

At a meeting of the Federal Reserve Board, held in the office of the Board on Thursday, November 6, 1919, at 11 A.M.,

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

Minutes of the meeting of the Board held on November 5th were read, and approved as amended.

Telegram dated November 5th from the Governor, Federal Reserve Bank of Minneapolis, requesting approval of the following discount rates, effective November 6th:

Member bank collateral notes, 15 days, secured by Treasury certificates of indebtedness.....	4-1/4%
Secured by Liberty bonds or Victory notes.....	4-1/2%
Secured by eligible notes.....	4-1/2%
Secured by War Finance Corporation bonds.....	5-1/2%
Customers' notes secured by Treasury certificates of indebtedness, 15 days and under.....	4-1/4%
Sixteen to 90 days.....	4-1/2%
Secured by Liberty bonds or Victory notes, maturities 1-90 days.....	4-1/2%
Secured by War Finance Corporation bonds, 15 days and under.....	5-1/2%
Sixteen to 60 days.....	5-3/4%
Sixty one to 90 days.....	6%
Commercial paper under 15 days.....	4-1/2%
Sixteen to 60 days.....	4-3/4%
Sixty one to 90 days.....	5%

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Agricultural or live stock paper the same and
maturities 91 days to six months..... 5-1/2%

Trade acceptances 1 to 90 days..... 4-1/2%

The Governor submitted for approval, draft of telegram
by him, approving such rate schedule, with the following modifi-
cations thereof:

Member bank 15 day collateral notes secured by cer-
tificates of indebtedness, Liberty bonds and
Victory notes, and also by customers notes se-
cured in like manner..... 4-1/2%
EXCEPT, on paper secured by 4-1/4% certificates
when rate shall be, for all maturities..... 4-1/4%

Notes, drafts and bills of exchange having ma-
turity not in excess of 90 days, secured by
Liberty bonds, Victory notes and Treasury cer-
tificates..... 4-1/2%

Approved as modified.

Telegram dated November 5th from the Chairman, Federal
Reserve Bank of St. Louis, submitting for approval, changes in
discount rates, effective November 7th, as follows:

Member bank 15 day collateral notes secured by cer-
tificates of indebtedness, Liberty bonds and
Victory notes; also on customers' notes se-
cured in like manner..... 4-1/2%
EXCEPT on paper secured by 4-1/4% certificates
when rate shall be, for all maturities..... 4-1/4%

Member bank collateral notes secured by commercial
paper, 15 days..... 4-1/2%

Notes, drafts and bills of exchange having maturity
not in excess of 90 days secured by Liberty
bonds, Victory notes and Treasury certificates. 4-1/2%

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Discount of notes, drafts and bills of exchange having maturity within 15 days.....	4-1/2%
Maturity 16 to 90 days.....	4-3/4%
Trade acceptances and bankers acceptances, for all maturities.....	4-1/2%
Rediscounts and member bank collateral notes se- cured by War Finance Corporation bonds, ma- turing within 15 days.....	5-1/2%

Approved.

The Governor stated that after conference with three other members of the Board, he had sent telegrams to the Federal Reserve Banks of Minneapolis and St. Louis, approving discount rates at those Banks along the lines above indicated.

On motion duly seconded, the action of the Governor was ratified.

Telegram dated November 5th from the Governor, Federal Reserve Bank of Atlanta, advising that it is the intention of that Bank to postpone until November 15th the changes in discount rates.

The Governor stated that he had telegraphed Mr. Wellborn, suggesting reasons why action should be taken in advance of that date.

Telegram dated November 5th from the Chairman, Federal Reserve Bank of San Francisco, advising of the reasons moving that Bank to establish a rate of 4-3/4% on ninety day paper, and advising that its Board of Directors will meet

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November 6th for consideration of the question.

Noted.

Telegram dated November 5th from the Governor, Federal Reserve Bank of Richmond, requesting an expression of opinion of the Board as to whether or not that Bank should retain a 4-1/2% rate on member bank collateral notes not exceeding 15 days and requiring revenue stamps.

The Governor submitted for approval, telegram by him dated November 5th, in reply.
Approved.

Memorandum by Mr. Emerson dated November 5th, stating that the Federal Reserve Bank of New York advised that Messrs. York and Sawyer, winners in competition, would be architects in the construction of a new bank building for that Bank.

Noted.

General letter No. 221 of the Federal Reserve Bank of Kansas City dated November 3d, advising member banks of changes in discount rates.

Voted, that the Governor request the Federal Reserve Bank of Kansas City to advise upon what information it based the statement in such letter that member banks in offering paper for discount should not overlook the requirement of the Federal Reserve Board to show on the application the rate of interest charged by them on each note offered.

Letter dated November 1st from the Scandinavian

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American Bank, Seattle, Washington, advising that it has elected to be heard before the Federal Reserve Agent at San Francisco on November 10th, rather than before the Federal Reserve Board at Washington, on same date.

Noted.

The Governor requested approval of the appointment of Miss Kate Ciucevich as Stenographer in his office at a salary of \$1,440 per annum, plus bonus of \$240 per annum, effective November 5, 1919.

