

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

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

The Vice-Governor presented copy of letter addressed by Dean Gay to Mr. John H. Williams under date of June 24th, regarding statistical information relating to foreign balances obtained from the Statistical Section of the Division of Foreign Exchange.

Noted.

The Vice-Governor read a letter addressed by him under date of May 26th to Mr. Itsuo Hamaoka, respecting the Board's policy with respect to the export of gold to Japan.

Noted.

The minutes of the meeting of the Board held on June 24th were read, and on motion approved as amended.

The minutes of the meeting of the Executive Committee held on June 25th were read, and on motion approved as amended.

The Governor reported rediscount transaction 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

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by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
June 24th	Philadelphia	Chicago	\$10,000,000	15 days

Noted.

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

Noted.

Applications of the following banks for authority to accept drafts and bills of exchange up to 100% of their capital and surplus, under the provisions of Section 13 of the Federal Reserve Act:

Drovers and Mechanics National Bank, Baltimore, Md.
National Exchange Bank, Baltimore, Md.

Approved.

Memorandum by Secretary dated June 23d, submitting for approval draft of letter dated June 25th, to be addressed to all Federal Reserve Banks, requesting information with respect to the status of applications for membership filed with them by State banking institutions.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated July 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.

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Dated June 25th, recommending action on applications for fiduciary powers, as set forth in auxiliary minute book as of this date,

Approved.

Dated June 25th, recommending approval of application of A.J. Agnew for permission to serve at the same time with the First National Bank, Everett, Washington, and the First National Bank, Monroe, Washington.

Approved.

Letter dated June 25th from the Secretary of the Federal Reserve Bank of New York, advising that the Board of Directors of that Bank had appointed Mr. W. W. Schneckenburger as Cashier of the Buffalo Branch of that Bank at a salary of \$4,800 per annum, effective July 16, 1919, subject to the approval of the Board.

Approved.

Memorandum by General Counsel dated June 24th, in re proposed amendment to Section 5202 of the National Bank Act.

Voted that the Governor instruct General Counsel to prepare for presentation to the Board, draft of an amendment re exception from the limitations of Section 5202 of liability created by National Banks on accepted bills of exchange actually owned by the bank and rediscounted at home or abroad.

Memorandum of conference held on June 18th with representatives of foreign banking corporations having agreements with the Federal Reserve Board making their stock eligible for investment by National banks.

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Voted to amend the second paragraph to read as follows:

"After discussion of paragraph (a), during the course of which the representatives of the banking corporations expressed themselves as highly desirous of having the trust receipt considered as security by the Federal Reserve Board, stating that the trust receipt in England and other foreign countries was considered, from the banking standpoint, far superior security to the warehouse receipt, the Board was unwilling to recede from its previous position, but stated that it would be willing to hear any further considerations bearing on the question that might be presented in the future."

Memorandum by Secretary dated June 25th reporting investigation of apparent failure of the Peoples Bank of Mobile, Alabama, to comply with conditions of membership.

Ordered passed to file.

Memorandum by Secretary dated June 23d, recommending approval of salary increases of employees of the Federal Reserve Bank of St. Louis, as submitted with letter of the Chairman of that Bank of June 18th.

Approved.

Memorandum by the Secretary dated June 23d, recommending approval of the payment of extra compensation to employees of the Federal Reserve Bank of Philadelphia for the six months period ending June 30, 1919.

Approved.

The Governor submitted for approval, draft of letter

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dated June 21st to the Chairman of the Federal Reserve Bank of Atlanta, in re policy to be pursued with respect to notary fees on items protested.

Approved.

The Governor submitted for approval draft of letter dated June 25th to the National City Bank of New York, in re right of a National bank to discount with Federal Reserve Bank its own acceptances purchased in the open market, and in re classification of endorsements of acceptances purchased for account of foreign clients and held simply for safe keeping.

Approved.

