

At a meeting of the Federal Reserve Board held in the office of the Board on Thursday, June 19, 1919, at 11 A.M.,

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

The minutes of the meetings of the Board held on June 12th and June 17th were read, and on motion approved.

Letter dated June 9th from the Governor of the Federal Reserve Bank of Minneapolis, enclosing resolution of the Board of Directors of that Bank, authorizing the establishment at Helena, Montana, of a branch of the Federal Reserve Bank of Minneapolis, subject to the approval of the Federal Reserve Board.

Approved (Mr. Miller not voting).

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>For Federal Reserve Bank of:</u>	<u>Date</u>	<u>Amount</u>
Cleveland	June 18, 1919	\$500,000
Philadelphia	"	1,000,000
Chicago	June 17, 1919	1,000,000

Approved.

Report of discount rates from various Federal Reserve banks; no changes recommended.

Noted.

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The Governor submitted estimate prepared by the Fiscal Agent of the amount needed to cover the expenses of the Board for the period July 1 to December 31, 1919.

On motion duly seconded, it was voted that:

Whereas, under section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal Reserve Banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts, and employees for the half year succeeding the levying of such assessment together with any deficit carried forward from the preceding half year; and

Whereas, it appears from estimates submitted and considered that it is necessary that a fund equal to one hundred seventy-six thousandths of one per cent (.00176) of the total paid-in capital stock and surplus of the Federal Reserve banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal Reserve notes: Now, therefore,

Be it resolved, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal Reserve banks of an amount equal to one hundred seventy six thousandths of one per cent (.00176) of the total paid-in capital stock and surplus of such banks, and the Fiscal Agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board receipts for payments made. Such assessment will be collected in two installments one-half each; the first installment to be paid on July 1, 1919, and the second half on September 1, 1919.

The Governor submitted for approval draft of letter dated June 19th, addressed to the foreign banking corporations who have

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entered into agreements with the Federal Reserve Board making their stock eligible for investment by National banks, transmitting for their adoption the uniform draft of agreement to be substituted for the agreements now in force.

Referred to Executive Committee with power.

Memorandum by Secretary dated June 18th, in re closing of books and payment of dividends by Federal Reserve Banks on June 30, 1919.

On motion duly seconded it was voted to approve the payment of dividends by all Federal Reserve banks on June 30, 1919, for the period January 1 to June 30, 1919, at the rate of 6% per annum, except the Federal Reserve Bank of Cleveland, whose dividend for this period has heretofore been approved.

Letter dated June 16th from the Chairman of the Federal Reserve Bank of Atlanta, advising that the Board of Directors of that Bank had accepted bids aggregating \$200,079. for the construction of an annex to the banking quarters of that Bank, subject to the approval of the Federal Reserve Board.

Approved, subject to approval of plans by Supervising Architect.

Memorandum by Secretary dated June 18th in re sales of Liberty bonds by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond and Kansas City to their employees on the installment plan.

Ordered passed to file.

Memorandum by Mr. Miller dated June 17th, suggesting

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that Federal Reserve banks be advised of the plans of the Division of Analysis and Research in connection with statistical and reporting service at Federal Reserve Banks.

Referred to Executive Committee with power.

Letter from the Department of State enclosing report from the American Consul General at Shanghai, in re American Express Company's activities at Shanghai as a banking house.

Ordered circulated.

Letter dated June 11th from the Governor of the Federal Reserve Bank of Philadelphia, submitting for approval recommendations for the increase in salaries of employees of that Bank, effective July 1, 1919.

The Secretary stated that he had given consideration to the recommendations made, and recommended approval thereof.

Approved.

Letter dated June 10th from the Governor of the Federal Reserve Bank of Cleveland, transmitting recommendations for the increase in salaries of officers and employees of that Bank and its Cincinnati Branch, effective July 1, 1919.

The Secretary stated that he had given consideration to the recommendations made, and recommended approval thereof.

Approved.

Letters dated June 6th from the Secretary of the Federal Reserve Bank of Chicago, transmitting recommendations of increases in salaries of officers and employees of that Bank, ef-

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fective July 1, 1919.

The Secretary stated that he had given consideration to the recommendations made and recommended approval thereof.

Approved.

Telegram dated June 18th from Vice-President Leblanc of the Equitable Trust Company of New York, suggesting that in view of the discount on the American dollar in Spain, licenses for the export of gold to that Country be granted only on condition that American shippers guarantee that they will receive from their Spanish correspondents to the credit of their peseta accounts not less than the par mint value of American gold coin.

Referred to Mr. Strauss.

Letter dated June 16th from the Federal Reserve Agent at Boston, recommending the postponement of action on the application of the Hub Trust Company of Boston for membership in the Federal Reserve System.

Referred to Mr. Hamlin for report.

At 1:05 P.M. the meeting took a recess until 3:45 P.M.

Letter dated June 16th from Deputy Governor Case of the Federal Reserve Bank of New York, submitting for approval the following cablegram to be sent to Sveriges Riksbank, Stockholm, Sweden:

"Replying to your telegram regarding purchase gold our account in Sweden we could not undertake proposed transaction on basis outlined your last cablegram, but if it would be convenient to you to deliver gold in London for our account we would purchase same provided you guarantee delivery of gold in New York free of expense to us if we should later desire shipment here from London and provided you

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guarantee weight and fineness of gold coins purchased.

Approved.

Telegram dated June 19th from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of increase from \$225 to \$250 per month in salary of Mr. J.C. Galbraith, transferred to position of cashier of the Salt Lake Branch of that Bank.

Approved.

