

At the meeting of the Federal Reserve Board held in the office of the Board on Wednesday, October 29, 1919, at 11 A.M.,

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

Business was presented and disposed of as follows:

The Governor stated that he was in receipt of a communication from Mr. J. S. Wannamaker, criticizing circular letter No. 91 of the Federal Reserve Bank of Richmond relating to loans on cotton, and submitted for approval, draft of reply by him under date of October 29th, as follows:

"Your letter 27th received today. Circular of Richmond bank meets with approval of Federal Reserve Board. I think policy outlined is sound and it is in accord with letter and spirit of Federal Reserve Act. Can see no occasion for any bitter feeling in the matter and am prepared to stand by policy adopted, which I believe to be in real interest of cotton producers themselves and absolutely essential in the present circumstances. As you know, I am anxious for cotton producers to secure every reasonable facility which banks may safely extend them and am anxious that Federal Reserve banks aid member banks to market cotton in orderly manner, but I cannot consent to perversion of the Act and abuse of discount facilities, which would have most unfortunate effect upon general financial and economic situation."

Approved unanimously.

The Governor stated that the special order business for the meeting was the consideration of the question of whether or not to establish an additional branch of the Federal Reserve Bank of Kansas City in the southwestern portion of the 10th District.

-2-

Mr. Strauss moved that the following resolution be tabled for consideration at the next meeting of the Board at which the Secretary of the Treasury shall be present:

"The Federal Reserve Board has considered the briefs and oral arguments presented by the respective petitioners in the matter of the establishment of a branch Federal Reserve bank in the southwestern portion of the Tenth Federal Reserve District by the Federal Reserve Bank of Kansas City, and has reached the following conclusions:

"1. The present facilities for rediscount operations are ample.

"2. It is the opinion of the Board, however, that a branch with limited powers in the matter of rediscounts, the activities of which should be devoted mainly to the forwarding and receipt of currency and to transmit operations, would be a convenience to the member banks and the public in the territory served by the branch and would increase the efficiency of the transit system. In view of the technical nature of transit operations, the Board desires the opinion of the directors of the Federal Reserve Bank of Kansas City as to the proper location of such a branch bank, together with data on which that opinion is based."

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. 23d	\$1,000,000
Richmond,	"	300,000
Atlanta,	Oct. 25th	100,000

Approved.

-3-

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 $\frac{1}{4}$ % on paper secured 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>
Oct. 23d	Philadelphia	Chicago	\$5,000,000	11-15 days
"	Dallas	Chicago	2,000,000	"
Oct. 27th	Philadelphia	Chicago	8,000,000	"

Noted.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business October 27th, and the status of rediscounts between Federal Reserve banks as of the same date.

Letter dated October 8th from the Chairman of the Federal Reserve Bank of Dallas, recommending payment of bonuses to employees of that Bank.

Ordered tabled for consideration when the general question of bonuses is presented to the Board.

Letter dated October 8th from the Chairman of the Federal Reserve Bank of Dallas, recommending increase in rate on 15 day paper secured by United States certificates of indebtedness.

Ordered tabled pending consideration of the general question of discount rates.

Memorandum of the Secretary dated October 23d, recommending approval of application of the Liberty National Bank of New York for permission to invest \$300,000 in stock of the Foreign Credit Corporation of New York City.

Approved.

The Governor stated that Deputy Governor Treman of the Federal Reserve Bank of New York had requested him by telephone this morning to ascertain whether or not the Board would authorize payment of bonus to employees of the Federal Reserve Bank of New York for the quarter ending September 30, 1919, on the following basis:

- Salaries up to \$1,500 per annum, 25%
  - Salaries over \$1,500 per annum up to \$3,000.-20%
  - Salaries over \$3,000 up to \$4,000 per annum, 15%
  - Salaries over \$4,000 up to \$5,000 per annum 10%
- No bonus to be paid to employees receiving salaries in excess of \$5,000 per annum.

Voted that the Governor advise the Federal Reserve Bank of New York that the Board would approve the payment of such bonus.

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 of the Federal Reserve Act:

- Utica Trust & Deposit Co., Utica, N.Y.
- First National Bank, Gainesville, Texas.

Approved.

-5-

Application of the Commerce Bank and Trust Company of Charlottesville, Virginia, for membership in the Federal Reserve System.

Referred to Executive Committee with power.

REPORTS OF COMMITTEE NO. 1:

Dated October 29th 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 October 29th, recommending action on applications for fiduciary powers as set forth in the auxiliary minute book as of this date.

Approved.

Dated October 29th, (3 reports) recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated October 29th, recommending approval of application of Reuel D. Robbins, Jr. for permission to serve at the same time as a director of the Anglo & London Paris National Bank, and the Humboldt Savings Bank, both of San Francisco, Cal.

Approved.

Dated October 29th, recommending approval of application of Frederick S. Chase for permission to serve at the same time as a director of the Citizens National Bank, Waterbury, Conn., and the Union and New Haven Trust Company, New Haven, Conn.

Approved.

Dated October 23d, recommending increases in salaries of audit clerks at the Federal Reserve Bank

of Philadelphia:

	<u>From</u>	<u>To</u>
W. J. Meehan,	\$1,380	\$1,800
G.W.Kreamer, Jr.,	1,200	1,500

Approved.

Dated October 23d, recommending appointment of Miss Florence Spencer as Chief of the Women's Division of the Government Loan Organization of the Federal Reserve Bank of New York, at \$5,000 per annum.  
 Approved.

Dated October 23d, recommending appointment of B. M. Grant as Manager of the Government Securities Sales Department of the Federal Reserve Bank of New York, at \$5,000 per annum.  
 Approved.

Dated October 28th, recommending appointment of 25 additional money counters to be assigned to the National Bank Redemption Agency at a salary each of \$1,040 per annum.  
 Approved.

Dated October 28th, recommending reappointment of Mrs. Genevieve C. Meacham as Key Punch Operator in the Division of Reports and Statistics at a salary of \$1,200 per annum, plus bonus of \$10 per month, effective November 16, 1919.  
 Approved.

Dated October 28th, recommending that Carlyle Johnson, Messenger on the Board's staff, be granted additional credit for six days of sick leave with pay.  
 Approved.

Dated October 28th, recommending salaries for recently appointed National Bank Examiners as follows:

	<u>Salary</u>
Fred S. Mansfield,	\$2,400
O. K. LaRoque,	2,400
Harry B. Raney,	3,000
Samuel A. Moore,	2,400
J. Harvey Beall,	2,400
Approved.	

Other business was presented and disposed of as follows:

Letter dated October 23d from the Midland Trust & Savings Bank, St. Paul, Minnesota, suggesting that it withdraw from the Federal Reserve System in view of its inability to control methods by which its stock is offered for sale.

Referred to Executive Committee with power.

Mr. Hamlin submitted an index digest of the principal words, etc., of the Aldrich Monetary Commission bill as compared with the Federal Reserve Act as amended.

Ordered circulated and referred to Executive Committee with power, to have mimeographed if deemed necessary.

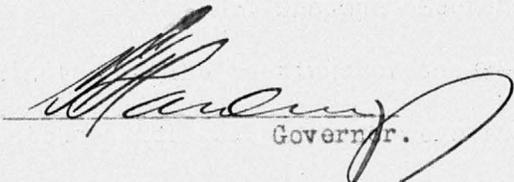
Memorandum by Dr. Miller dated October 28th, recommending approval of the plan proposed by the Division of Analysis and Research, for the investigation of the general question of salaries paid to employees of Federal Reserve banks.

Ordered circulated.

At 1-10 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.