its correspondent, and to establish the said Bank as its agent in the Kingdom of Belgium, and to open and maintain banking accounts for the said Bank.

Approved.

Memorandum by Mr. Smead dated May 26th, in re purchase by Federal Reserve banks of Treasury certificates of indebtedness under repurchase agreements.

Ordered circulated.

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The Governor submitted for approval, draft of letter by the Secretary to the Auditor of the Federal Reserve Bank of Dallas under date of May 29th, with respect to the treatment in accounts of discount on paper rediscounted with other Federal Reserve banks.

Approved.

The Governor read a letter addressed to him under date of May 29th, submitting comment of the State Bank Examiner of Michigan, criticizing action of the Comptroller of the Currency in publishing statements unfavorable to State banking institutions.

Voted that the Governor be authorized to consult with the Secretary of the Treasury as to the wisdom of endeavoring to procure an amendment to the Federal Reserve Act, enabling the Federal Reserve Board to participate in the consideration of applications for charters of National banking institutions.

Memorandum by the Secretary dated May 29th, suggesting a conference with representatives of international and foreign banking institutions that have filed agreements with the Federal Reserve Board.

Referred to Mr. Hamlin for report.

Memorandum by the Comptroller of the Currency dated May 21st, recommending approval of application of the First National Bank of Central City, Colorado, for permission to

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reduce its capital stock in the sum of \$25,000.

Approved.

Report dated May 31st, 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.

Approved.

Report dated May 21st, recommending action on applications for fiduciary powers as set forth in the auxiliary minute book as of this date.

Approved.

Report dated May 31st, recommending approval of application of W. C. Montgomery for permission to serve at the same time with the First-Hardin National Bank, Elizabethtown, Kentucky; the Citizens-Union National Bank, Louisville, Kentucky; and the Louisville Branch of the Federal Reserve Bank of St. Louis, Louisville, Kentucky.

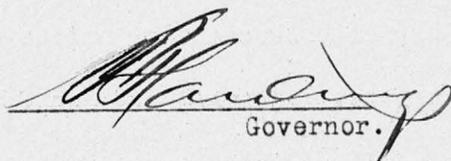
Approved.

At 1:05 P.M., the meeting adjourned.



Assistant Secretary.

Approved:



Governor.