

At a meeting of the Federal Reserve Board held in the office of the Board on Thursday, August 21, 1919, at 11 A.M.,

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

The minutes of the meeting of the Board held on August 14th were read, and on motion approved.

The minutes of the meetings of the Executive Committee held on August 19th and 20th were read, and on motion approved.

Morning business was presented and disposed of as follows:

The Governor reported the purchase on August 20, 1919, of special 2% certificate of indebtedness of the United States for \$2,000,000 for the Federal Reserve Bank of New York, for deposit with the Comptroller of the Currency as collateral for Federal Reserve bank notes.

Approved.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business August 19th, 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 se-

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cured 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 Rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug. 21st	Richmond.....	(Minneapolis (Chicago	\$10,000,000 5,000,000	11-15 days

Noted.

Letter dated August 12th from the Chairman of the Federal Reserve Bank of Atlanta, transmitting resolution of the Board of Directors of that Bank requesting that the Board approve the establishment at Nashville, Tennessee, of a branch of the Federal Reserve Bank of Atlanta.

Approved, (Mr. Miller voting "No") upon the understanding that the Board may decide to revoke this designation and consider a redistribution and reduction of the branches in the Atlanta District if the establishment of this particular branch does not justify itself in the outcome.

Letter dated August 20th from Mr. T. P. Kane, Acting Comptroller of the Currency, requesting the Board's opinion on a letter of Chief Examiner Sherrill Smith on the following matters:

(1) In figuring reciprocal balances, should the dollar balances due to a foreign bank be offset with a foreign currency balance due from the same bank?

(2) For the purposes of figuring reserve requirements, should foreign currency balances due from foreign banks be used as a deduction from "Due to" bank balances the same as due from banks in this Country?

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Referred to General Counsel for report.

Application of the National Bank of Commerce, Houston, Texas, for authority to accept drafts and bills of exchange up to 100% of its capital and surplus, under the provisions of Section 13 of the Federal Reserve Act.

Approved.

Memorandum by Assistant to General Counsel dated August 19th, recommending approval of the application of the Paterson Safe Deposit and Trust Company, Paterson, New Jersey, for fiduciary powers, effective upon the conversion of the institution into the Deposit National Bank of Paterson, New Jersey.

Approved, subject to approval by General Counsel.

Memorandum by Mr. Paddock dated August 20th, recommending approval of the application of the First State Bank, Holland, Michigan, for a modification of its conditions of membership in the Federal Reserve System.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated August 21st, 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 August 21st, recommending action on applications for fiduciary powers as stated in the auxiliary minute book as of this date.

Approved.

Other business was presented and disposed of as follows:

Letter dated August 18th from the Acting Director of the Division of Foreign Exchange, recommending that the Board accept resignations of employees of the Division of Foreign Exchange as follows:

<u>Name</u>	<u>Date</u> <u>Effective</u>
Miss Hallock	September 1, 1919
Miss Muller	September 15, 1919
Mrs. Kervan	"
Miss Hartley	"

Approved.

Letter dated August 14th from Secret Service Agent Foster, Seattle, Washington, addressed to the Chief of the United States Secret Service, submitting complaint of the Seattle National Bank that it is losing money by reason of the great amount of Canadian silver thrown into the Seattle market.

Referred to the Acting Secretary.

Telegram dated August 20th from the Chairman of the Federal Reserve Bank of San Francisco, stating that the Scandinavian American Bank, Seattle, Washington, was not making satisfactory progress in the rehabilitation of its affairs, and asking if the conference held in San Francisco May 6th and

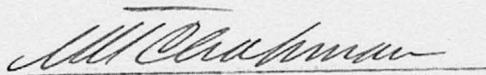
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8th with representatives of the Scandinavian American Bank would be considered a hearing within the meaning of paragraph 7 of Section 9 of the Federal Reserve Act, and asking procedure to be followed should second hearing be determined upon.

Voted that the Governor address to Mr. Perrin a telegram in the following form:

"Your telegram relative to membership of 19-8 (Scandinavian-American Bank, Seattle) considered by Board. If your Executive Committee decides to recommend cancellation of membership, an opportunity of a formal hearing before Board should be granted to Bank. If after notice of such formal hearing Bank decides to waive opportunity to present facts before Board, a further hearing before you as Federal Reserve Agent could be arranged if you deem it necessary or advisable. Please advise Board if upon further consideration your Executive Committee decides to recommend cancellation of membership in order that the Board may then instruct you to serve formal notice of hearing upon Bank specifying the purpose of such hearing".

At 11:55 A.M., the meeting adjourned.


Acting Secretary.

Approved:


Governor.