

At a regular meeting of the Federal Reserve Board, held in the office of the Board on Wednesday, February 27, at 11 a. m.,

PRESENT:

- Mr. Harding, presiding,
- Mr. Miller,
- Mr. Warburg,
- Mr. Delano,
- Mr. Willis, Secretary.

The minutes of the meeting of the Board held on February 25 were read and, on motion, approved.

The minutes of the meetings of the Gold Exports Committee held on February 26 and 27 were presented and, on motion, approved, and the action therein set forth ratified.

The minutes of the meetings of the Capital Issues Committee held on February 21 and 25 were presented and, on motion, approved, and the action therein set forth ratified.

The minutes of the Joint Conference of the Board and the Federal Reserve Agents held on February 26 were referred to Mr. Delano for report.

Voted that Counsel be requested to prepare an amendment to the Federal Reserve Act correcting the error whereby Section 20 is referred to as Section 19.

A telegram from Governor Wells of St. Louis re discount rates and a reply of Governor Harding outlining the situation were read and noted.

A letter from Cashier Pike of Atlanta re the extension of the par list at Atlanta was referred to Committee No. 1.

A letter from Federal Reserve Agent Wills recommending an additional dividend, payable April 1, at Cleveland, was presented and on motion, it was ordered that the Bank be requested to adhere to the usual semi-annual plan of dividend payment.

A letter from Mr. James E. Zunts regarding the lease of the present quarters of the New Orleans Branch and the renewal of the lease was read and referred to the Atlanta Committee.

On motion, it was voted that Mr. Hamlin write unofficially to Governor Morse of Boston re the Board's policy that governors of Federal Reserve Banks shall not be directors of Federal Reserve Banks.

Reports of Committee No. 1 were, on motion, approved as follows:

Dated February 27, fixing a salary of \$780 per annum, effective March 1, for Miss L. B. Greason (Division of Foreign Exchange).

Dated February 26, fixing a salary of \$1,000 per annum for Miss Josephine Talley, effective on taking office.

A report of Committee No. 2 was approved in favor

of admitting on terms named by the Committee the following institutions:

Peoples State Bank, Imlay City, Michigan.

36 shares in the Federal Reserve Bank of Chicago.

Reports of Committee No. 3 were presented and, on motion, approved as follows:

Dated February 20, granting fiduciary powers to the First National Bank of Hillsdale, Michigan.

" " 20, granting fiduciary powers to the First National Bank of Marshalltown, Iowa.

" " 20, granting fiduciary powers to the First National Bank of Newcastle, Indiana.

" " 26, granting fiduciary powers to the West Baden National Bank, West Baden, Indiana.

" " 25, withholding for the present fiduciary powers applied for by the First National Bank of Farmland, Indiana.

" " 25, granting for one transaction, fiduciary powers to the Citizens National Bank of Dickson, Tenn.

" " 24, and 27, authorizing changes in capital stock of F. R. Banks as follows:

Applications for original stock.

		Shares	
<u>District No. 3.</u>			
First National Bank	Irvona, Pa.	<u>18</u>	18
<u>District No. 4.</u>			
Union Commerce National Bank	Cleveland, Ohio	<u>3,600</u>	3600
<u>District No. 7.</u>			
First National Bank	Blanchardville, Wis.	17	
First National Bank	Horicon, Wis.	24	
First Merchants Natl Bank	Lafayette, Ind.	<u>90</u>	131
<u>District No. 9.</u>			
Northwestern National Bank	Grand Forke, N. Dak	150	
First National Bank	Highwood, Mont.	21	
Merchants National Bank	Scobey, Mont.	17	
First National Bank	Oswego, Mont.	<u>15</u>	203
<u>District No. 11.</u>			
Liberty National Bank	Waco, Texas	<u>199</u>	199
<u>District No. 12.</u>			
Commercial National Bank	Lakeview, Oregon	25	
First National Bank at	Turlock, Cal.	<u>36</u>	<u>61</u>
	Total.....		4,212

Applications for additional stock.