The Vice-Governor stated that he had conferred with the Director, Division of Foreign Exchange, with respect to the future activities of that Division, and that he and the Director agreed that the Statistical Branch of the Division should cease functioning as of the close of business June 30th, and that it would be in order to make some provision for the custody of the records of that branch of the Division.

Voted that the Governor be authorized to make suitable provision for the permanent custody of the records of the statistical section of the Division of Foreign Exchange.

The Vice-Governor stated that there were at present in the Statistical Section of the Division of Foreign Exchange some 23 employees who have not been on notice that it is the intention of the Board to abolish that Section of the Division on July 1st, and that he recommended that some step be taken looking to the relief of these employees.

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On motion duly seconded it was voted that in view of the contemplated closing on June 30, 1919, of the Statistical Section of the Division of Foreign Exchange, all persons at present employed in the section be granted leave of absence with pay for the period July 1st to July 15th inclusive.

The Governor read to the meeting a letter prepared by him under date of June 8, 1919, to the Chairman of the Banking and Currency Committee of the Senate, commenting upon various bills that have been submitted to the committee looking to the amendment of the Federal Reserve Act. The members present were in accord with the Governor's comments on all of the bills except that proposing an increase in limitations of Section 5200 from 10% to 30%, with respect to which the Governor was requested to obtain the views of the Comptroller of the Currency and of the Executive Committee of the Federal Advisory Council. In regard to the bills dealing with Government guaranty of deposits, the Governor's position was that the Board had gone on record a year ago as opposed to such action, and there appeared no occasion to alter the decision then reached.

Memorandum by Secretary dated June 17th, recommending that the Federal Reserve Agent at New York be requested to obtain and forward to the Board a copy of the last report of examination of the Farmers and Merchants Bank of Geneva, New York, in connection with the merger of that Bank into the Geneva Trust Company.

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Approved.

Letter dated June 13th from the Chief Examiner of the Federal Reserve Bank of San Francisco, reporting favorable action taken by the Scandinavian-American Bank of Seattle, in connection with the conference held with the officers of the Federal Reserve Bank of San Francisco.

Ordered circulated.

Letter dated June 10th from the Park-Union Foreign Banking Corporation, advising of the contemplated opening on July 1st of its branch at Yokohama, Japan, and on August 1st of its branch at Shanghai, China.

Noted.

Memorandum by Secretary dated June 18th, in re compliance by First State Bank of Holland, Michigan, with the conditions of its membership in the Federal Reserve System.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated June 19th, 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 19th, recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Approved.

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Dated July 18th, recommending the designation of Mr. R. G. Emerson as Acting Assistant Secretary of the Board, and as such authorized to act in the absence of the Secretary or the Assistant Secretary.

Approved.

Dated June 17th, recommending the appointment of Miss Dorothy Stoddard as key-punch operator in the Division of Reports and Statistics at a salary of \$1,100 per annum, effective upon reporting for duty.

Approved.

Dated June 17th, recommending the employment during the summer months of 1919 of Mr. I.S.Cotins as Stenographer and Typewriter in the Division of Reports and Statistics, at a monthly salary of \$100.

Approved.

Dated June 18th, recommending the approval of increase from \$1,200 to \$1,320 effective July 1st, in the salary of Miss Mary Johnson, an employee of the Division of Analysis and Research.

Approved.

Dated June 18th, recommending approval of the appointment of Mr. Roger Baldwin as Assistant Examiner, Federal Reserve Board, at a salary of \$2,000 per annum, effective upon reporting for duty.

Approved.

Dated June 18th, recommending the approval of appointment of two male stenographers in the office of the Secretary at \$1,500 per annum each, effective upon reporting for duty.

Approved.

Memorandum by Secretary dated June 16th, submitting report of the committee appointed by the conference of Governors in re operation of the leased wire system.

Ordered circulated and docketed for the meeting of the Board to be held Tuesday, June 24th.

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In connection with the above report it was voted that the Governor be requested to notify all Federal Reserve Banks that they should have an agreement in writing with member banks for which they transmit funds to another bank, reading as follows:

The liability of the Federal Reserve Bank is limited to the deposit for account of the designated receiving bank, and other words of direction, if transmitted, are transmitted for accommodation only and without any responsibility therefor on the part of the Federal Reserve Bank.

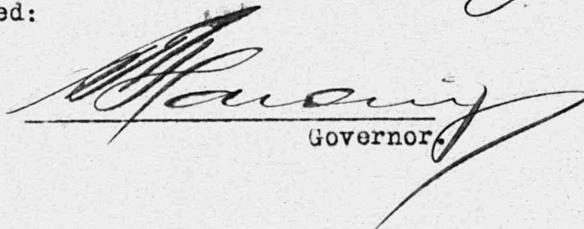
Memorandum by General Counsel dated June 19th, reporting the result of his efforts to negotiate a renewal of the lease of quarters in the Southern Building now occupied by the Division of Reports and Statistics.

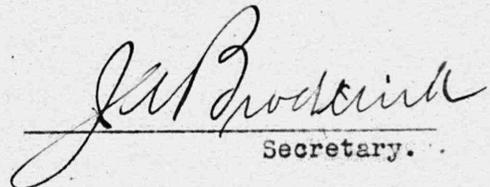
Noted.

On motion duly seconded it was voted that it is the sense of the members of the Board present that the Board should consider the necessity of providing in the near future its own separate permanent quarters. Voted further that the Governor be authorized to ascertain the view of the Chairman of the Board in this respect.

At 6 P.M., the meeting adjourned.

Approved:


Governor


Secretary.