

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Board on Tuesday, July 22, 1919, at 11 A.M.,

PRESENT: The Governor
Mr. Strauss
Mr. Hamlin
Mr. Chapman, Assistant Secretary.

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 1/2% on paper secured by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
July 15th	Richmond	Chicago	\$5,000,000	11-15 days
July 16th	Dallas	Chicago	3,000,000	15 days
July 17th	Richmond	Chicago	10,000,000	11-15 days
July 17th	Dallas	Chicago	3,500,000	15 days
July 17th	Richmond	St. Louis	5,000,000	12-15 days
July 17th	Philadelphia	Chicago	20,000,000	11-15 days
July 21st	Richmond.....	(Minneapolis	15,000,000	15 days
		(Chicago	5,000,000	

Approved.

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>
Chicago,	June 15, 1919	\$1,000,000
Boston,	June 16, 1919	500,000
Boston,	June 17, 1919	4,020,000
New York,	June 21, 1919	1,000,000
Noted		

-2-

Letter dated July 14th from Deputy Governor McKay of the Federal Reserve Bank of Chicago, inquiring whether or not acceptances of the Merchants Loan & Trust Company of Chicago, drawn by commercial export houses and secured by drawers' documentary bills on foreign buyers would be eligible for rediscount, with the understanding that they could be renewed once or possibly twice.

The Governor submitted for approval, draft of reply by him under date of July 21st.

Approved as amended.

Letter dated July 18th from John A. Garver of the firm of Shearman & Sterling of New York, suggesting the advisability of a further amendment of Section 5154 of the United States Revised Statutes as amended by Section 8 of the Federal Reserve Act, so as to provide expressly that trust companies organized under the laws of various states may become national banking associations upon complying with the provisions of said sections, and especially so as to provide that upon conversion into a national bank, the institution shall continue to possess all the powers and privileges which it had previously possessed as a trust company.

Referred to Governor for report after consultation with General Counsel.

Mr. Strauss stated that the Federal Reserve Bank of

-3-

New York desired to know whether or not a proposed credit by the National City Bank of New York to the Omsk Government amounting to \$5,000,000 to be secured by bar gold in a neutral port, with a 5% margin over the amount of the credit, the proceeds of which to be used for exports from the United States to Vladivostock could be put in terms of bankers' acceptance credit.

Voted that the Federal Reserve Bank of New York be informed that the Board does not see how bills drawn under the suggested transaction could be made eligible; that the transaction would seem to be one that should be handled through the investment market and not by means of commercial credit.

Letter dated July 15th from Chairman of the Federal Reserve Bank of San Francisco, enclosing correspondence with respect to export bills of lading.

Ordered referred to the United States Railroad Administration.

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:

City National Bank, Bridgeport, Conn.
First National Bank, Waco, Texas,
Lamar State Bank & Trust Co., Paris, Texas.
Approved.

Application of the First National Bank, El Paso,

Texas, for authority to accept drafts and bills of exchange up to 100% of its capital and surplus was deferred until next report of examination is received.

Letter dated July 16th from the Acting Director of the Division of Foreign Exchange, submitting for approval outline of procedure with respect to the termination of the work of that Division.

Referred to Secretary with power.

Letter dated July 16th from the Secretary of the War Trade Board, enclosing copy of General Enemy Trade License issued by the War Trade Board under date of July 14, 1919, authorizing the resumption of trade between the United States and Germany.

Noted.

Letter dated July 16th from the Chairman of the Federal Reserve Bank of New York with reference to collection charges imposed by the New York Clearing House Association.

Ordered circulated.

Letter dated July 17th from the Acting Secretary of State, submitting copy of report from the American Consul General at Zurich, Switzerland, in re Switzerland as a field for American banks.

Ordered circulated.

Memorandum by Secretary dated July 16th in re reserves held against outstanding acceptances by the Shawmut Corporation of Boston, and by the Park-Union Foreign Banking Corporation of New York City.

Voted to approve the following collateral as security for outstanding acceptances of the Shawmut Corporation of Boston:

- U. S. Victory Loan, 4-3/4%
- Baltimore & Ohio convertible gold bonds, 4-1/2%
- New York Central & Hudson River Refunding and Improvement mortgage bonds, 4-1/2%
- Pennsylvania Railroad general mortgage bonds, 5%

Voted to approve the following collateral as security for outstanding acceptances of the Park-Union Foreign Banking Corporation of New York:

- State of New York bonds, 1961;
- Province of Ontario bonds, 1919.

Memorandum by Secretary dated July 18th, recommending that, effective August 8th, member banks now submitting weekly condition reports on form 51 be requested to report separately the item "Loans secured by stocks and bonds other than United States securities".

