

At a meeting of the Federal Reserve Board held in the office of the Board on Tuesday, December 23, 1919, at 11 A.M.,

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

Minutes of the meeting of the Board held December 19, 1919, were read, and on motion approved as amended.

Business was presented and disposed of as follows:

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations, rate 4-1/2% on paper secured by certificates of indebtedness and 4-3/4% 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>
Dec.18th	Philadelphia...	(Chicago \$4,000,000 (Dallas 4,000,000		11-15 days
Dec.19th	Kansas City	Dallas	7,000,000	10-14 days
Dec.20th	Philadelphia	Chicago	7,000,000	11-15 days

Noted.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business December 20th, and the status of rediscounts between Federal Reserve Banks as of the same date.

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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,	Dec.19th	\$200,000

Approved.

Telegram dated December 16th from the Chairman, Federal Reserve Bank of San Francisco, advising of the adoption of a resolution by the Directors of that Bank, indorsing the Board's policy in postponing building operations by the Federal Reserve Bank.

Telegram dated December 23d from the Chairman, Federal Reserve Bank of San Francisco, requesting approval of the following schedule of discount rates, effective December 26th:

(A) Member bank collateral notes:

- | | |
|--|--------|
| (1) Secured by certificates of indebtedness, | 4-1/2% |
| (2) Secured by U.S.bonds or Victory notes, | 4-3/4% |
| (3) Secured by commercial paper, | 4-3/4% |
| (4) Secured by War Finance paper, | 5-3/4% |

(B) Rediscounts:

- | | |
|---|--------|
| (1) When secured by certificates of indebtedness, | 4-1/2% |
| (2) Secured by U.S.bonds or Victory notes, | 4-3/4% |
| (3) Commercial paper one to 90 days, | 4-3/4% |
| (4) Agricultural or livestock paper, 1-90 days | 4-3/4% |
| 91 days to six months, | 5-1/2% |
| Trade acceptances, one to 90 days, | 4-3/4% |

Approved.

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Telegram dated December 20th from the Governor, Federal Reserve Bank of Atlanta, requesting approval of rate of 4-1/2% on bankers' acceptances indorsed by member banks other than accepting banks, and rate of 4-3/4% on bankers' acceptances unindorsed, effective December 26th.

Approved.

Letter dated December 19th from the Chairman, Federal Reserve Bank of St. Louis, requesting approval of the declaration of a dividend by that Bank for the six month period July 1 to December 31, 1919, at the rate of 6% per annum, payable December 31, 1919.

Approved.

Letter dated December 19th from the Chairman, Federal Reserve Bank of St. Louis, requesting authority to charge off on December 31, 1919, the sum of \$335,000 against its building account, together with memorandum by Mr. Hoxton dated December 22d recommending approval.

Approved.

Letter dated December 13th from the Chairman, Federal Reserve Bank of St. Louis, addressed to Mr. Moehlenpan, calling attention to advertisements of certain State member banks that they are under "United States Government protection".

Referred to the Governor for reply.

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Letter dated December 19th from the Secretary, Federal Reserve Bank of Chicago, submitting report of meeting of the building committee of that Bank, outlining details of certain preliminary plans in connection with its building project.

Noted.

Letter dated December 15th from the Chairman, Federal Reserve Bank of Philadelphia, in re status of permissions granted by the Board to directors of banks to serve as such under the terms of the Clayton Act. Mr. Hamlin stated that General Counsel was making a further study of the Philadelphia situation, and suggested withholding action on this matter for the time being.

Letter dated December 20th from Lieutenant Colonel D. D. Gregory, enclosing report of operations of the Philippine National Bank, Manila, P.I.

Voted to refer a copy of the letter to Mr. Leffingwell.

Memorandum by the Governor, Federal Reserve Bank of New York, dated December 19th, enclosing newspaper comment upon the resignation of Mr. William B. Thompson as a Director of the Federal Reserve Bank of New York.

Noted.

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(At this point Mr. Williams joined the meeting)

Voted that there be published in the next issue of the Federal Reserve Bulletin a copy of the Board's circular No. 21, series of 1915, dated December 27, 1915, bearing upon political activity of directors of Federal Reserve banks, such publication to precede immediately notice of the resignation of Mr. Thompson.

REPORTS OF COMMITTEE NO. 1:

Dated Dec. 23d, 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. 22d, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 20th, recommending approval of increase in salary of Mr. P. J. Faulkner, Assistant Federal Reserve Agent at Cincinnati Branch, Federal Reserve Bank of Cleveland, from \$2,700 to \$3,000, effective January 1, 1920.

Approved.

Dated Dec. 22d, submitting resignation of Miss Bess Erin as Counter Clerk assigned to the National Bank Redemption Agency, effective December 26, 1919.

Accepted.

Dated Dec. 23d, recommending temporary employment of 20 additional currency counters at salary of \$1,040 each per annum, to be assigned to the Redemption Division of the Comptroller's Office, for such period as their services may be required.

Approved.

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Dated Dec. 23d, recommending approval of appointment of Mr. L. L. Ball as Telegraph Operator in the Board's telegraph office at an annual salary of \$1,800, vice Mr. A.D. Blake, effective December 22, 1919.

