

At a meeting of the Federal Reserve Board held in the office of the Board on Wednesday, April 16, 1919, at 11 A.M.

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

The minutes of the meetings of the Board held on April 7 and 11 were read and on motion approved.

The minutes of the meetings of the Executive Committee held on April 8, 9, and 14 were read and on motion approved.

The minutes of the session of Federal Reserve Agent with the Board, held on December 5, 1918; and of sessions of the Advisory Council with the Board, held on February 17 and 18, 1919, were presented and approved, same having theretofore been circulated and read by Board members.

The minutes of the meetings of the Gold Export Committee held on April 7, 8, 9, 10, 11, 12, 14, 15, and 16 were presented and approved, and the action therein set forth ratified.

Morning business was presented and disposed of as follows:

The Governor reported the purchase, on April 14, of special 2% certificate of indebtedness of the United States for \$1,000,000 for the Federal Reserve Bank of Philadelphia,

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for deposit with the Comptroller of the Currency as collateral for Federal Reserve bank notes.

Approved.

The Governor reported the following rediscount transaction pursuant to authority heretofore vested in him:

April 14, for the Federal Reserve Bank of Dallas by the Federal Reserve Bank of Chicago, \$7,500,000 member bank 15 day collateral notes secured by Government obligations; rate 4%.

Noted.

Letter dated April 12 from the Chairman of the Federal Reserve Bank of Atlanta, requesting approval of an amendment to Section I, Article 2 of the by-laws of the New Orleans Branch of the Federal Reserve Bank of Atlanta, fixing compensation of Directors serving on the Executive Committee as follows:

\$5 per day for residents of New Orleans,
\$10 per day for non-residents of New Orleans.

Approved upon condition that such compensation shall not be paid when Executive Committee meetings are held on the same day as regular or special meetings of the Board of Directors.

(At this point Mr. Williams joined the meeting.)

Letter dated April 8 from the Federal Reserve Agent at San Francisco, in re losses incurred by subscribers to Liberty Loan bonds through volunteer solicitors.

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Referred to Assistant Secretary of the Treasury
Leffingwell.

Letter dated April 14 from the President of the National Association of Comptrollers and Accounting Officers, requesting the attendance of Mr. Hamlin at the Convention of the National Association of Comptrollers and Accounting Officers to be held in Baltimore, June 18, 19, and 20.

Referred to Mr. Hamlin with power.

REPORTS OF COMMITTEE NO. I:

Dated April 15, (2 reports) recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.
Approved.

Dated April 16, 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.

Dated April 16, recommending action on applications for fiduciary powers as set forth in the auxiliary minute book as of this date.
Approved.

Other business was presented and disposed of as follows:

The Governor submitted for approval draft of letter dated April 16, to all Federal Reserve banks, in re method of collection of trade acceptances.

Approved.

The Governor submitted for approval draft of telegram

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dated April 16, to all Federal Reserve banks, stating the Board's views as to suggested policy to be pursued in connection with the fixing of discount rates on paper secured by Victory Loan notes, which was amended as follows:

"For confidential information of your officers and directors, Board has received recommendations from some reserve banks regarding rates of discount on paper secured by Victory Loan notes and has reached the conclusion that there should be no difference in rates on paper secured by Liberty Loan bonds or by the new Victory notes. Although the spread on notes secured by Victory loan is wider than that on notes secured by other Government obligations there seems to be no reason to expect great volume of additional rediscounts, for in view of attractive features of Victory loan, preference in allotment to smaller subscribers and announcement that it is the final loan, there is every reason to believe it will be well distributed. In the event any particular banks attempt to make excessive use of discount privilege appropriate action can be taken in each case. Board is informed that many banks are still carrying considerable amount of Fourth Liberty Loan bonds under commitments to carry them for a year, and this engagement will terminate in October or November next. Board suggests that unless there should be some unexpected change in situation, reserve banks discourage member banks from making agreements in connection with Victory Loan for a longer period than six months, thereby leaving situation with respect to loans secured by Government bonds entirely clear after November. Board invites comment on policies proposed in this telegram."

Approved.

(During the discussion of this question Mr. Williams withdrew.)

Telegram dated April 15 from the Governor of the Federal

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Reserve Bank of Chicago, recommending changes in discount rates.

Referred to the Governor for report.

REPORTS OF COMMITTEE NO. I: (Continued)

Dated April 15, recommending approval of the application of Gustave Freund for permission to serve at the same time as director of the Fort Dearborn National Bank and the Franklin Trust and Savings Bank, both of Chicago, Illinois.

Approved.

Dated April 15, recommending approval of the application of Frederick D. Underwood for permission to serve at the same time as director of the Chatham and Phoenix National Bank, New York City and the First National Bank, Wauwatosa, Wisconsin.

Approved.

Dated April 15, recommending approval of the application of Leroy A. Goddard for permission to serve at the same time as president and director of the State Bank, Chicago, Illinois and as director of the First National Bank, Mt. Carmel, Illinois.

Approved.

Dated April 14, recommending the appointment of Mr. Harry B. Stone as Assistant File Clerk at a salary of \$1,200 per annum, effective April 16.

Approved.

Other business was presented and disposed of as follows:

Letter dated April 14 from Dr. Willis, submitting the resignation of Miss Priscilla Galt from the Division of Analysis and Research, and advising that it will not be possible

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for her to undertake the work with the Forest Service for which she had been intended.

Referred to the Governor with power.

Draft of letter dated April 16, to all Federal Reserve Agents, in re revision of "Weekly Report of Gold Receipts and Disbursements" form X-1053.

Approved.

The Governor reported the reserve positions of the several Federal Reserve banks.

Letter dated April 9 from the Federal Reserve Agent at San Francisco, in re unsatisfactory conditions at the Scandinavian American Bank, Seattle, Washington.

On motion duly seconded the Governor was authorized to send to Mr. Perrin the following telegram:

"Your letter 9th. Board agrees with view that your bank should take immediate action, but feels that Clearing House Committee, State Guaranty Board and State Bank Examiner should be notified to meet representatives of your bank, including yourself, on a stated date. Resolutions adopted by banks give you authority to make full statement to Clearing House Committee regarding conditions, and Board feels that you should be thoroughly independent in the matter. You should give notice that membership of bank concerned will be terminated at once unless arrangements satisfactory to you are made to assure the conduct of business on lines satisfactory to you. Bank was admitted to membership under certain conditions which have not been complied with and from your report it is clear that present management cannot be relied upon to

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live up to requirements. If bank is to retain membership in system therefore radical changes in policy and personnel seem to us to be imperatively necessary. Your bank is charged with a serious responsibility in the matter and while no doubt it is justified in taking drastic steps without consulting other parties it appears to Board that in fairness to those that might be affected by action taken they should have notice of your intentions and be given an opportunity of making some arrangement satisfactory to you which would permit you to continue the membership of the bank concerned.

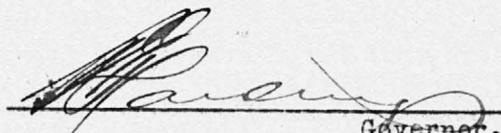
The Governor stated that Mr. Jay had informed him that it would be very desirable that Mr. Clifford Hubbell, President of the Buffalo Clearing House Association, be appointed on behalf of the Federal Reserve Board a Director of the Buffalo Branch of the Federal Reserve Bank of New York. The Governor stated that, for the reasons explained to him he concurred in Mr. Jay's view, and requested approval of the appointment by the Board.

Approved.

At 1 P.M. the meeting adjourned.


Assistant Secretary.

Approved:


Governor.