		Shares	
<u>District No. 1.</u>			
Hartford Aetna National Bank	Hartford, Conn.	240	
First National Bank	Middletown, Conn.	6	
New Britain National Bank	New Britain Conn.	66	
First National Bank	Bath, Maine	7	
City National Bank	Belfast, Maine	12	
Biddeford National Bank	Biddeford, Maine	12	
First National Bank	Boothbay Harbor, Me	6	
Bridgton National Bank	Bridgton, Maine	1	
First National Bank	Damariscotta, Me.	5	
National Bank of	Gardiner, Maine	6	
Kezar Falls National Bank	Kezar Falls, Me.	3	
Norway National Bank	Norway, Maine	12	
Pittsfield National Bank	Pittsfield, Me.	<u>2</u>	378

Bro't For'd 378

First National Bank	Van Buren, Me.	1	
National Shawmut Bank of	Boston, Mass.	1,200	
Dedham National Bank	Dedham, Mass.	30	
Edgartown National Bank	Edgartown, Mass.	1	
National Bank of	Fairhaven, Mass.	1	
Norwood Trust Co.	Norwood, Mass.	2	
First National Bank	Provincetown, Mass.	1	
Palmer National Bank	Palmer, Mass.	6	
First National Bank	Reading, Mass.	1	
Blackstone National Bank	Uxbridge, Mass.	3	
Peoples National Bank	Claremont, N. H.	24	
First National Bank	Derry N. H.	1	
Newmarket National Bank	New Market, N. H.	2	
First National Bank	Somersworth, N. H.	1	
First National Bank	Smithfield, R. I.	1	
National Globe Bank	Woonsocket R. I.	9	
Peoples National Bank	Barre, Vt.	2	
National Bank of	Derby Line, Vt.	12	
Lyndonville, National Bank	Lyndonville, Vt.	<u>3</u>	1,679

District No. 2.

Gramatan National Bank	Bronxville, N. Y.	3	
City National Bank	Gloversville, N. Y.	180	
Tompkins County Natl Bank	Ithaca, N. Y.	30	
Battery Park National Bank	New York, N. Y.	120	
First National Bank	Roscoe, N. Y.	6	
Utica Trust & Deposit Co.	Utica, N. Y.	<u>180</u>	519

District No. 3.

First National Bank	Frederica, Del.	1	
Second National Bank	Atlantic City, N. J.	9	
First National Bank	Blackwood, N. J.	2	
Riverside National Bank	Riverside, N. J.	60	
Akron National Bank	Akron, Pa.	3	
National Bank of	Arendsville, Pa.	1	
National Bank of	Avondale, Pa.	6	
First National Bank	Barnesboro, Pa.	15	
First National Bank	Bornville, Pa.	3	
Biglerville National Bank	Biglerville, Pa.	3	
Farmers National Bank	Boyertown, Pa.	6	
Delaware County Natl Bank	Chester, Pa.	60	
Abington National Bank	Clark's Summit, Pa.	1	
First National Bank	Coalport, Pa.	3	
Du Bois National Bank	Du Bois, Pa.	30	
First National Bank	Gratz, Pa.	<u>1</u>	2,198

	Bro't For'd.	204	2,198
<u>District No. 3. Cont'd.</u>			
First National Bank	Honey Brook, Pa.	3	
United States National Bank	Johnstown, Pa.	15	
First National Bank	Landiscille, Pa.	3	
First National Bank	Lawrenceville, Pa.	1	
First National Bank	Lock Haven, Pa.	15	
First National Bank	Lykens, Pa.	13	
Maytown National Bank	Maytown, Pa.	1	
First National Bank	Mercersburg, Pa.	1	
Farmers National Bank	Newville, Pa.	1	
First National Bank	Morristown,	3	
First National Bank	Pen Argyl, Pa.	6	
First National Bank	Philadelphia, Pa.	150	
Sixth National Bank	do	15	
Farmers & Mechanics Natl Bank	Phoenixville, Pa.	6	
First National Bank	Portage, Pa.	12	
National Iron Bank	Pottstown, Pa.	26	
Merchants National Bank	Pottsville, Pa.	7	
Red Lion First National Bank	Red Lion, Pa.	9	
First National Bank	Renovo, Pa.	9	
Seven Valleys National Bank	Seven Valleys, Pa.	1	
First National Bank	Shippensburg, Pa.	3	
First National Bank	Spring Grove, Pa.	3	
Peoples National Bank	Spring Grove, Pa.	3	
First National Bank	State College, Pa.	1	
Strausstown National Bank	Strausstown, Pa.	4	535

