

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, January 12, 1927 at 11:00 o'clock a.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary

The Vice Governor presented the matter which at the meeting on January 8th was made special order of business for today, namely, report and recommendations of the special committee appointed by the Board to formulate a plan for the future operation of the Havana Agency of the Federal Reserve Bank of Atlanta. The recommendations of the committee were considered by the Board separately and upon motion were tentatively approved as follows:

- (1) Approval of the general idea of housing the Agency separate from any banking institution - preferably with the United States Embassy - and authorize negotiations to this end.
- (2) Tentatively approve the functions which the Agency is to perform as outlined in an attached memorandum on this subject as follows:

(a) The Havana Agency shall at the request of any banking institution operating in Cuba, or at the request of the Cuban Government buy from or sell to any such banking institution, or the Cuban Government, cable transfers from or to any Federal Reserve City, at the rate of \$1.00 per \$1,000.

(b) The agency shall pay out such denominations of United States currency, including Federal reserve notes, as may be demanded in payment of cable transfers to Havana and in payment of cable transfers and bills purchased in Havana, the kind of currency paid out to be discretionary with the agency. The agency shall accept all kinds and denominations of United States currency, including Federal reserve notes in payment for cable transfers and

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bills sold by it in Havana.

- (c) The agency at its office shall make direct exchanges in like denomination and amount of new and fit currency for mutilated and unfit currency tendered by any banking institution operating in Havana or by the Cuban Treasury, the charge for such exchanges to be at the rate of \$1.00 per \$1,000.
- (d) The agency may buy, sell and collect prime bankers' acceptances and prime bills of exchange, which acceptances and bills are payable in dollars, arise out of actual import or export transactions, bear the signatures of two or more responsible parties, bear a satisfactory bank endorsement, have not more than 90 days to run, exclusive of days of grace, and are secured at the time of purchase by shipping documents evidencing the actual import or export and the actual sale of goods and conveying or securing title to such goods.
- (e) The agency shall exercise all powers incident to the purchase and sale of cable transfers and bills.
- (3) Tentatively approve the plan of having the Agency make weekly reports of general conditions in Cuba with the requirement that the Manager should by visit and otherwise keep in touch with what is going on in Havana and on the Island and furnish such information promptly to the Federal Reserve Board and to the Federal Reserve Bank of Atlanta.
- (4) Authorize the Committee and the Board's Secretary to work out with the Treasury and the Atlanta Bank the details as to the handling of currency, the matter of insurance, the personnel of the Agency, salaries, expenses, etc.

Mr. James then moved that the Committee or one of the members thereof and the Secretary of the Board be authorized to proceed to Atlanta and to lay before the board of directors of the bank at their meeting on January 14th the proposed plan of operation of the Havana Agency as tentatively approved by the Board, and if the proposed plan is approved by the directors of the Atlanta bank to explain the details thereof to the operating officials of the bank.

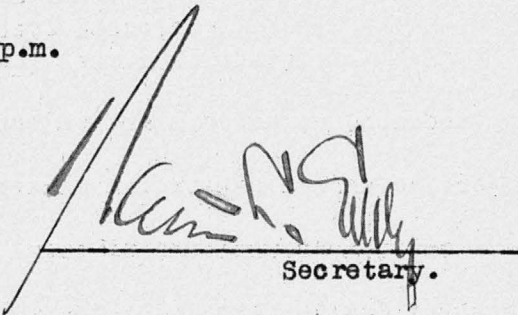
Mr. James' motion being put by the Chair was carried.

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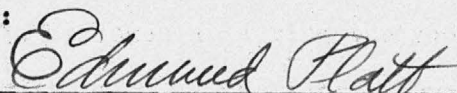
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At this point, Mr. Durrell, Vice President of the National City Bank in charge of its West Indian branches entered the room and discussed with the Board conditions in Mexico, Central and South America and the West Indies.

The meeting adjourned at 12:15 p.m.


Secretary.

Approved:



Vice Governor.