

At a meeting of the Federal Reserve Board held in the office of the Board on Friday, December 12, 1919, at 11 A.M.,

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

Minutes of the meetings of the Federal Reserve Board held on December 9th were read, and on motion approved as amended.

Minutes of the meeting of the Executive Committee held on December 11th were read, and on motion approved as amended.

Business was presented and disposed of as follows:

The Governor read to the meeting an opinion by the Attorney General of the United States addressed to the Secretary of the Treasury under date of December 9th, construing paragraph (d) of Section 14 of the Federal Reserve Act, viz:

"To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal Reserve banks"

as vesting in the Federal Reserve Board not only the power to review rates established by the Federal Reserve banks, but also the power to order such Federal Reserve banks to establish rates desired by the Federal Reserve Board.

Telegram dated December 11th from the Federal Reserve Agent at San Francisco, advising of the proposal of the National City Bank of Seattle, Washington to take over the Scandinavian-American Bank of Seattle, and requesting the Board's approval of the plan contemplated.

-2-

On motion duly seconded, it was voted that the Governor instruct the Federal Reserve Agent at San Francisco that he is authorized to give his permission to the consummation of the proposed sale.

Mr. Williams stated that he would instruct the National Bank Examiner at San Francisco to cooperate with the Federal Reserve Agent in effecting the negotiation.

Telegram dated December 11th from the Federal Reserve Bank of Minneapolis, requesting approval of the following discount rates:

Member bank 15 day collateral notes secured by Treasury certificates of indebtedness.	4-1/2%
Liberty bonds or Victory notes.....	4-3/4%
Eligible paper.....	4-3/4%
War Finance Corporation bonds.....	5-3/4%
Customers notes rediscounted by member banks secured by Treasury certificates of indebtedness, maturities to 90 days.....	4-1/2%
Liberty Loan bonds or Victory notes, maturities to 60 days.....	4-3/4%
Maturities 61 to 90 days.....	5%
War Finance Corporation bonds, maturities to 60 days.....	5-3/4%
Maturities 61 to 90 days.....	6%
Commercial paper, maturities to 60 days.....	4-3/4%
Maturities 61 to 90 days.....	5%
Agricultural and livestock paper, maturities up to 60 days.....	4-3/4%
Maturities, 61 to 90 days.....	5%
" 91 days to six months.....	5-1/2%

-3-

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

Approved.

Telegram dated December 12th from the Federal Reserve Bank of Boston, requesting approval of the following discount rates, effective upon approval by Board:

Loans secured by Liberty bonds and Victory notes for all maturities..... 4-3/4%

Loans secured by certificates of indebtedness for all maturities at carrying rate of...4 1/4% and 4 1/2%

Trade acceptances..... 4-3/4%

Approved.

Telegram dated December 12th from the Federal Reserve Bank of Chicago, requesting approval of the following discount rates, effective December 13th:

Member bank promissory notes maturing within 15 days, secured by U.S. Certificates of indebtedness.....4-1/2%

Secured by Gov't. bonds or Victory notes..4-3/4%

Secured by eligible paper.....4-3/4%

Secured by War Finance bonds.....5-3/4%

Rediscounts secured by Treasury certificates maturing within 90 days.....4-1/2%

Secured by Liberty bonds, Victory notes maturing within 90 days.....4-3/4%

Secured by War Finance Corporation bonds maturing within 90 days.....5-3/4%

Rediscounts, commercial and agricultural paper maturing within 90 days.....4-3/4%

Maturing, 91 days to six months.....5-1/2%

Trade acceptances maturing within 90 days.....4-1/2%

Approved.

-4-

Letter dated December 10th from the Governor, Federal Reserve Bank of New York, in re inadvisability of concluding at this time, conventions for the establishment of international gold clearing funds.

Referred to Mr. Strauss for action with the Treasury Department in line with Governor Strong's suggestion that steps be taken to postpone the conclusion of further conventions of this character until a more propitious time.