Approved.

Dated Dec. 20th, recommending increase in salary of Mr. Curtis L. Mosher, Assistant Federal Reserve Agent at Federal Reserve Bank of Minneapolis, from \$4,800 to \$5,500 per annum, effective January 1, 1920.

Approved.

Dated Dec. 20th, recommending increases in salaries of National Bank Examiners, effective January 1, 1920, as follows:

	<u>From</u>	<u>To</u>
T. A. Cooper,	\$3,300	\$3,600
H. W. Scott,	3,900	4,200
W. B. Baker,	3,000	3,300
K. B. Cecil,	3,900	4,200
G. C. Congdon,	2,700	3,000
V. G. Snyder,	2,400	2,700
Robert Montgomery,	3,300	3,600
J. C. Peightel,	2,400	2,700
C. F. Smith,	2,700	3,000
T. C. Thomas,	3,600	3,900
R. N. Aycock,	3,300	3,600
W. B. Cloe,	3,000	3,300
T. H. Davis,	2,400	2,700
L. W. Hoffman,	3,600	4,000
D. R. Wood,	3,000	3,300
H. E. Albert,	3,300	3,600
C. H. Anheier,	4,000	4,200
W. M. Buckles,	4,200	4,500
W. P. Dougherty,	3,000	3,300
P. J. Lorang,	2,400	2,700
B. K. Patterson,	3,000	3,600
M. D. Smiley,	2,400	3,000
A. B. Smith,	3,000	3,300
Jno. H. Smith,	4,200	4,800
A. R. Bradley,	2,400	2,700
Sherwood Crocker,	3,900	4,200
Roy A. Cooper,	2,400	2,700
C. H. Filson	4,200	4,500
J. A. Guthrie,	2,700	3,000
E. E. O'Brien,	2,400	2,700

	<u>From</u>	<u>To</u>
S. A. Longmoor,	\$3,000	\$3,600
W. W. McBryde,	2,400	2,700
David Murphy,	3,600	3,900
J. L. Penix,	3,600	3,900
J. K. Woods,	4,000	4,500
W. M. Gray,	3,600	3,900
C. T. Maxey,	2,400	2,700
L. M. Sawyer,	2,700	3,000
Oscar Thompson,	4,800	5,000
D. V. Harkin,	5,500	6,000
John S. Wood,	3,900	5,000

Dated Dec.20th, recommending increases in salaries of Chief National Bank Examiners, effective January 1, 1920, as follows:

	<u>From</u>	<u>To</u>
Sherrill Smith,	\$15,000	\$16,000
Daniel C. Mulloney,	7,000	8,000
Fred Brown,	7,000	7,500
Stephen L. Newnham,	7,000	7,500
Richard H. Collier,	7,500	8,500
H. R. Gaither,	7,500	8,000
Silas H.L.Cooper,	8,500	10,000
Harry L. Machen,	5,000	7,000
Wm. J. Schechter,	4,500	6,000

Approved.

In connection with the action of the Board at its meeting on December 19th in referring certain increases in salaries of employees of the Board to him with power, the Governor reported that he approved the following of such increases:

	Present Basic Salary	Present sal- ary including extra compen- sation.	Proposed in- crease in basic salary	Total proposed salary, includ- ing extra com- pensation.
Ira J. Nichols,	\$1,200	\$1,440	\$120	\$1,560
Mary S. Evans,	1,400	1,640	100	1,740
Albert P. Freer,	1,400	1,400	180	1,580
Julia Moore,	1,400	1,640	100	1,740

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and disapproved the recommended increase of \$120 per annum in the salary of Miss Lucia M. Emery.

Noted.

Mr. Williams stated that he had received request from the Federal Reserve Agent at New York to permit examiners of the Federal Reserve Bank of New York to participate in the examination of national banks in the Second Federal Reserve District on the special list, and that he had complied with Mr. Jay's request.

Letter dated December 22d from the Chairman, Federal Reserve Bank of New York, requesting authority to increase from \$50,000 to \$250,000 the amount which it might charge off on December 31, 1919, and set up as a reserve for group insurance.

Approved.

On motion duly seconded it was voted that there be listed as a topic at the next conference of Governors of Federal Reserve banks the suggestion that there be created an inter-Federal Reserve bank insurance fund.

Letter dated December 21st from Deputy Governor Case, Federal Reserve Bank of New York, advising of the increase in holdings of United States certificates of indebtedness by the Bank of Japan.

Ordered circulated.

On motion duly seconded it was voted to extend to March 1, 1920, the term of office of Mr. M. C. Elliott, Con-

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sulting Counsel, at his present salary of \$5,000 per annum.

On motion duly seconded there was referred to the Executive Committee for report, the question of the readjustment as of January 1, 1920, of salaries of Federal Reserve Agents and Governors of Federal Reserve banks.

It was also voted to refer to Executive Committee for consideration and recommendation, salary schedule of the Federal Reserve Banks of St. Louis and Atlanta, recommended to be effective as of January 1, 1920.

At 1-07 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.