

At a meeting of the Federal Reserve Board held in the office of the Board on Tuesday, December 16, 1919, at 10-30 A.M.,

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

Minutes of the meetings of the Board held on December 12th and 15th were read, and on motion approved as amended.

Minutes of the meeting of the Executive Committee held December 13th were read, and on motion approved.

Business was presented and disposed of as follows:

The Governor reported the purchase of special $2\frac{1}{2}\%$ 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>
Minneapolis,	Dec.15th	\$100,000

Approved.

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations, rate $4-1\frac{1}{2}\%$, as follows:

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<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Dec.12th	Philadelphia	Dallas	\$9,000,000	11-15 days

Noted.

Letter dated December 6th from the Chairman, Federal Reserve Bank of San Francisco, submitting results of survey of the situation in the Twelfth Federal Reserve District with respect to the status of joint directorships approved by the Board under the provisions of the Clayton Act.

Referred to the Clayton Act Committee for report.

Letter dated December 12th from the Governor, Federal Reserve Bank of Boston, stating reasons why that Bank desires not to postpone the construction of its new bank building.

Referred to the Governor for report after visiting Boston.

Letter dated December 9th from the Chairman, Federal Reserve Bank of St. Louis, advising of the election of Mr. W. B. Plunkett as a Class B Director, and Mr. Sam A. Zeigler as a Class A Director of that Bank, for the year 1920.

Referred to the Law Committee for report.

Letter dated December 11th from the Secretary, Federal Reserve Bank of Chicago, advising of the election of Mr. J.W. Blodgett as a Class B Director, and Mr. Charles H. McNider as a Class A Director of that Bank, for the year 1920.

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Referred to the Law Committee for report.

Letter dated December 11th from the Chairman, Federal Reserve Bank of Richmond, advising of the election of Messrs. Charles C. Homer, Jr., and Henry B. Wilcox as Directors of the Baltimore Branch of that Bank, for the year 1920.

Noted.

Letter dated December 9th from the Chairman, Federal Reserve Bank of Dallas, requesting advice as to the disposition of old and unimportant records.

Referred to the General Counsel for report as to statutes affecting the disposition of records.

Memorandum by Secretary dated December 15th, submitting for approval memorandum for publication in the Federal Reserve Bulletin covering countries which have been designated by the Board as countries, the usages of trade of which require the drawing of drafts for the creation of dollar exchange.

Referred to Mr. Strauss for report.

The Governor submitted for approval, draft of letter under date of December 15th (X-1754) relating to acceptances of the Continental Guaranty Corporation banks.

Approved as amended.

List of national banks which are loaning money in New York on stocks and bonds as collateral directly and indirectly as reported to the Comptroller of the Currency on Nov. 17, 1919.

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Ordered circulated.

Letter dated December 2d from the Governor, Federal Reserve Bank of Minneapolis, submitting for approval the following schedule of extra compensation for the period June 30th to December 31, 1919, to be paid to employees of that Bank, including the Federal Reserve Agent's Department, whose annual compensation does not exceed \$5,000 per annum, on the basis of compensation received during such period:

To those receiving \$750 and under.....25%
 Over \$750 up to and including \$1,500.....20%
 Over \$1,500 up to and including \$2,500....15%
 The maximum amount paid to any one employee for the one-half year in salary and additional compensation for a lower grade to be the minimum paid in salary and additional compensation for the half year to employees in the next higher class.

Approved.

Letter dated December 13th from the Chairman, Federal Reserve Bank of Atlanta, submitting for approval the following schedule of extra compensation to be paid to employees of that Bank, its branches and its agency at Savannah, Georgia, on the basis of salary actually earned during 1919:

Annual salary of \$1,500 and less.....25%
 " over \$1,500 and not over \$3,000..20%
 " over \$3,000 and not over \$7,500..15%
 The maximum salary in a lower class to be the minimum for the next higher class.

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On motion duly seconded the above schedule was approved, with the exception that no extra compensation is to be paid to employees receiving in excess of \$5,000 per annum.

Letter dated December 12th from the Comptroller of Administration, Federal Reserve Bank of New York, advising of the employment of the following employees by that Bank during the month of November, 1919:

	<u>Salary</u>
Mr. Gilbert R. Hendrickson,	\$3,600
Dr. Ray A. Sigsbee,	4,500

Noted.

Letter dated December 6th from the Assistant Federal Reserve Agent at Cleveland, advising that the Steubenville Bank & Trust Company, Steubenville, Ohio, had acquired the assets of the Commercial National Bank of that place, and requested the approval by the Board of the operation by the former bank of a branch in the quarters previously occupied by the Commercial National Bank.

Approved.

Application of the Potter Title & Trust Company of Pittsburgh, Pa., for admission to the Federal Reserve System.

Voted that in view of the comparatively large amount of the contingent liability of this institution, on account of title guarantees, the application be referred to General Counsel

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for report as to the Board's record in passing upon applications of similar companies, and information as to the average amount of losses sustained by companies engaged in business of a similar character.

REPORTS OF COMMITTEE NO. 1:

Dated Dec. 16th, 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 Dec. 15th, recommending changes in stock at Federal Reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 15th, recommending action on application for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 15th, recommending action on application of Richard K. LeBlond to serve at the same time as a director of the Union Savings Bank & Trust Company, and the Fourth National Bank, both of Cincinnati, Ohio.