Letter dated July 16th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that the Board

of Directors of that Bank desire to inaugurate the practice of having portraits painted of the Governors and Chairmen of the Board of Directors of that Bank, to be hung in the bank building.

Referred to the Governor for a negative reply.

Memorandum by Secretary dated July 17th, recommending approval of increases in salaries of employees of the Federal Reserve Bank of Minneapolis, effective July 1, 1919.

Approved.

Letter dated July 11th from Mr. J. Bolinger, Vice-President, national Shawmut Bank of Boston, with further reference to the question of accepting drafts for the purpose of creating dollar exchange in Switzerland.

Referred to the Governor for reply.

Letter dated July 15th from the Chairman of the Federal Reserve Bank of Atlanta, recommending approval of increases in salaries of employees of the New Orleans Branch of the Federal Reserve bank of Atlanta, effective July 15th.

-7-

Approved.

Letter dated July 15th from the Chairman of the Federal Reserve Bank of Kansas City, recommending approval of increase in salary of C. K. Boardman, Assistant Federal Reserve Agent, from \$4,000 to \$4,800 per annum, effective July 1, 1919.

Approved.

Memorandum of Mr. Jacobson dated July 21st, submitting copy of letter from the American Minister at Berne, Switzerland, in re proposed establishment in Switzerland, of a clearing house bank of the world.

Referred to the Governor for reply.

Letter dated July 15th from Chairman of the Federal Reserve Bank of San Francisco, advising of the appointment of the following officers:

Head Office:

Ira Clerk, Assistant Deputy Governor;
F. H. Holman, Assistant Cashier.

Portland Branch:

Clifford L. Lamping, Manager;
R. B. West, Assistant Cashier.

Seattle Branch:

D. L. Davis, Cashier;
C. A. Bemis, Assistant Cashier.

Spokane Branch:

Evan Berg, Assistant Cashier.

Sale Lake City Branch:

Paul M. Lee, Assistant Cashier.

Noted.

-8-

The following reports were submitted:

Dated July 22d, 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 July 16th (3 reports) recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated July 21st, recommending approval of the employment of William J. Ogilvie as stenographer and typist in the Gold Settlement Division at a salary of \$1,440 per annum, effective July 23, 1919.

Approved.

Dated July 15th, recommending approval of the appointment of John J. Hurley as Clerk in the Division of Reports and Statistics at a salary of \$1,500 per annum, effective upon reporting for duty.

Approved.

Dated July 21st, reporting the employment of R. A. Bryans as stenographer and clerk in the office of the Secretary at a salary of \$1,500 per annum, effective August 1st.

Noted.

Memorandum by General Counsel dated July 22d, submitting for approval draft of letter for signature by the Governor, addressed to the Continental Guaranty Corporation, advising that acceptances of the kinds set forth in the plan submitted by that Corporation would be eligible for discount by Federal Reserve banks.

Approved.

-9-

Memorandum by Secretary dated July 21st in re drafts drawn by the Park-Union Foreign Banking Corporation in excess of 10 per cent of its capital and surplus.

Noted.

Letter dated July 14th from Deputy Governor Attebury of the Federal Reserve Bank of St. Louis, submitting pamphlet containing a speech by Mr. Wallace Simmons, advocating par collections, with suggestion that the same be transmitted to banks and business men.

voted that the Governor advise the Chairmen of all Federal Reserve banks that the Federal Reserve Bank of St. Louis is circulating such pamphlet, which might prove useful in their campaigns for additional par points.

voted that the vice-governor and Statistician be authorized to prepare and submit a review of the month for publication in the August 1, 1919 Federal Reserve bulletin.

Memorandum by the Secretary dated July 12th, recommending approval of salary increases of officers and employees of the Federal Reserve Bank of Kansas City, as recommended by the salary committee of that bank.

Approved.

The vice-governor stated that due to misunderstanding of the conditions of the lifting of the restrictions on the export of coin, bullion and currency, certain Russian roubles

-10-

to the value of approximately \$200,000 had been shipped to Pacific coast ports. He stated that he was informed of the shipments by the Acting Director of the Division of Foreign Exchange by telegram dated July 21st, and that, in view of the fact that the roubles had already been shipped, he had authorized the licensing of such imports and desired approval of his action in this respect.

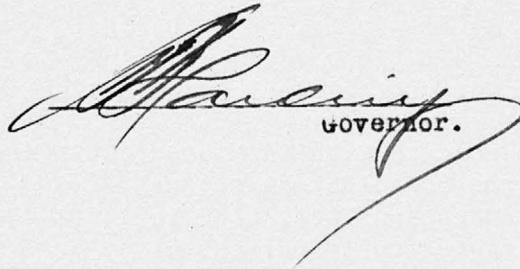
Approved.

At 12-50 P.M., the meeting adjourned.



Assistant Secretary.

Approved:



GOVERNOR.