<u>District No. 4.</u>			
Second National Bank	Ashland, Ky.	3	
Berea National Bank	Berea, Ky.	6	
Clay Cty National Bank	Clay City, Ky.	1	
First National Bank	Carlisle, Ky.	1	
First National Bank	Jackson, Ky.	1	
National Bank of	London, Ky.	1	
Marine National Bank	Ashtabula, Ohio	2	
Peoples National Bank	Adena, Ohio.	3	
First National Bank	Amesville, Ohio	6	
First National Bank	Blanchester, Ohio	2	
First National Bank	Brookville, Ohio.	1	
First National Bank	Bucyrus, Ohio	6	
Third National Bank	Circleville, Ohio	1	
Commercial National Bank	Coshocton, Ohio	15	
First National Bank	Canton, Ohio	30	2,733
		<u>79</u>	

District No. 4. Cont'd.	Bro't For'd.	79	2,733
National Bank of Commerce	Columbus, Ohio	30	
City National Bank	Canton, Ohio	24	
First National Bank	Convoy, Ohio	4	
First National Bank	Chesterhill, Ohio	2	
Merchants National Bank	Defiance, Ohio	1	
Potters National Bank	East Liverpool, Ohio	6	
First National Bank	Elmore, Ohio	1	
National Bank of	Elyria, Ohio	21	
First National Bank	Geneva, Ohio	1	
First National Bank	Harrison, Ohio	1	
Farmers & Traders Natl Bank	Hillsboro, Ohio	15	
Kenton National Bank	Kenton, Ohio	3	
First National Bank	Louisville, Ohio	1	
First National Bank	Lockland, Ohio	9	
New Richmond National Bank	New Richmond, Ohio	1	
Citizens National Bank	Mt. Sterling, Ohio	6	
First National Bank	Mingo Junction, O.	3	
First National Bank	Massillon, Ohio	9	
First National Bank	Mason, Ohio	1	
Monroe National Bank	Monore, Ohio	1	
Norwood National Bank	Norwood, Ohio	6	
First National Bank	Oak Harbor, Ohio	6	
Ripley National Bank	Ripley, Ohio	2	
Spring Valley National Bank	Spring Valley, Ohio	1	
First National Bank	Sardinia, Ohio	3	
First National Bank	Stockport, Ohio	1	
First National Bank	Summerfield, Ohio	3	
Second National Bank	St. Clairsville, O.	30	
Third National Exchange Bank	Sandusky, Ohio	30	
Peoples National Bank	Steubenville, Ohio	6	
Commercial National Bank	Sandusky, Ohio	30	
Commercial National Bank	Tiffin, Ohio	6	
The National Bank	Toronto, Ohio	3	
Troy National Bank	Troy, Ohio	15	
City National Bank	Tiffin, Ohio	1	
First National Bank	Wauseon, Ohio	1	
Waynesville National Bank	Waynesville, Ohio	6	
Second National Bank	Warren, Ohio	6	
Phoenix & Third National Bk.	Lexington, Ky.	8	
Second National Bank	do	12	
American National Bank (formerly			
German National Bank	New Port, Ky.	15	
Newport National Bank	do	12	
Southern National Bank	Richmond, Ky.	1	
First National Bank	Wilmore, Ky.	1	2,733

153

<u>District No. 4. Cont'd.</u>	Bro't. For'd	153	2,733
First National Bank	Whitsburg, Ky.	1	
First National Bank	Black Lick, Pa.	5	
Burgettstown National Bank	Burgettstown, Pa.	24	
First National Bank	Carmichaels, Pa.	2	
Farmers National Bank	Claysville, Pa.	3	
Peoples National Bank	Ellwood City, Pa.	1	
Freedom National Bank	Freedom, Pa.	60	
First National Bank	Fryburg, Pa.	2	
First National Bank	Farrall, Pa.	1	
Citizens National Bank	Indiana, Pa.	1	
First National Bank	Ligonier, Pa.	6	
First National Bank	Leechburg, Pa.	15	
Citizens National Bank	Latrobe, Pa.	30	
Lyndora National Bank	Lyndora, Pa.	6	
First National Bank	Masontown, Pa.	2	
Citizens National Bank	Monaca, Pa.	1	
First National Bank	New Salem, Pa.	3	
Second Natl Bank of Allegheny	Pittsburgh, Pa.	60	
Columbia National Bank	Pittsburgh, Pa.	60	
First National Bank	Sharpsville, Pa.	2	
First National Bank	Smithton, Pa.	1	
First National Bank	Shippenville, Pa.	3	
Second National Bank	Uniontown, Pa.	15	
First National Bank	Webster, Pa.	3	
First National Bank	Cameron, W. Va.	12	
First National Bank	Middlebourne, W. Va.	3	746

