

At a meeting of the Executive Committee of the Federal Reserve held in the office of the Board on Tuesday, October 7, 1919, at 11 A.M.,

PRESENT: The Governor  
Mr. Miller  
Mr. Williams  
Mr. Chapman, 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 Federal Reserve Bank of:</u>	<u>Date</u>	<u>Amount</u>
New York,	Oct. 2d	\$2,000,000
San Francisco,	Oct. 4th	500,000
Richmond,	Oct. 6th	600,000

Approved.

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 1/4% 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>
Oct. 3d	Dallas,	Chicago,	\$1,000,000	11-15 days
"	Atlanta,	Chicago,	3,000,000	"
"	Richmond,	Minneapolis	5,000,000	"
Oct. 4th	Atlanta,	Chicago,	2,500,000	"
"	Dallas,	Chicago,	2,000,000	"

Noted.

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The Governor reported the reserve positions of the several Federal reserve banks as at close of business October 4th, and the status of rediscounts between Federal Reserve banks as of the same date.

Memorandum by Mr. Smead dated October 2d, in re item "Cost of meetings of officers and heads of departments, \$77." in the August expense account of the Federal Reserve Bank of Cleveland.

Referred to the Secretary for report.

Telegram dated September 22d from the Federal Reserve Agent at Dallas, in connection with the question of establishment of a branch at San Antonio, Texas.

Tabled for meeting of the Board on Wednesday, October 8th.

Letter dated September 30th from Chairman of the Federal Reserve Bank of Atlanta, recommending approval of increase of \$10 per month in the salary of Miss Bessie Riles, effective as of August 1st.

Voted to approve such increase effective Oct. 1st.

Memorandum by Mr. Paddock dated October 2d, recommending that instructions be given that at the end of the present month a full report of progress be submitted by the Federal Reserve Bank of Philadelphia in re overissue of full paid interim certificates by that Bank, such report to contain a definite estimate as to the probable date of completion of their work with a

view to arranging for an independent investigation by Mr. House, Auditor of the Federal Reserve Bank of San Francisco.

Approved.

Letter dated September 26th from Chairman of the Federal Reserve Bank of Atlanta, in re appointment of a Manager and an Assistant Federal Reserve Agent at the Nashville Branch of the Federal Reserve Bank of Atlanta, and reply by the Governor dated October 4th.

Noted.

Telegram dated October 6th from Chairman of the Federal Reserve Bank of Atlanta, recommending approval of the appointment of Mr. W. T. Tyler as Assistant Federal Reserve Agent at Nashville at a salary of \$2,100 per annum, effective upon reporting for duty.

Approved.

Report by Mr. Strauss dated October 3d recommending that report of examination of the Federal Reserve Bank of Philadelphia as of close of business August 30, 1919, be referred to Mr. Hoxton who, in consultation with Mr. Herson, should then follow up the recommendations of examiner to see that same are carried out.

Approved.

Application of the Union Savings Bank & Trust Company, Cincinnati, Ohio, to establish a branch at Cincinnati, together with memorandum by General Counsel dated October 6th, recommending approval, subject to the consent and approval of the Superintendent of Banks of the State of Ohio.

Approved.

Memoranda by General Counsel dated October 3d and 6th in re charter power by the Citizens Bank of Blackstone, Virginia, to guarantee the payment of bonds, bills, notes, etc., in connection with such bank's application for admission to the Federal Reserve System.

Voted to approve application upon condition precedent that the bank agree not to exercise charter power of guaranteeing payment of bonds, bills, notes, etc., except with the approval of the Federal Reserve Board.

Applications of the following banks for permission to accept drafts and bills of exchange up to 100% of their capital and surplus under the provisions of Section 13.

- Stockyards National Bank, Fort Worth, Tex.
- National Bank of Commerce, Fort Worth, Tex.

Approved.

Memorandum by Secretary dated October 6th, recommending approval of application of Pearl Street Savings & Trust, *Cleveland, O.* Company for reduction of reserve requirement.

Approved.

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Application of the National City Bank, Cleveland, Ohio, for permission to exercise fiduciary powers, which application on September 15th the Board voted to hold pending the receipt of the next examination, in view of the large amount of past due paper held by the Bank. The Secretary submitted a list of such past due paper with an explanation of its character and the reasons for its existence.

Voted that the Board reconsider the application.

Voted further that the application be approved.

Letter dated September 20th from Assistant Secretary of the Treasury Leffingwell, transmitting copy of a letter recently sent to the Treasurer of the United States concerning the Treasury's policy with regard to the internal use of gold coin.

Noted.

Application of the First National Bank, Coleman, Texas, for authority to accept drafts and bills of exchange up to 100% of its capital and surplus, together with recommendation of the Secretary that pursuant to the Board's policy, the application be held pending the receipt of report of next examination, in view of the fact that the bank has heretofore been on the Comptroller's special list.

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Voted to approve the Secretary's recommendation.

The Governor stated that it was the desire of the Secretary of the Treasury that the Board publish in the October number of the Federal Reserve Bulletin the statement made by the Secretary of the Treasury before the Banking and Currency Committee of the United States Senate, giving his views with respect to the establishment of a national budget system.

Mr. Miller made a point of order that there was not present a quorum of the Board.

Mr. Williams then joined the meeting, and it was voted to comply with the request of the Secretary of the Treasury.

The following reports were submitted:

Dated Oct. 7th, 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 Oct. 6th, (3 reports) recommending changes in stock at Federal Reserve Banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated Oct. 3d, recommending disapproval of the application of the Citizens National Bank of Bremerton, Washington, for membership, by reason of insufficient capital.

Referred to Mr. Miller for report.

Dated Oct. 7th, recommending approval of application of Theodore H. Banks to serve at the same time as a director of the American Exchange National Bank and the Pacific Bank, of New York City.  
Approved.

Dated Oct. 7th, recommending approval of application of Perley H. Noyes to serve at the same time as a director of the First National Bank of Tenafly, New Jersey, and the Industrial Bank of New York, New York City.  
Approved.

Dated Oct. 7th, recommending approval of applications of Marcus Jacobowsky and Henry R. Kent to serve at the same time as Vice-Presidents and Directors of the Fort Dearborn National Bank, and as Directors of the Fort Dearborn Trust & Savings Bank, of Chicago, Ill.  
Approved.

Dated Oct. 7th, recommending approval of application of J. S. Heard to serve at the same time as a director and Vice-President of the Collin County National Bank of McKinney, Texas, and as a director of the Security National Bank, Dallas, Texas.  
Approved.

Dated Oct. 6th, recommending approval of salary of \$2,400 per annum for Mr. Roger E. Brooks as National Bank Examiner.  
Approved.

At 12-40 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.