Approved.

Dated Dec. 15th, recommending action on application of Albert Steiger to serve at the same time as a director of the Chapin National Bank of Springfield, Mass., and the Hadley Falls Trust Company, Holyoke, Mass.

Approved.

Dated Dec. 15th, recommending action on application of George Flint to serve at the same time as a director of the Manayunk National Bank and the Broad Street Bank, both of Philadelphia, Pa.

Approved.

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Other business was presented and disposed of as follows:

Letter dated December 13th from the Governor, Federal Reserve Bank of Kansas City, reporting that effective December 15th the discount rates of that Bank will be established as requested by the Federal Reserve Board.

Noted.

Letter dated December 15th from the Governor, Federal Reserve Bank of Philadelphia, requesting advice as to whether or not the Board approves the organization chart of that Bank, as submitted with his letter of April 3d last.

Referred to the Governor for reply.

Letter dated December 13th from the Governor, Federal Reserve Bank of Minneapolis, enclosing copy of circular letter addressed by him to banks and bankers in the Ninth Federal Reserve District, announcing the policy of the Bank in re control of credit.

Referred to the Governor with power to amend and transmit to other Federal Reserve Banks for their information.

Letter dated December 13th from Assistant Secretary of the Treasury Leffingwell, advising of the extraordinary volume of business which it is expected the Federal Reserve Banks will be called upon to handle in connection with the exchange of permanent for coupon bonds, and suggesting the wisdom

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of establishing in each Federal Reserve Bank a branch post office for the purpose of handling not only this fiscal agency, but other mail matter for Federal Reserve Banks, and stating that if agreeable to the Board, he would undertake to secure the approval of the Postmaster General to such a plan.

Voted that the Governor notify Mr. Leffingwell that the Board would be glad to cooperate in the plan proposed.

Letter dated December 10th from the Chairman, Federal Reserve Bank of Minneapolis, requesting authority to expend not to exceed \$100,000 in the purchase of a building and the making of improvements thereon in connection with the establishment of a branch of the Federal Reserve bank at Helena.

Approved.

Letter dated December 10th from the Chairman, Federal Reserve Bank of Minneapolis, advising of the employment, subject to the approval of the Federal Reserve Board, of Harry reager at a salary of \$4,500 per annum, to be engaged initially in the work of completing membership of Montana banks in connection with the establishment of the Helena branch.

Approved.

Letter dated December 13th from the Director, Division of Analysis and Research, requesting approval of the appointment

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of the following clerks in that Division:

Henry Horn Adams,	\$1,500 per annum
Alice Ross,	1,500 "

Approved.

Memorandum by Mr. Hamlin dated December 15th, submitting letter dated December 9th from Mr. Alexander Wall, containing suggestions as to limitations of loans.

Referred to Mr. Strauss.

Letter dated December 1st from the Governor, Federal Reserve Bank of New York, in re liability of the Federal Reserve Bank in sending checks for collection directly to the banks upon which same are drawn.

Referred to the Governor and Mr. Hamlin for report.

Letter dated December 15th from Deputy Governor Peple of the Federal Reserve Bank of Richmond, regarding failure of certain New York banks to recognize the immediate credit symbol in use by the Federal Reserve Bank of Richmond.

Referred to the Governor with power.

Letter dated December 10th from Mr. E. R. Kenzel, Chairman of the Committee appointed by the Governors' Conference held March 20, 1919, to study and make recommendation of a pension plan for adoption by Federal Reserve banks.

Referred to Mr. Hamlin for report.

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Memorandum by Mr. Emerson dated December 13th, submitting for approval draft of letter to be sent to Governors of all Federal Reserve banks in response to the recommendations made by the Governors at their conference held in Washington, November 19-21, 1919.

Referred to the Governor with power, to amend and transmit.

Telegram dated December 16th from the Chairman, Federal Reserve Bank of Philadelphia, advising of the establishment of the following discount rates, subject to the approval of the Federal Reserve Board:

Member banks collateral notes secured by bonds or notes of U.S. Government, 15 days and less.....	4-3/4%
Secured by certificates of indebtedness, 15 days and less.....	4-1/2%
Secured by War Finance Corporation bonds, 15 days and less.....	5-3/4%
Secured by commercial paper 15 days and less.....	4-3/4%
Rediscounts, secured by bonds or notes of U.S. Government, 90 days and less.....	4-3/4%
Secured by certificates of indebtedness, 90 days and less.....	4-1/2%
Secured by War Finance Corporation bonds, 90 days and less.....	5-3/4%
Secured by commercial paper, 90 days and less.....	4-3/4%

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Secured by agricultural or livestock paper,
90 days and less.....4-3/4%

91 days to six months..... 5%

Secured by trade acceptances 90 days and less 4-3/4%

Approved.

Mr. Hamlin, Chairman of the Treasury Committee on the status of sub-treasuries, advised that his committee would shortly report to the Secretary of the Treasury, recommending the abolition of sub-treasuries and the placing in the hands of the Federal Reserve banks most of the functions heretofore performed by the sub-treasuries, and that he would advise the Secretary of the Treasury to refer to the Federal Reserve Board for report and recommendation the report of the committee as submitted.

At 1-15 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.