<u>District No. 5.</u>			
First National Bank	Burlington, N. C.	1	
Concord National Bank	Concord, N. C.	6	
First National Bank	Creedmoor, N. C.	16	
First National Bank	Elizabeth City, N. C.	12	
Commercial National Bank	High Point, N. C.	30	
Shuford National Bank	Newton, N. C.	6	
First National Bank	Smithfield, N. C.	9	
First National Bank	Wilson, N. C.	24	
First National Bank	Charleston, S. C.	60	
First National Bank	Clinton, S. C.	9	
Farmers & Merchants Natl Bk.	Lake City, S. C.	3	
Edisto National Bank	Orangburg, S. C.	15	
First National Bank	Blackstone, Va.	3	
Seaboard National Bank	Norfolk, Va.	15	
First National Bank	Onancock, Va.	6	
First National Bank	Rouoke, Va.	60	
First National Bank	Logan, W. Va.	30	
Madison National Bank	Madison, W. Va.	8	
First National Bank	Mount Hope, W. Va.	9	
First National Bank	Webster Springs, W. Va.	2	
First National Bank	Worthington, W. Va.	2	3,479

<u>District No. 6.</u>	Bro't for'd.	326	3,479
Jefferson Trust & Savings Bk	Gretna, La.	2	
Leeth National Bank	Cullman, Ala.	12	
First National Bank	Dozier, Ala.	3	
Henderson National Bank	Huntsville, Ala.	15	
First National Bank	Jacksonville, Ala.	2	
First National Bank	Samson, Ala.	3	
First National Bank	Panama City, Fla.	24	
Carlton National Bank	Wauchula, Fla.	1	
Georgia National Bank	Albany, Ga.	6	
Fourth National Bank	Atlanta, Ga.	240	
First National Bank	Claxton, Ga.	4	
First National Bank	Bristol, Tenn.	15	
Phoeniz National Bank	Columbia, Tenn.	6	
Harpeth National Bank	Franklin, Tenn.	1	
First National Bank	Tullahoma, Tenn.	6	
First National Bank	Woodbury, Tenn.	3	669

<u>District No. 7.</u>			
First National Bank	Canton, Ill.	6	
Corn Exchange National Bank	Chicago, Ill.	1,200	
First National Bank	do	1,200	
National Bank	Chillicothe, Ill.	3	
City National Bank	Dixon, Ill.	30	
First National Bank	Dolton, Ill.	2	
Hoopeston National Bank	Hoopeston, Ill.	3	
First National Bank	Le Roy, Ill.	3	
First National Bank	Mount Carroll, Ill.	3	
First National Bank	Moweaqua, Ill.	18	
Farmers National Bank	New Bedford, Ill.	2	
Commercial German National Bk	Peoria, Ill.	90	
Sycamore National Bank	Sycamore, Ill.	6	
First National Bank	Woodhull, Ill.	1	
American National Bank	Woodstock, Ill.	3	
Albion National Bank	Albion, Ind.	1	
First National Bank	Brazil, Ind.	6	
Farmers National Bank	Edinburg, Ind.	3	
Merchants National Bank	Indianapolis, Ind.	150	
Citizens National Bank	Kokomo, Ind.	15	
First National Bank	Marion, Ind.	15	
Farmers National Bank	Allerton, Iowa	8	
First National Bank	Dyersville, Iowa	1	
First National Bank	Eldora, Iowa	15	
Commercial National Bank	Essex, Iowa	9	4,148
		2,793	

District No. 7. Cont'd.

