

At a meeting of the Federal Reserve Board held in the office of the Board on Friday, December 26, 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 December 23d were read, and on motion approved as amended.

Business was presented and disposed of as follows:

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

<u>Date</u>	<u>Bank Redis- counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Dec.22d	Philadelphia	Dallas	\$9,000,000	11-15 days

Noted.

Telegram dated December 23d from the Chairman, Federal Reserve Bank of Minneapolis, requesting authority to charge off the sum of \$100,000 against real estate of the bank on account of one-half of the value of buildings on property acquired by the bank.

Approved.

Letter dated December 23d from the Chairman, Federal

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Reserve Bank of Richmond, requesting approval of the declaration of a dividend of 3% for the six month period ending December 31, 1919.

Approved.

Letter dated December 13th from the Chairman, Federal Reserve Bank of Minneapolis, requesting approval of the declaration of a dividend at the rate of 6% per annum for the six month period ending December 31, 1919. Approved.

Memorandum by Mr. Hoxton dated December 19th in re advances made by the Federal Reserve Bank of St. Louis to the First National Bank of St. Louis.

Referred to Mr. Hoxton to request the Federal Reserve Agent at St. Louis to advise whether or not he considers such advances as excessive.

Telegram dated December 23d from the Chairman, Federal Reserve Bank of Atlanta, requesting instructions as to whether to calculate interest and discount on a basis of 365 or 366 days for the leapyear 1920.

Referred to the Governor for report.

#### REPORTS OF COMMITTEE NO. 1:

Dated Dec. 26th, 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.

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Dated Dec. 24th, recommending action on applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 24th, recommending action on application of Thomas H. Brewer to serve at the same time as a director of the Fidelity National Bank of Spokane, Washington, and the Security National Bank of Cheney, Wash.

Approved.

Dated Dec. 24th, recommending changes in stock at Federal Reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

Other business was presented and disposed of as follows:

Letter dated December 24th from Mr. E. R. Kenzel, Comptroller of Administration, Federal Reserve Bank of New York, containing an explanation of the policy of that Bank with respect to purchases made by it in the open market.

Noted.

Letter dated December 22d from the Chairman, Federal Reserve Bank of Cleveland, with further reference to the application of the Potter Title & Trust Company for admission to the Federal Reserve System.

Referred to General Counsel for report.

Letter from the Chairman, Federal Reserve Bank of San Francisco without date, and received December 26th, with further reference to pending negotiations looking to the

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settlement of the affairs of the Scandinavian-American Bank, Seattle.

Referred to the Governor for reply.

Letter dated December 23d from the Chairman, Federal Reserve Bank of Cleveland, in re policy of Federal Reserve Agents in cooperating with the Comptroller of the Currency in passing upon applications for organization of national banks.

Voted that the Governor be authorized to transmit a copy of Mr. Wills' letter to the Secretary of the Treasury.

Letter dated December 22d from the Chairman, Federal Reserve Bank of Richmond, in re holding of office by Mr. D. R. Coker as trustee of a state university, and as chairman of a local board of health, without salary, in view of the Board's circular No. 21, series of 1915.

The Governor submitted for approval, letter by him dated December 26th approving Mr. Coker's continuance in office.

Letter dated December 22d from the Governor, Federal Reserve Bank of Minneapolis, requesting an expression of the Board's view as to the continuance of Mr. C. Harry Benedict as a Town Supervisor of the town of Lake Linden, Michigan, in view of the Board's circular No. 21, series of 1915.

Voted that the Governor be authorized to inform Mr. Young that the Board sees no objection to the continuance in office as Town Supervisor by Mr. Benedict.

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Letter dated December 22d from the Governor, Federal Reserve Bank of New York, reviewing the situation with respect to the policy of clearing house banks in New York of increasing their rates for deposits simultaneously with increases in the ninety day discount rate of the Federal Reserve Bank of New York.

Voted to list for discussion at the next meeting of the Federal Advisory Council the following questions:

1. Interest rates on deposits in their relation to the discount rates of Federal Reserve banks.

2. Clearing house rules relating to the collection of out of town checks which are now formed so that in most cases there is no advantage given to a member bank or to a bank that remits at par for checks drawn upon it.

Letter dated December 23d from the Manager of the Bill Department of the Federal Reserve Bank of New York, requesting ruling of the Board as to the right of member banks under the Federal Reserve Act to accept drafts drawn against merchandise in three specific stages of prospective or completed importation into this Country.

Voted that the Governor be authorized to express the Board's approval of the eligibility of the acceptances contemplated provided General Counsel sees no objection to such ruling.

Letter dated December 24th from Consulting Architect Trowbridge in re plans for the development of the best methods

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of testing vault construction.

Referred to the Governor for reply.

The Governor read to the meeting a circular issued by the Federal Reserve Agent at Minneapolis, bearing upon the necessity of conserving credit with particular reference to the situation in the Ninth Federal Reserve District.

(At this point Mr. Williams joined the meeting)

Mr. Miller moved that a committee of three of the Members of the Board be appointed with a view to suggesting for adoption a definite policy looking to the determination of the question of note issues by Federal Reserve banks.

Motion carried and the following committee appointed:

Mr. Strauss, Chairman  
Mr. Miller  
Mr. Moehlenpah  
Mr. Emerson, Secretary.

Mr. Hamlin stated that he was about to complete an index digest of the Federal Reserve Bulletin for the year 1919, and requested authority to have same mimeographed.

Approved.

Mr. Hamlin submitted a letter dated December 24th from the Governor, Federal Reserve Bank of New York, enclosing an opinion rendered by Mr. J. F. Curtis to the effect that Federal Reserve banks could be empowered to condemn land whereon

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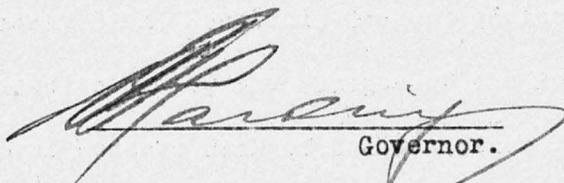
to erect Federal Reserve bank buildings, should Congress amend the Federal Reserve Act so as to grant them such power.

Noted.

At 1-30 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.