Approved.

Letter dated November 5th from the Chairman, Federal Reserve Bank of Richmond in re approval by the Federal Reserve Bank for purchase by other Federal Reserve Banks of acceptances of non-member banks.

Voted that the Governor advise Mr. Hardy that the Board will not expect him to approve, as eligible for purchase, acceptances of banks which are not members, but which are eligible for membership in the Federal Reserve System.

The Governor read correspondence had between the Commercial National Bank of Washington, D.C., the Federal Reserve Bank of Richmond, Assistant Secretary of the Treasury Leffingwell and himself, in re declination of the Federal Reserve Bank of Richmond to discount a note of the Commercial National Bank of Washington, secured by United States cer-

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tificates of indebtedness.

Referred to the Governor for preparation of reply to the complaining bank on basis of an analysis of its loan account with the Federal Reserve Bank of Richmond.

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

Mr. Strauss submitted for approval draft of telegram to be sent to all Federal Reserve Banks, as follows:

"Board hopes you will do what you can to discourage member banks from using advance in Federal Reserve banks rates as excuse for increasing interest charge to those borrowers on Government securities who are doing what may be reasonably expected in the way of liquidation. In such cases member banks should be satisfied with moderate differences in their favor. Board does not mean to suggest reduction in rates heretofore charged customers on such transactions or to advocate any policy which would result in delay of orderly liquidations of bond secured loans."

Approved.

Opinion by General Counsel dated October 30th, recommending that in view of the excessive rental that would be charged by the owners of the Southern Building for a renewal of the lease on quarters occupied by the Board's Statistical Division, the Board should remain in its quarters at the present rental during the continuation of the Saulsbury Reso-

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lution, and after that time to remain there subject to such rental as the commission may determine to be just and fair.

Mr. Hamlin reported that he concurred in General Counsel's opinion.

Voted that the Board adopt the policy as outlined by General Counsel.

Application of the Independence Trust Company, Charlotte, North Carolina, for admission to the Federal Reserve System:

Approved, subject to the conditions set forth in the auxiliary minute book as of this date.

REPORTS OF COMMITTEE NO. 1:

Dated Nov. 6th, 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 Nov. 4th, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated Nov. 5th, recommending approval of application of William D. Hartshorne to serve at the same time as a director of the National Bank of Methuen, Mass., and the Merchants Trust Company of Lawrence, Mass.

Approved.

Dated Nov. 5th, recommending approval of application of Bernard W. Doyle to serve at the same time as a director of the Safety Fund National Bank, Fitchburg, Mass., and the Merchants National Bank of Leominster, Mass.

Approved.

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Telegram dated November 6th from the Chairman, Federal Reserve Bank of Philadelphia, requesting approval of the following schedule of discount rates:

Member bank collateral notes secured by Victory notes or bonds of United States Government, or U.S. Government 4-1/2% certificates of indebtedness, maturity 15 days or less.....	4-1/2%
Member bank collateral notes secured by United States 4-1/2% certificates of indebtedness, maturity 15 days or less.....	4-1/4%
Member bank collateral notes secured by War Finance Corporation bonds, maturity 15 days or less.....	5-3/4%
Member bank collateral notes secured by commercial paper, maturity 15 days or less.....	4-3/4%
Rediscounts secured by Victory notes or bonds of U.S. Government or U.S. Government 4-1/2% certificates of indebtedness, maturity of 90 days or less....	4-1/2%
Rediscounts secured by U.S. Government 4-1/4% certificates of indebtedness, maturity 90 days or less..	4-1/4%
Rediscounts secured by War Finance Corporation bonds maturity 90 days or less.....	5-3/4%
Rediscounts of commercial paper, maturity 90 days or less.....	4-3/4%
Rediscounts of agricultural or live stock paper, maturity 90 days or less.....	4-3/4%
Maturity, 91 days to six months.....	5%
Trade acceptances, maturity 90 days or less.....	4-1/2%

Approved.

X (At this point Mr. Williams joined the meeting) X

Letter dated November 5th, from the Chairman, Federal

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Reserve Bank of New York, in regard to the responsibility of that Bank with respect to certain non-borrowing member banks, the condition of which was criticized by Federal Reserve Examiners upon the occasion of the last examination of the Federal Reserve Bank.

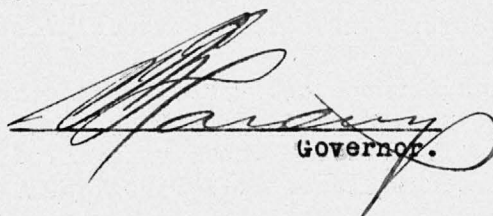
Voted that the Governor furnish the Comptroller of the Currency a list of the National banks included in such criticism; that Mr. Jay be informed of such action, and that, in the opinion of the Board, there is no reason for the Federal Reserve Bank of New York to assume responsibility for the examination of National bank members, the Comptroller of the Currency having full powers of supervision; also advising Mr. Jay with respect to the State bank members affected, in order that he may communicate with the State Banking Department of New York.

At 1 P.M., the meeting adjourned.



Secretary.

Approved:



Governor.