

At a meeting of the Federal Reserve Board held in the office of the Board on Thursday, June 5, 1919, at 11 A.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 4th were read and on motion approved.

The minutes of the meeting of the Gold Export Committee held on June 5th were presented and approved, and the action therein set forth ratified.

Morning business was presented and disposed of as follows:

Opinion of General Counsel dated June 2d, to the effect that the Federal Reserve Board has not the power to impose penalty through increased discount rates on paper discounted for member banks that habitually charge their customers rates in excess of those prescribed by law.

Approved.

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

Ordered tabled.

-2-

Letter dated May 31st from the Chairman of the Federal Reserve Bank of Dallas, advising that the Directors of that bank had approved the purchase, at a price not to exceed \$39,000. of a lot to be used as site for new bank building for the El Paso Branch of that Bank, subject to the approval of the Federal Reserve Board.

Mr. Miller moved that the question be referred to the Executive Committee for investigation, report and recommendation. The motion was lost.

Voted that the Federal Reserve Bank of Dallas be informed that it is the purpose of the Board to review the whole question of branches of Federal Reserve banks, in view of which fact, if they wish to protect themselves by exercising their option to purchase the real estate mentioned, they are authorized so to do, upon the understanding that they will make no commitments whatever until authorized by the Board, looking to the construction of a building on such premises.

It was moved that the Federal Reserve Board, in the exercise of its power to redesignate the reserve requirements in Reserve and Central Reserve cities, designate as Central Reserve cities all cities in which Federal Reserve banks or branches thereof are located, effective January 1, 1920.

Voted to refer the motion to the Executive Committee for investigation and report.

On motion duly seconded the Governor was instructed to submit for the approval of the Board draft of a letter to the Chairmen of all Federal Reserve banks, notifying them

-3-

confidentially of the Board's contemplated action in declaring Federal Reserve Bank and Federal Reserve Bank Branch cities as Central Reserve cities, effective January 1, 1920, and requesting them to give the Board the benefit of their views upon such contemplated action.

Memorandum by the Secretary dated May 27th, submitting recommendations made by the Federal Advisory Council at meeting May 19, 1919.

Ordered circulated and docketed for the meeting of the Board to be held on Tuesday, June 10th.

Reports from various Federal Reserve banks, recommending no changes in discount rates.

Noted.

Telegram dated June 4th from the Chairman of the Federal Reserve Bank of St. Louis, advising that the Board of Directors of that Bank had voted, subject to the approval of the Federal Reserve Board, to abrogate special 4% rate on paper with 16 to 90 day maturity secured by Fourth Liberty Loan bonds, provided paper was taken by member banks at rate not in excess of Fourth Liberty Loan coupon rate.

Approved, and the Governor instructed to notify those Federal Reserve banks now maintaining such rate of the action taken on the recommendation of the St. Louis Bank.

On motion duly seconded it was voted that the Governor

-4-

prepare and submit to the Board a letter to the Chairmen of all Federal Reserve banks, inquiring to what extent member bank borrowings on security of Government collateral had been made for purposes other than the carrying of customers who had purchased Liberty bonds on account, - or not for purely commercial purposes; and requesting a review in detail of the general character of their present loans and discounts.

Memorandum by the Secretary dated May 29th, in re operation of Federal Reserve bank branches during the four months' period ended April 30, 1919.

Ordered circulated.

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 $\frac{1}{4}$ % on paper secured by Liberty bonds or Victory notes, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
June 4th	(St. Louis Philadelphia...)	(St. Louis	\$7,500,000	11-15 days
	(Chicago	Chicago	5,000,000	
June 4th	Dallas	Chicago	5,000,000	1-15 days

Noted.

Letter dated June 3d from Deputy Governor Curtis of the Federal Reserve Bank of New York, requesting that the

-5-

Board assist in obtaining a better working basis between the Treasury Department and Federal Reserve banks with respect to checks or warrants drawn on the Treasurer of the United States and lost between the banks and the office of the Treasurer of the United States.

Referred to the Secretary for reply.

Letter dated May 22d from the Director of the Division of Foreign Exchange, in re suggested compilation of figures showing origin of foreign exchange by Federal Reserve Districts.

Referred to Mr. Strauss for report.

REPORTS OF COMMITTEE NO. 1:

Dated June 5th (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 increases in salaries of employees of Division of Analysis and Research, effective July 1, 1919, as follows:

<u>Name</u>	<u>From</u>	<u>To</u>
Miss Ruth Cornwall,	\$1,440	\$1,800 per annum
W. H. Steiner,	2,250	2,750 "

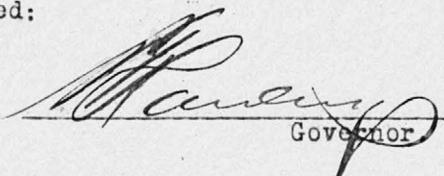
Approved.

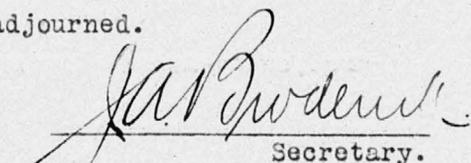
Dated June 4th, recommending appointment of Mr. M. R. Adams as Clerk in the Division of Analysis and Research for 30 days, at a salary of \$120 per month, effective as of this date.

Approved.

At 12:55 P.M., the meeting adjourned.

Approved:

  
Governor

  
Secretary.