At a meeting of the Federal Reserve Board held in the office of the Board on Monday, May 26, 1919, at 11 A.M.,

PRESENT: The Vice-Governor
Mr. Miller
Mr. Hamlin
Mr. Williams
Mr. Broderick, Secretary.

The minutes of the meetings of the Board held on May 20th and 22d were read, and on motion approved.

The minutes of the meetings of the Executive Committee held on May 20th and 23d were read, and on motion approved.

The minutes of the meetings of the Gold Export Committee held on May 21st, 22d, 23d, 24th and 26th were presented and approved, and the action therein set forth ratified.

Morning business was presented and disposed of as follows:

The Vice-Governor reported the purchase on May 23d, of special 2½ certificate of indebtedness of the United States for $500,000 for the Federal Reserve Bank of St. Louis for deposit with the Comptroller of the Currency as collateral for Federal Reserve bank notes.

Approved.

The Vice-Governor reported rediscount transactions, pursuant to authority heretofore vested in him: member bank promissory notes secured by Government obligations, rate 4½ on paper secured by certificates of indebtedness and 4½ on
paper secured by Liberty bonds or Victory notes, as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Bank Rediscounting</th>
<th>With</th>
<th>Amount</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 22d</td>
<td>Richmond</td>
<td>Cleveland</td>
<td>$5,000,000</td>
<td>11-15 days</td>
</tr>
<tr>
<td>May 23d</td>
<td>Dallas</td>
<td>Chicago</td>
<td>3,000,000</td>
<td>1-15</td>
</tr>
<tr>
<td>May 23d</td>
<td>Dallas</td>
<td>Chicago</td>
<td>3,200,000</td>
<td>1-15</td>
</tr>
<tr>
<td>May 23d</td>
<td>Philadelphia</td>
<td>St. Louis</td>
<td>10,000,000</td>
<td>11-15</td>
</tr>
</tbody>
</table>

Noted.

Letter dated May 21st from the Chairman of the Federal Reserve Bank of Atlanta, submitting resolution of the Directors of that Bank authorizing the expenditure of $236,250 in the acquisition of the banking premises of the Commercial National Bank of New Orleans for the use of the New Orleans Branch of the Federal Reserve Bank of Atlanta, subject to the approval of the Federal Reserve Board.

Pursuant to authority heretofore given by the Board, it was voted to approve, formally, the expenditure contemplated.

Letter dated May 22d from Mr. James E. Zunts, requesting that action be withheld on his resignation as Director and Chairman of the New Orleans Branch of the Federal Reserve Bank of Atlanta.

Noted.

Letter dated May 22d from the Chairman of the Federal Reserve Bank of Minneapolis, in re contemplated recommendation for the establishment at Helena, Montana, of a branch of that Bank.
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Referred to the Secretary for report.

Opinion of General Counsel dated May 15th, addressed to Mr. Robert H. Bean, Executive Secretary of the American Acceptance Council, in re use of trade acceptances to finance the various processes of building.

Approved as amended.

Letter dated May 24th from the Vice-President of the Shawmut Corporation of Boston, asking permission to make investment in particular securities to comprise reserve against acceptances.

Referred to the Secretary for report, and advice to the Corporation that the Board is reconsidering the subject to determine whether or not it is advisable to abrogate Class 4, "Readily salable securities such as are eligible for purchase by savings banks in New York and Massachusetts", and possibly further to define Class 5; but that meanwhile the Board is willing to grant permission to make the specific investments referred to if the investments will be made in such manner as will not embarrass the Corporation in complying with any regulation hereafter prescribed by the Board in this respect within the next 30 or 60 days.


Approved.

Memorandum by the Secretary dated May 23d, in re sales by Federal Reserve banks to their employees of Liberty
bonds on the instalment plan without interest charge.

Referred to the Secretary for report.

Letter dated May 21st from the Governor of the Federal Reserve Bank of Cleveland, requesting approval by the Board of the payment by the Federal Reserve Bank of Cleveland of a dividend at the rate of 6% per annum for the period January 1, 1919 to June 30, 1919, inclusive.

Referred to the Secretary for report as to general practice and rules with respect to the payment of dividends, and made special order business for the meeting of the Board to be held on Monday, June 2d.

Letter dated May 23d from the Chairman of the Federal Reserve Bank of Philadelphia, suggesting that a commission be appointed to investigate the material and form of construction of vaults for Federal Reserve banks.

Voted that the Secretary communicate to all Federal Reserve banks the suggestion made by Mr. Austin with the request that they communicate with the Consulting Architect on the subject.

The Vice-Governor raised the question of the propriety of requiring members of the Board to secure formal action of the Board to permit them to travel at the Board's expense on official business.

On motion duly seconded, it was voted that it be left to the discretion of members of the Board to determine where their presence is most needed by their official duties, and that vouchers
covering the expenses of members for traveling shall be approved when they recite that the expense was incurred while traveling on official business, and are duly certified by the member concerned.

On motion duly seconded the Secretary was requested to report to the Executive Committee his recommendation for uniform practice to be adopted by the Board in prescribing conditions of operation of banks organized to engage in foreign banking, in order to make their stock eligible for investment by National banks.

Mr. Williams announced that at the meeting of the Board to be held on June 2d, he intended to move that the Board consider the question of the desirability of imposing a penalty of 1 ½ on discounts granted by Federal Reserve banks to member banks charging their customers interest in excess of the rates prescribed by law; and moved that meanwhile General Counsel be instructed to render an opinion as to the legal right of the Board to impose such penalty.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated May 26th, 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 May 23d, recommending approval of application of W. Lane Verlenden for permission to serve at the same time with the Cambridge Trust Company, Chester, Pa.; the First National Bank, Darby, Pa.; and the Lansdowne & Darby Trust Company, Darby, Pa.

Approved as to first two; unnecessary as to third.

Dated May 23d, recommending approval of application of James P. Woods for permission to serve at the same time with the National Exchange Bank, Roanoke, Virginia, and the First National Bank, Rocky Mount, Virginia.

Approved.

Dated May 24th, recommending approval of application of L. H. Ickler for permission to serve at the same time with the American National Bank, St. Paul, Minnesota, and the First National Bank, Roseau, Minnesota.

Approved.

Dated May 26th, recommending approval of the application of A. H. Giannini for permission to serve at the same time with the East River National Bank, New York City, and the Bank of Italy, San Francisco, California.

Approved.

Other business was presented and disposed of as follows:

Letter dated May 21st from the Comptroller of the Currency, asking approval of salary of $2,400 per annum for Mr. Edward A. Vavrina as National Bank Examiner in the Eleventh Federal Reserve District.

Approved.

Letter dated May 19th from the Chairman of the Federal
Reserve Bank of San Francisco, requesting approval of the appointment of Mr. George H. Tracy, Jr., as Federal Reserve Examiner of the Federal Reserve Bank of San Francisco, at a salary of $5,000 per annum.

Referred to the Secretary for report.

Letter dated May 17th from the Chairman of the Federal Reserve Bank of San Francisco, submitting for approval proposed method of examining branches of the Bank of Italy upon its application for admission to the Federal Reserve System.

Referred to the Secretary with power, after consultation with Mr. Hamlin.

At 12:40 P.M., the meeting adjourned.

Approved:

[Signature]

Secretary.

[Signature]

Vice-Governor.