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

A discussion was then had as to the propriety of requesting Congress to amend the Federal Reserve Act by increasing from 10% to 25% the limitations on loans by National banks for account, to any one borrower.

Voted that the Governor instruct General Counsel to prepare and submit draft of an amendment to the Federal Reserve Act to increase such limitation to 25%.

Mr. Miller stated that while he had no objection to such draft of amendment being prepared, he would vote against same if and when presented for approval.

The Governor stated that he was in receipt of a letter from Mr. Hartford of Nashville, Tennessee, requesting that he

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be advised as to the progress being made toward the establishment at Nashville of a branch of the Federal Reserve Bank of Atlanta.

Mr. Miller requested that it be noted on the record that under no circumstances would he vote for the establishment at Nashville of a branch of the Federal Reserve Bank of Atlanta.

Telegram dated June 26th from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the appointments of Mr. S. G. Sargent and Mr. E. H. Tucker as Assistant Federal Reserve Agents at San Francisco, effective July 1, 1919.

Approved.

Letter dated June 24th from Assistant Cashier Childs of the Federal Reserve Bank of Chicago, requesting ruling on the eligibility for rediscount of collateral gold notes of the General Motors Acceptance Corporation.

Referred to General Counsel.

Letter dated June 23d from Assistant Federal Reserve Agent Mosher at Minneapolis, requesting approval of the appointment of Mr. R. A. Smith as Chief Clerk for the Federal Reserve Agent at Minneapolis, at a salary of \$2,200 per annum, effective July 1, 1919.

Referred to Mr. Hamlin for report.

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Letter dated June 25th from Mr. Joseph Wayne, Jr., of the salary committee of the Federal Reserve Bank of Philadelphia, requesting approval, effective July 1, 1919, of the following increases in salaries of officers of that Bank:

		<u>From</u>	<u>To</u>
Mr. E.P. Passmore,	Governor,	\$20,000	\$25,000
Mr. William H. Hutt,	Deputy Governor,	9,000	12,000
Mr. W. A. Dyer,	Cashier,	7,500	9,000

Mr. Hamlin moved to approve the increases if and when formally recommended by the Board of Directors of the Federal Reserve Bank of Philadelphia.

Mr. Miller moved to amend Mr. Hamlin's motion by eliminating the increase recommended in the salary of Governor Passmore. The motion to amend was lost.

Voted to approve the increases if and when formally recommended by the Board of Directors of the Federal Reserve Bank of Philadelphia.

On motion duly seconded it was voted that, effective July 1, 1919, the salary of Mr. R. L. Austin, Chairman of the Federal Reserve Bank of Philadelphia, be increased from \$12,000 to \$15,000 per annum.

Mr. Miller requested that he be recorded as voting in the negative. Approved.

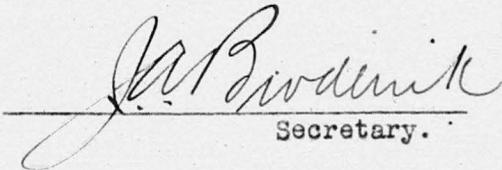
Letter dated June 25th from the Chairman of the Federal Reserve Bank of New York, submitting for approval recommendations of increases in salaries of officers and employees of that Bank, effective July 1, 1919.

Referred to Executive Committee for report.

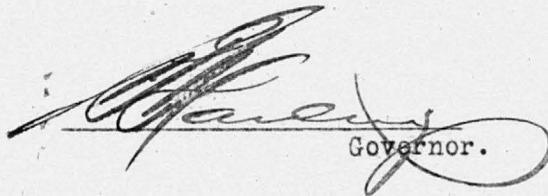
Letter dated June 25th from the Chairman of the Federal Reserve Bank of New York, recommending approval of payment of extra compensation to the employees of that Bank for the period January 1 to June 30, 1919, on the same basis as that approved for the period July 1 to December 31, 1918.

Approved.

At 1-15 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.