

At a meeting of the Federal Reserve Board held in the office of the Board on Wednesday, December 31, 1919, at 11 A.M.,

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

Minutes of the meetings of the Board held on December 30th were read, and on motion approved as amended.

Business was presented and disposed of as follows:

Memorandum by Mr. Smead dated December 30th, recommending that the Board reconsider its authority to Federal Reserve banks (letter X-1767) to set up reserve out of earnings of the current six months against assessment for Board's expenses for the succeeding six months.

Voted that the Board adhere to its ruling, but notify Federal Reserve banks that they may be permitted to allocate such reserve monthly out of the current earnings in reporting on form 96.

Letter dated December 22d from the Chairman, Federal Reserve Bank of San Francisco, with further reference to pending negotiations looking to the rehabilitation of affairs of the Scandinavian-American Bank of Seattle.

Noted.

Letter dated December 22d from the Chairman, Federal

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Reserve Bank of San Francisco, advising of the appointment of the following officers of the Los Angeles Branch:

Ira Clerk, Acting Manager
A. B. Nordling, Cashier
H. N. Mangels, Assistant Cashier.

Noted.

Letter dated December 22d from the Chairman, Federal Reserve Bank of San Francisco, advising that the Board of Directors of that Bank had adopted by-laws for the Los Angeles Branch identical with those heretofore approved for the other branches of that Bank.

Approved.

Letter dated December 29th from Mr. Embry L. Swearingen, expressing approval of the Board's action in undertaking to prohibit the use of the phrase "Under Federal protection" in advertisements of members of the Federal Reserve System.

Noted.

Letter dated December 29th from the Governor, Federal Reserve Bank of Philadelphia, with respect to the work of that Bank in controlling the credit situation in the Third Federal Reserve district, and suggesting that no increase of rates is essential at this time for that purpose.

Referred to the Governor for reply.

(At this point Mr. Williams joined the meeting)

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Letter dated December 30th from Mr. F. D. Mitchell, requesting permission to register the title "Federal Edge Corporation" as the name of a corporation to be organized under the provisions of the Edge Bill by certain of his associates.

Referred to General Counsel for report.

(At this point the Chairman joined the meeting)

Letter dated December 27th from the Chairman, Federal Reserve Bank of Chicago, requesting to be advised as to whether or not collateral for member bank notes secured by Government obligations should be of a par amount equal to the face amount of the note, or that market value of collateral should be equal to the face amount of such notes.

Voted that the Governor be authorized to inform the Federal Reserve Agent at Chicago that the Board desires that the amount of collateral security of notes taken by the Federal Reserve bank should be equal to the face amount of such notes, and to send copy of his letter to all Federal Reserve banks for their information.

Letter dated December 30th from the Chairman, Federal Reserve Bank of New York, advising that the Board of Directors of that Bank had voted to grant to Governor Strong, by reason of his ill health, leave of absence with half pay for the period of one year, and had voted to designate Mr. J. H. Case as Acting Governor of the Bank during such absence of Governor Strong.

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Mr. Hamlin moved that the Board approve the action of the directors of the Federal Reserve Bank of New York in granting to Governor Strong leave of absence for one year with half pay, and merely to note the action of the New York directors in designating Mr. Case to act as Acting Governor in the absence of Governor Strong.

Mr. Williams moved as an amendment that the Board approve an indefinite leave of absence with half pay for Governor Strong.

The motion was lost (Mr. Williams and Mr. Miller voting "Aye").

Mr. Hamlin's motion prevailed, Mr. Williams voting "No", stating that he did so solely because he objected to granting leave of absence to the Governor of the Federal Reserve Bank of New York for a period of one year, believing that under present circumstances the Bank should not be without the services of a fully qualified executive.

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


Secretary.

Approved:


Governor.