

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Board on Tuesday, August 19, 1919, at 11 A.M.

PRESENT: The Governor
Mr. Miller
Mr. Hamlin
Mr. Chapman, Acting Secretary.

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>For the Federal Reserve Bank of</u>	<u>Date</u>	<u>Amount</u>
Chicago	August 14	\$2,000,000
Kansas City	August 15	1,000,000
Cleveland	August 18	1,000,000

Approved.

The Governor reported the reserve positions of the several Federal Reserve banks at the close of business August 17, and the status of rediscounts between Federal Reserve banks as of the same date.

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 4½% on paper secured by Liberty Bonds and Victory Notes, as follows:

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<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug. 14	Richmond	Chicago	\$ 5,000,000	11 to 15 days;
Aug. 15	Dallas	Chicago	2,000,000	1 to 15 days;
Aug. 15	Richmond	St.Louis	10,000,000	11 to 15 days;
Aug. 18	Richmond	Chicago	10,000,000	11 to 15 days;
Aug. 18	Richmond	St.Louis	5,000,000	11 to 15 days;

Noted.

Letter dated August 7, from Assistant Secretary of State Long, and letter by the Secretary of the Treasury dated August 13, in re publication of reports of the Economic Liaison Committee.

Ordered circulated and docketed for the meeting of the Board to be held on Wednesday, August 20.

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:

The Hamilton Trust Company, Paterson, New Jersey;
The Bank of Commerce and Trusts, Richmond, Virginia;
The Commerce Trust Company, Kansas City, Missouri.

Approved.

Memorandum by the Assistant to General Counsel, dated August 14, recommending action on the application of the National Metropolitan Bank, Washington, D.C. for additional fiduciary powers.

Approved.

Letter dated August 12 from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the appointment of Mr. Roy C. Barth as Assistant Federal Reserve Examiner of that Bank.

Approved.

Telegram and letter dated August 18 from Messrs. Cravath and Henderson, New York, advising that certain of their banking clients desire to sell to a German bank dollar credit in exchange for marks credit.

Referred to the Governor with power, after consultation with the Treasury Department.

Letter dated August 12 from the Chairman of the Federal Reserve Bank of San Francisco regarding reclassification of Tacoma, Washington, inquiry having been made by a Tacoma bank as to whether or not the Federal Reserve Board would view with favor an application to have Tacoma reclassified as a city other than a central reserve or reserve city. The Governor suggested that the original classification was not made by the Federal Reserve Board but by the Comptroller of the Currency under the old law, on the application of the Tacoma banks.

Voted that the Board should not act upon this particular application but rather should take action as a result of study of the question of its effect upon the entire reserve and central reserve city situation.

Letter dated August 12 from the Chairman of the Federal Reserve Bank of Atlanta and memorandum by Mr. Strauss, in re the suggested establishment at Nashville, Tennessee, of a branch of the Federal Reserve Bank of Atlanta.

Tabled for the meeting of the Board to be held on Wednesday, August 20.

Letter dated August 15 from Mr. Andrew J. Frame, Chairman of the Waukesha National Bank, Waukesha, Wisconsin, in re the Board's letter regarding the relation of prices and circulation.

Ordered circulated.

Letter dated August 18 from the Chairman of the Federal Reserve Bank of New York, making inquiry as to the policy to be pursued with respect to the retirement of silver certificates and the issuance in their place of Federal Reserve bank notes, in view of the fact that sales of silver to England have been discontinued.

Referred to the Governor for reply.

Letter dated August 15 from the Chairman of the Banking and Currency Committee of the United States Senate, requesting the views of the Federal Reserve Board on Senate Joint Resolution No. 88, having particular reference to the proposed amendment of Section 21 (a) of the War Finance Corporation Act which would strike out the provision that

the rate of interest charged on any advance by the War Finance Corporation to aid in the export of products to foreign countries shall not be less than 1% per annum in excess of the rate of discount for ninety-day commercial paper prevailing at the time of such advance at the Federal Reserve bank of the district in which the borrower is located.

Referred to the Governor for reply.

Memorandum by Mr. Kenzel, addressed to Mr. Jay, under date of July 31, in re the advisability of an amendment to the Federal Reserve Act to permit Federal Reserve banks to make direct loans to non-member banks or individuals on approved collateral.

Ordered circulated and docketed for the meeting of the Board to be held on Thursday, August 21.

Memorandum by General Counsel, dated July 23, regarding the handling of export transactions under the War Finance Corporation Act, through Federal Reserve banks.

Referred to Mr. Hamlin for report.

Memorandum by the Acting Secretary, dated August 14, recommending approval of the revised by-laws of the Houston Branch of the Federal Reserve Bank of Dallas.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated August 19, recommending admission of State institutions as set forth in the auxiliary minutes of this date, subject to the conditions stated in the individual reports attached to each application.

Approved.

Dated August 15, recommending the salary of \$2,400 per annum for Milton E. Donough, National Bank Examiner in the Second Federal Reserve District.

Approved.

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Dated August 13, recommending indefinite leave of absence without pay for (Mrs.) Flora Gordon, Division of Analysis and Research.

Voted to approve not to exceed three months' leave without pay, beginning August 1.

Dated August 19, recommending the appointment of Nelson W. McCombs as Librarian, at a salary of \$2,000 per annum.

Referred to Mr. Miller with power.

Dated August 16, recommending the appointment of an assistant in the office of the Consulting Architect, at a salary of \$4,000 per annum.

Voted to approve the appointment of an assistant in the office of the Consulting Architect, on a monthly basis for such time as his services may be needed, at a rate not to exceed \$4,000 per annum.

Other business was presented and disposed of as follows:

Letter dated August 18 from Vice President Blinn of the Philadelphia National Bank, requesting authority for that bank to purchase a 5% interest in the Foreign Credit Corporation, incorporated under the banking laws of the State of New York, with a capital of \$5,000,000 and surplus to be 20 or 25% of the same.

Referred to the Chief of the Division of Operations and Examinations for report.

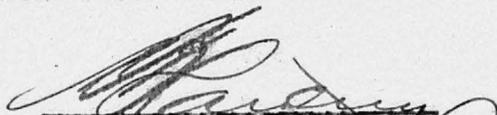
Letter dated August 15, from Mr. Waldo Newcomer,
Chairman of the American Bankers' Association Committee
on Federal Legislation, enclosing a copy of his letter
to Senator Edge, commenting on Senate bill No. 2472.

Referred to the Governor for reply.

At 1:05 P.M., the Committee adjourned.


Acting Secretary.

Approved:


Governor.