Letter dated December 9th from the Chairman, Federal Reserve Bank of Richmond, in response to the Board's letter of December 3d (X-1741), prescribing the treatment of extraordinary charges against earnings of Federal Reserve banks at close of books on December 31st, and requesting authority to charge off \$10,000 against buildings on land acquired at Baltimore for the Baltimore Branch of that Bank, and to charge off \$10,000 against the value of buildings on the property at the corner of Franklin and Eighth Streets, Richmond, Virginia, acquired by the Bank.

Approved.

Opinion by General Counsel dated December 9th, to the effect that calculations of the reserves of Federal Reserve banks should be made on the basis of immediately available deposits only.

Approved, effective January 1, 1920.

Letter dated December 11th from the Governor of the Federal Reserve Bank of New York, submitting for approval,

-5-

proposed plan for the treatment of surplus accounts of Federal Reserve banks.

Referred to the Governor with power, after consultation with General Counsel.

Memorandum by General Counsel dated December 11th requesting authority to purchase certain law books for the library of the Board's Law Department.

Referred to the Governor with power.

Memorandum by Mr. Paddock dated December 9th, recommending approval of the organization chart of the Federal Reserve Bank of Philadelphia, submitted with letter of Governor Passmore dated April 3, 1919.

Voted to approve the chart as submitted with the exception that it was voted to be the sense of the Board that the credit files proper should be under the supervision of the Board of Directors of the Bank, and would be assessible to the Chairman of the Board, but that reports of examination and condition of member banks should properly remain in the custody of the Federal Reserve Agent.

Letter dated December 9th from the Federal Reserve Agent at St. Louis, requesting that he be advised as to whether or not the newly created County of Humphreys, Mississippi, would be assigned to the Sixth or the Eighth Federal Reserve District. The Secretary reported that there are no member banks located in the newly created county.

On motion duly seconded, the following was ordered entered on the minutes of the meeting:

-6-

.....
 :
 In the Matter of the Readjustment :
 - of - :
 the Federal reserve districts defined :
 in the decision of the Reserve Bank :
 Organization Committee duly rendered :
 and filed in accordance with the pro- :
 visions of the Federal Reserve Act, :
 on April 2, 1914, designating twelve :
 Federal reserve cities and defining :
 the geographical limits of the dis- :
 tricts to be served. :
 :
 :

ORDER DEFINING THE
 BOUNDARY LINE BETWEEN
 THE SIXTH AND EIGHTH
 FEDERAL RESERVE DIS-
 TRICTS.

WHEREAS under the terms of the decision of the Reserve Bank Organization Committee made April 2, 1914, in accordance with the terms of Section 2 of the Federal Reserve Act, it was determined that the Sixth Federal Reserve District shall include "the States of Alabama, Georgia, and Florida; all that part of Tennessee located east of the western boundary of the following counties: Stewart, Houston, Wayne, Humphreys, and Perry; all that part of Mississippi located south of the northern boundary of the following counties: Issaquena, Sharkey, Yazoo, Kemper, Madison, Leake, and Neshoba; and all of the southeastern part of Louisiana located east of the western boundary of the following parishes: Pointe Coupee, Iberville, Assumption and Terrebonne, with the City of Atlanta, Ga., as the location of the Federal Reserve bank"; and

WHEREAS it was further determined that the Eighth Federal Reserve District shall include "the State of Arkansas; all that part of Missouri located east of the western boundary of the following counties: Harrison, Daviess, Caldwell, Ray, Lafayette, Johnson, Henry, St. Clair, Cedar, Dade, Lawrence, and Barry; all that part of Illinois not included in district No. 7; all that part of Indiana not included in district No. 7; all that part of Kentucky not included in district No. 4; all that part of Tennessee not included in district No. 6; and all that part of Mississippi not included in district No. 6, with the City of St. Louis, Mo., as the location of the Federal Reserve bank"; and

WHEREAS the Federal Reserve Board has been advised that certain parts of the northern boundaries of Sharkey and Yazoo

-7-

Counties, Mississippi, which have heretofore formed part of the boundary line between the Sixth and Eighth Districts, have been moved further south in order to permit of the organization of a new county named "Humphreys" which new county comprises territory formerly included partially in each of Sharkey, Yazoo, Washington, Sunflower and Holmes Counties; and

WHEREAS the Federal Reserve Board is authorized under the terms of Section 2 of the Federal Reserve Act from time to time to readjust the Districts created by the Reserve Bank Organization Committee.

