

At a special meeting of the Federal Reserve Board held in the office of the Board on Monday, January 26, 1920, at 11 A.M.,

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

Business was presented and disposed of as follows:

The Governor submitted for approval the following telegram to be addressed to the Governors of all Federal Reserve banks in connection with telegram addressed to them on January 24th with respect to the 5% rediscount rate for bankers acceptances:

"Referring to telegram January 24th, dealing with five percent rediscount rate for bankers acceptances, it has been suggested by one of the Federal Reserve banks that the portion thereof reading as follows be eliminated: "Unless the bills have in the meantime circulated in the market and bear one or more other endorsements". It is pointed out that the retention of this qualification will promote arrangements between banks whereby banks will endorse for each other. As no hardship can result from the suggested modification and in order not to open the door to possible abuse of the Federal Reserve banks' facilities, the Board has concluded that previous telegram be modified by the omission of the above sentence. Please be guided accordingly."

Approved.

(At this point Mr. Williams joined the meeting)

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Letter dated January 24th from the Governor, Federal Reserve Bank of Chicago in re building plans of that Bank. The Secretary read minutes of meeting of the special committee which conferred with representatives of the Federal Reserve Bank of Chicago and the representative of the Board's Consulting Architect, at which meeting preliminary plans were discussed looking to the expenditure of approximately \$4,900,000 in the erection of building and vaults and cost of furniture and equipment, including architect's fees, (see auxiliary minutes).

On motion duly seconded, it was voted that the Consulting Architect be authorized to advise the Architect of the Federal Reserve Bank of Chicago that the latter might proceed with the formulation of working plans on the basis of the preliminary plans submitted, such complete plans to be submitted to the Board for final approval, the Federal Reserve Bank in the meanwhile to make no commitments for the letting of construction and equipment contracts.

Letter dated January 24th from the Secretary, Federal Reserve Bank of Chicago, advising that subject to the approval of the Federal Reserve Board, the Board of Directors of the Federal Reserve Bank of Chicago had voted to amend the by-laws of the Detroit Branch of that Bank so as to provide for a board of five members instead of seven.

Approved.

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Letter dated January 24th from the Secretary, Federal Reserve Bank of Chicago, advising that, subject to the approval of the Federal Reserve Board, the Board of Directors of that Bank had voted that, effective March 1, 1920, all banks in the Seventh Federal Reserve District in the State of Wisconsin be placed on the par list.

Approved.

Letter dated January 24th from Mr. J. Cloyd Byars criticizing the action of the Federal Reserve Board in increasing discount rates.

Referred to the Governor for reply.

Letter dated January 24th from the Secretary, Federal Reserve Bank of Chicago, advising that, subject to the approval of the Federal Reserve Board, the directors of that Bank had voted to amend its by-laws so as to provide for an executive committee of six members instead of five, as at present.

Approved.

Letter dated January 17th from D. E. Waggoner, President, Security National Bank, Dallas, Texas, suggesting amendment of the Federal Reserve Act to provide for the guarantee by Federal Reserve banks of the non-interest bearing deposits of member banks.

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Referred to Mr. Moehlenpah for study and report.

Telegram dated January 24th from the Governor, Federal Reserve Bank of Minneapolis, requesting approval of the following schedule of discount rates, effective January 26th:

Member bank collateral notes secured by U.S. Treasury certificates of indebtedness....	4-3/4%
Secured by Liberty bonds and Victory notes.....	5-1/2%
Secured by eligible notes.....	6%
Secured by War Finance Corporation bonds.	7%
Customers notes, drafts and bills of exchange one to ninety days, secured by U.S. Treasurer's certificates of indebtedness	4-3/4%
Secured by Liberty bonds or Victory notes	5-1/2%
Secured by War Finance Corporation bonds	7%
Commercial paper, one to ninety days.....	6%
Trade acceptances, one to ninety days.....	5-1/2%
Bankers acceptances rediscounted for member banks.....	5%
Agricultural or live stock paper, one day to six months.....	6%

Approved.

Letter dated January 19th from the Chairman, Federal Reserve Bank of Kansas City, advising of the appointment of officers of that Bank and the election of directors at its Omaha and Denver Branches for the year 1920.

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Noted.

The Governor stated that James F. Oyster, a director of the Federal Reserve Bank of Richmond, residing in Washington, D.C., had been appointed by the President as a member of the District of Columbia Rent Commission, but before accepting such office desired to know what effect his acceptance thereof would have upon his eligibility as such director of the Federal Reserve Bank of Richmond.

On motion duly seconded, it was voted to be the sense of the Board that the office of member of the District of Columbia Rent Commission did not fall within the intention of the Board's circular No. 21, series of 1915.

Voted further, that the Board's circular No. 21, series of 1915, be amended in such manner as to bring it within the intention of the Board as disclosed by recent rulings in specific cases.

REPORTS OF COMMITTEE NO. 1:

Dated Jan. 26th, recommending approval of application of James T. McMillan to serve at the same time as a director of the First and Old Detroit National Bank, the Detroit Savings Bank, and the Union Trust Company, all of Detroit, Michigan.

Approved.

Dated Jan. 26th, recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

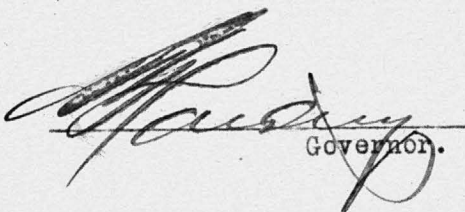
Approved.

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At 12-55 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.