

At a meeting of the Federal Reserve Board held in the office of the Board on Wednesday, June 4, 1919, at 12 M.,

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

The minutes of the meeting of the Board held on June 2d were read and on motion approved as amended.

The minutes of the meeting of the Executive Committee held on June 3d were read and on motion approved as amended.

The minutes of the meetings of the Gold Export Committee held on June 3d and 4th 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 of special 2% certificates of indebtedness of the United States for deposit with the Comptroller of the Currency as collateral for Federal Reserve bank notes, as follows:

<u>Date</u>	<u>Federal Reserve Bank</u>	<u>Amount</u>
May 31st	Kansas City	\$500,000
June 2d	Richmond	100,000
June 2d	Atlanta	500,000
June 2d	Philadelphia	1,000,000
June 3d	New York	500,000
June 3d	St. Louis	500,000
June 3d	Chicago	1,000,000

Approved.

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The Governor reported rediscount transactions pursuant to authority heretofore vested in him: member bank promissory notes secured by Government obligations; rate 4% on paper secured by certificates of indebtedness and 4 $\frac{1}{2}$ % on paper secured by Liberty bonds or Victory notes, as follows:

<u>Date</u>	<u>Bank Rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
June 2d	Dallas	Chicago	\$9,000,000	1-15 days
		(Chicago	4,000,000	
June 2d	Dallas.....)	(Minneapolis	4,000,000	1-15 days
		(Cleveland	5,000,000	
June 3d	Richmond.....)	(Minneapolis	5,000,000	11-15 days
June 2d	Philadelphia	Cleveland	5,000,000	11-15 days
		(Minneapolis	10,000,000	
June 2d	Richmond.....)	(Cleveland	5,000,000	11-15 days
June 3d	Philadelphia	St. Louis	5,000,000	11-15 days

Noted.

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

Application of the National City Bank of New York for leave to establish a branch in the Republic of Colombia with its main office in the City of Bogota, and with sub-branches, agencies or offices.

Approved as set forth in the order book as of this date.

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Memorandum by the Secretary dated May 27th, in re recommendations of the Federal Advisory Council on May 19th. Mr. Hamlin reported that he suggested reference of Topic No. 11 to the committee studying the future of the sub-treasury system.

Voted to refer Topic 11 to Committee studying sub-treasury matters.

Letter dated March 27th, addressed by the Secretary of Labor to the Secretary of the Treasury, enclosing tentative draft of bill to be enacted by Congress to "Encourage home ownership and to stimulate the buying and building of homes; to create a standard form of investment based on building association mortgages; to create Government depositaries and financial agents for the United States; to furnish a market for Government bonds; and for other purposes". Mr. Hamlin stated that it was his opinion that if such a banking system were needed it should be operated by the Federal Land Bank System to save duplication.

Referred to the Governor with power.

Draft of bill prepared by General Counsel for the amendment of Section 4 of the Federal Reserve Act so as to increase the directorate of Federal Reserve banks from nine to eleven members, one of whom shall be the Governor of the bank.

Ordered circulated and docketed for the meeting of the Board to be held on Thursday, June 5th.

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Opinion of General Counsel dated June 2d, in re suggested penalty on discounts granted to member banks charging customers interest in excess of rates prescribed by law.

Ordered circulated and docketed for the meeting of the Board to be held on Thursday, June 5th.

Stenographic report of conference held by officers of the Federal Reserve Bank of San Francisco and officers of the Scandinavian-American Bank of Seattle on May 8th.

Referred to Mr. Miller for report.

Letter dated May 29th from the Chairman of the Federal Reserve Bank of Dallas, advising of the election by the Board of Directors of the Federal Reserve Bank of Dallas of the following directors of the Houston Branch of that Bank:

Sam R. Lawder
J. A. Pondrom
Frank Andrews

Noted.

On motion duly seconded the following were appointed as directors of the Houston Branch of the Federal Reserve Bank of Dallas on behalf of the Federal Reserve Board:

J. C. Chidsey, Vice-President, Houston National Exchange Bank, Houston, Texas.
J. J. Davis, President, South Texas State Bank, Galveston, Texas.

Mr. Miller stated that with the approval of the Board

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he desired to request Mr. Perrin to ascertain whether or not Mr. Joseph N. Teal would accept appointment to fill the vacancy in the directorate of the Portland Branch of the Federal Reserve Bank of San Francisco created by the death of Everett Ames.

Approved.

Opinion of General Counsel dated June 3d, in re application of legislative appropriation bill of March 1, 1919, to employees of the Federal Reserve Board.

Voted that General Counsel be instructed to procure formal opinion of the Comptroller of the Treasury.

Recommendation of Chief Clerks' Association that Congress increase the subsistence allowances to all employees of the Federal Government while traveling on official business.

Referred to the Executive Committee with power.

REPORTS OF COMMITTEE NO. 1:

Dated June 4th, 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 June 3d (2 reports) recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated June 4th, recommending action on applications for fiduciary powers as set forth in the auxiliary minute book as of this date.

Approved.

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Dated June 3d, recommending that the Board interpose no objection to State member banks acting in such fiduciary capacities as may be granted to them by the State Superintendent of Banks, with particular reference to such action in the case of the Bank of Buffalo, Buffalo, N. Y.
Approved.

Dated June 2d, recommending appointment of Miss Anna Youngman as Research Assistant in the Division of Analysis and Research, effective July 1st for 30 days, at the rate of \$2,500 per annum, with the understanding that if desired the appointment may be continued upon the regular basis of tenure.
Approved.

Dated June 2d, recommending probational appointment of George W. Weber as Stenographer and Statistical Compiler in the Division of Reports and Statistics at a salary of \$100 per month, effective at such date as Mr. Weber reports for duty.
Approved.

Other business was presented and disposed of as follows:

Telegram dated June 3d from the Chairman of the Federal Reserve Bank of San Francisco, advising that the directors of that Bank had voted to pay for the current six months, in addition to regular salaries, bonuses at same rate as paid during the year 1918, subject to the approval of the Federal Reserve Board.

Voted that the Secretary advise Mr. Perrin by telegraph as follows:

"Your wire third. In July, 1918, after conference with Governors, Board advised Federal Reserve banks that 'it is the Board's view that a distribution should, as far as practicable, be undertaken only at the end of the year, and that any adjustment

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that may become necessary during the year should be made on the basis of an increase in salary'. Board has not adopted any policy nor so far approved any recommendation covering payment of additional compensation to employees of Reserve banks for year 1919. Board is not in favor of mid-year distribution of extra compensation, but is prepared upon your recommendation to approve announcement in June or July of basis of extra compensation to be paid at the end of the calendar year. Please advise."

Letter dated June 2d from Deputy Governor McKay, Federal Reserve Bank of Chicago, recommending the installation of a direct telegraph wire from Chicago to Kansas City in order to relieve congestion on leased wire circuit No. 4 (Chicago-Kansas City-Dallas), at a cost of approximately \$500 per month, under contract providing for cancellation upon 5 days notice at any time after the expiration of the first 30 days.

Approved.

Letter dated May 31st from the Chairman of the Federal Reserve Bank of Dallas, requesting authority to acquire a lot on which to construct quarters for the El Paso Branch of that Bank.

Ordered circulated and docketed for the meeting of the Board to be held on Thursday, June 5th.

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

At 1:10 P.M., the meeting adjourned.

J. M. Broderick
Secretary.

Approved:

Charles
Governor.