

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, May 23rd at 11:00 o'clock.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Hoxton, Secretary

The minutes of the meeting of the Federal Reserve Board held on May 22nd were read and on motion approved.

Letter dated May 21st, from Mr. J. H. Case, Deputy Governor of the Federal Reserve Bank of New York, advising that one of the large New York City banks has recently drawn \$1,000,000 of Federal Reserve notes for shipment to Russia, and that the Federal Reserve Bank of New York has learned that \$350,000 was withdrawn for shipment to Germany. Mr. Case stated that while the Federal Reserve Bank of New York has no accurate information of this matter, it is clear that this kind of shipment is becoming somewhat common, and in view of the potential possibilities of its reaching into large sums, it seems desirable that the Federal Reserve System have some method for knowing the amounts of such shipments. Mr. Case, in his letter, suggested that a feasible method for doing this might be to have a private letter sent to the larger banks requesting that all shipments of United States Currency (including Federal Reserve notes) to or from foreign countries in amounts of \$10,000 or more, might be reported to the Federal Reserve banks classified by the foreign countries concerned.

The Board being advised that Mr. Case was in the Treasury building attending a meeting of the Governors' Committee on Open Market Purchases, he was requested to confer with the Board.

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Mr. Case entered the room and he stated that he had been advised that Federal Reserve notes are in certain countries abroad sold at the present time at a premium over gold, because gold is not circulating in those countries; furthermore, that the Federal Reserve Bank of New York has been conducting an investigation of foreign balances in this country and that this investigation has developed the information that exports of Federal Reserve notes are being made.

Thereupon, Mr. Case was requested to submit to the Board a complete set up of a practical method designed to secure for the Federal Reserve System the information regarding foreign movements of Federal Reserve notes outlined in Mr. Case's letter aforesaid.

The Governor called up the matter referred to him yesterday for consultation with the Treasury Department, namely, the letter dated May 17th from the Chairman of the Federal Reserve Bank of Boston advising of a suggested appropriation of \$2500 by the Federal Reserve Bank of Boston to help carry on the work of the Treasury Savings Sales, the request for said appropriation coming from Mr. F. C. Ayres, local director of the Treasury Savings Sales.

The Governor reported that he had conferred with the Under Secretary of the Treasury, Mr. Gilbert, and that Mr. Gilbert appeared to approve of the appropriation by the Federal Reserve Bank of Boston, requested by Mr. Ayres.

Mr. Miller moved that the Governor be requested to reply to Mr. Curtiss advising that the Board shares the doubt expressed by Mr. Curtiss as to whether an appropriation of this character may be properly considered as coming within the fiscal agency functions of the Federal Reserve bank.

Mr. Miller's motion being put by the chair was lost. Upon call of the roll, the members present voted as follows:

- Mr. Miller, "aye"
- Governor Crissinger, "no"
- Mr. Platt, "no"
- Mr. Hamlin, "no"
- Mr. James, "no"

Mr. James moved that the matter be referred to Counsel for opinion.

Mr. Miller moved as a substitute to Mr. James' motion that the request for the appropriation referred to, be declined.

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The chair put Mr. Miller's substitute motion which was lost; the roll being called the members voted as follows:

Governor Crissinger, "aye"
Mr. Miller, "aye"
Mr. Hamlin, "no"
Mr. Platt, "no"
Mr. James, "no"

Thereupon, Mr. James withdrew his original motion that the matter be referred to Counsel for an opinion.

Mr. Platt moved that the Board will make no objection to the expenditure with relation to the sale of Savings Certificates mentioned in Mr. Curtiss' letter, but that the Board is of the opinion that this is a fiscal agency function which should be reimbursed by the Treasury Department.

Mr. Platt's motion being put by the chair was lost; the roll was called, the members voted as follows:

Mr. Platt, "aye"
Governor Crissinger, "no"
Mr. Hamlin, "no"
Mr. Miller, "no"
Mr. James, "no"

Mr. Hamlin then moved that the Governor be requested to submit to Counsel, Mr. Curtiss' letter of May 17th with a view to ascertaining the legality of an appropriation for the special purpose referred to in Mr. Curtiss' letter.

Carried.

At this point, Mr. J. W. Barton, Vice President of the Metropolitan National Bank of Minneapolis entered the room, upon invitation of the Board, and as Chairman of a Committee appointed by the National Bank Section of the American Bankers' Association, presented to the Board the views of his Committee with respect to the handling of Non-cash Collection Items by Federal Reserve banks.

Mr. Barton stated that he had come to Washington, upon invitation of the Board, for the purpose of conferring with the Committee of Federal Reserve bank Governors appointed to consider the question of Non-cash Collection Items which is meeting today in the Board room and he suggested that each Federal Reserve bank should confine

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its handling of Non-cash Collection Items to items originating and payable in the Federal Reserve bank's own district.

Mr. Barton withdrew from the room and the Board discussed the request of the Bank of Italy that the Federal Reserve Board reconsider its action in declining to approve the establishment of branches of the Bank of Italy at Yuba City and Sacramento, California.

Mr. Miller moved that Mr. Perrin be advised that inasmuch as the facts submitted to the Board as to adequate banking facilities at Yuba City and Sacramento have been challenged as incomplete, he is requested to make further investigation and report to the Board.

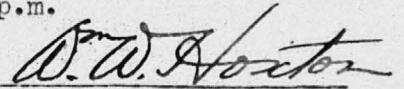
Mr. Miller's motion being put by the chair was carried, and the Law Committee was requested to prepare a draft of letter to Mr. Perrin for submission to the Board at its next meeting.

The Board then further discussed the matter of the establishment of a Federal Reserve bank agency at Havana, Cuba.

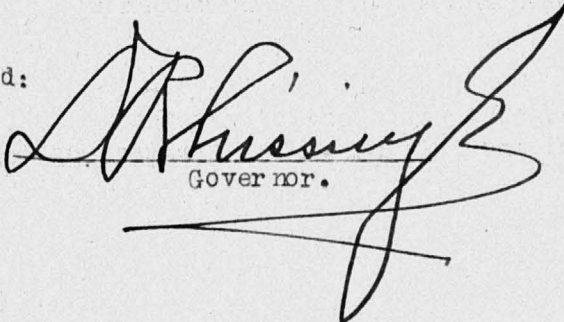
Mr. James discussed the possibility of reconsidering the action of the Board, whereby it was determined to establish a Federal Reserve bank agency at Havana, and stated that in his opinion a final disposition of this matter should not be made until the full membership of the Board, including the Secretary of the Treasury, shall be present.

Mr. Miller suggested that the Federal Reserve Bank at New York should be requested to ascertain exactly what kind of bills are drawn in Cuba on United States banks covering exports to this country.

The meeting adjourned at 1:45 p.m.


Secretary.

Approved:


Governor.