NOW, THEREFORE, IT IS ORDERED:

- (I) That that part of the determination of the Reserve Bank Organization Committee which defines the Sixth Federal Reserve District as to include among other things, "all that part of Mississippi located south of the northern boundary of the following counties: Issaquena, Sharkey, Yazoo, Kemper, Madison, Leake, and Neshoba", shall and is hereby made to apply to all that part of Mississippi located south of the northern boundary of the counties specified as defined after the creation of the county of Humphreys, so that the eighth Federal Reserve District as determined by the Reserve Bank Organization Committee shall necessarily by its terms include all of the newly created county of Humphreys.
- (II) That the Federal Reserve Banks of St. Louis and Atlanta be notified of the fact that because of the change in the northern boundary of the counties of Sharkey and Yazoo, the decision of the Reserve Bank Organization Committee, together with this order of the Federal Reserve Board, operates so as to place the newly created county of Humphreys in the Eighth Federal Reserve District.
- (III) That a copy of this order be filed with the Comptroller of the Currency to be filed with the certificate of the Reserve Bank Organization Committee.

Attest:

W.T. CHAPMAN,
Secretary.

THE FEDERAL RESERVE BOARD
By W.P.G. HARDING,
Governor.

-8-

Memorandum by Mr. Jacobson dated December 11th, analyzing the possible result of the withdrawal by the Bank of Japan of approximately \$200,000,000 gold balance now held in this Country.

Voted, that a copy of Mr. Jacobson's memorandum be sent to Mr. Norman Davis, Assistant Secretary of the Treasury, in reply to his memorandum to the Board dated December 5th.

Letter dated December 10th from the Assistant Federal Reserve Agent at Boston, in reply to the Board's letter of November 19th (X-1728), advising that there are no joint directorships hitherto authorized in the First Federal Reserve District which might now be regarded as of doubtful legality.

Referred to Chairman of the Clayton Act Committee.

Letter dated December 9th from the Chairman, Federal Reserve Bank of Chicago, in re application of the Woodlawn Trust and Savings Bank, Chicago, for admission to the Federal Reserve System.

Tabled for meeting of the Board to be held on Tuesday, December 16th.

Letter dated December 3d from the Chairman, Federal Reserve Bank of San Francisco, regarding the advisability of reappointing Mr. Edward Elliott as a Class C director of that Bank upon the expiration of his present term.

Tabled for meeting of the Board to be held on Wednesday, December 17th.

-9-

Telegram dated December 10th from the Chairman, Federal Reserve Bank of San Francisco, requesting approval of the appointment of L. E. Deupree as Assistant Examiner of that Bank.

Approved.

Letter dated December 11th from the Director, Division of Analysis and Research, requesting approval of the appointment of Miss Helen S. Grant as Stenographer and Typewriter in that Division at \$1,440 per annum, effective December 16, 1919.

Approved.

Memorandum by Mr. Jacobson dated December 11th, advising that Miss Pauline McLinden, a member of his staff, has been absent since December 1st by reason of the illness of her sister, and has consumed all of the leave to which she is entitled, and recommending that leave with pay be granted to her for the period she is unavoidably delayed during December, upon the understanding that the amount of leave thus granted will be deducted from the amount of annual leave which will accrue to her during the year 1920.

Approved.

Mr. Strauss stated that the Equitable Trust Company of New York had expressed a strong desire to participate with the banks operating under agreement with the Federal Reserve Board, looking to the regulating of exchange rates between

-10-

the United States and China, and stated that the agreement as drawn was made only with banks having bona fide agencies in China, and with the approval of the Board he desired to refer the application of the Equitable Trust Company to Messrs. Kenzel and Crane with power, upon the understanding that the Board desired to adhere to the principle of not making parties to the agreement, banks not having bona fide agencies in China.

Voted to approve.

The Governor reported the purchase of special 2½ 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>
San Francisco	Dec.10th	\$200,000

Approved.

At 12-50 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.