First National Bank	Essex, Iowa.	3
First National Bank	Everly, Iowa.	1
First National Bank	Fredericksburg, Iowa.	2
First National Bank	Graettinher, Iowa.	2
First National Bank	Humboldt, Iowa.	1
First National Bank	Inwood, Iowa.	1
First National Bank	Klemme, Iowa.	2
First National Bank	Marshalltown, Iowa.	11
First National Bank	Montezuma, Iowa.	12
First National Bank	Hewell, Iowa.	2
First National Bank	Prairie City, Iowa.	3
Northwestern National Bank	Sioux City, Iowa.	6
First National Bank	Williams, Iowa.	3
Peoples National Bank	Hemtranc, Mich.	19
National Lumberman's Bank	Muskegon, Mich.	15
First National Bank	Elkhorn, Wis.	9
Kellog National Bank	Green Bay, Wis.	30
First National Bank	Rio, Wis.	1
Noel State Bank	Chicago, Ill.	15
First Trust and Savings Bank	Chicago, Ill.	300
Commercial Savings Bank	Mason City, Iowa.	2
Dearborn State Bank	Dearborn, Mich.	60
American State Bank	Detroit, Mich.	2
Peoples State Bank	Detroit, Mich.	600
Grand Haven State Bank	Grand Haven, Mich.	15
Highland Park State Bank	Highland Park, Mich.	60
Fruit Growers State Bank	Saugutuck, Mich.	2
American Exchange Bank	Milwaukee, Wis.	180

4,148

District No. 8.

American National Bank	Little Rock, Ark.	2
Simmons National Bank	Pine Bluff, Ark.	30
Albion National Bank	Albion, Ill.	3
First National Bank	Allendale, Ill.	1
First National Bank	Millstadt, Ill.	3
National Stock Yards N. B.	Nat'l. Stock Yards Ill.	60
First National Bank	Staunton, Ill.	1
Union National Bank	Providence, Ky.	2
First National Bank	Cape Girardeau, Mo.	7
Citizens National Bank	Chillicothe, Mo.	6
Central National Bank	St. Louis, Mo.	6
Franklin Bank	St. Louis, Mo.	60

4,152

181  
8,481

Dated February 20, recommending favorable action on the applications under the Clayton Act of Messrs. Keith, Ruth, and Roberts.

On motion, at 12:10 P. M. the Board took a recess, to meet in the office of the Secretary of the Treasury at 12:30 P. M.

At 12:40 P. M. the Board reassembled in the office of the Secretary of the Treasury.

Mr. McAdoo suggested the adoption of a change providing for a differential rediscount rate at Federal Reserve banks against paper secured by War Finance Corporation bonds, equal to  $\frac{1}{2}$  of 1%.

Mr. Miller suggested as a substitute that the Board be given power by a vote of five members to authorize the rediscount of the notes of the banks secured by obligations of the War Finance Corporation.

Mr. Warburg and Mr. Harding said they thought a majority vote was preferable to the majority of five, and Secretary McAdoo concurred with them.

Mr. Delano expressed himself as opposed to the  $\frac{1}{2}$  of 1% differential, although he was willing to vote for it.

On motion, it was voted to adopt the proposed amendment as modified in language by Mr. Harding to read

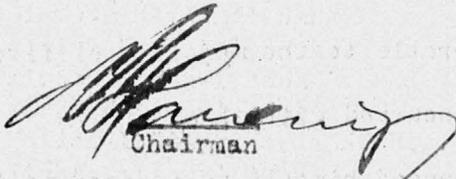
as follows:

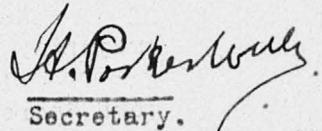
"such bonds subject to the approval of the Federal Reserve Board, and to such extent as the Federal Reserve Board may from time to time prescribe, may be bought, sold and dealt in by Federal Reserve banks in the same manner and to the same extent as bonds or notes of the United States not bearing the circulation privilege,

and Federal Reserve banks may, subject to the regulations of the Federal Reserve Board, discount, or purchase with the indorsement of a member bank, notes secured by such bonds, and they may make advances upon promissory notes of member banks secured by such bonds, in the same manner and to the same extent as they may make advances upon, discount, or purchase with the indorsement of a member bank, notes secured by bonds or other obligations of the United States under authority of the Federal Reserve Act or any amendments thereof; provided, however, that the rate of discount at which promissory notes or member bank paper secured by bonds of the corporation, may be acquired by Federal Reserve banks, shall not be less than one-half of one percentum above the rate established for commercial paper of a like maturity by the Federal Reserve Bank acquiring such paper."

At 1:10 p. m. the meeting adjourned.

APPROVED:

  
Chairman

  
Secretary.