At a meeting of the Federal Reserve Board held in the office of the Board on Friday, February 6, 1920, at 11 A.M.,

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

Minutes of meetings of the Board held on February 4th and 5th were read, and on motion approved.

Business was presented and disposed of as follows:

The Governor made a very full statement of the observations made by him upon his visit to the Federal Reserve Bank of New York on February 4th and 5th. He stated that he felt confident, as a result of his visit and statements made by him to the Board of Directors of that Bank, that the future cooperation between the Board and those directors would be materially strengthened. He stated that it was the desire of the Federal Reserve Bank of New York to establish a rate of 5% as a minimum at which it might purchase acceptances in the open market, adding that it was the desire of the New York Bank to avail itself of this rate only in the purchase of short term bills, and then only to the extent that the exigencies of the situation might demand. The Governor stated that he was highly gratified to note the
excellent grasp had by Mr. Jay upon the affairs of the Bank.

The Governor stated further that he was advised by the Secretary of the Treasury that it would not be possible for him to attend the meeting of the Board today, and that he hoped the Board could postpone, at least until Monday, any discussion of the discount rate situation.


Noted.

Letter dated February 3d from Morris Bank, Nashville, Tenn., complaining of the policy of lending on collateral of Liberty bonds and Victory notes on the basis of the purchase price, rather than the par value thereof. The Governor submitted for approval, draft of reply by him under date of February 6th.

Approved.

Letter dated February 4th from the Chairman, Federal Reserve Bank of Atlanta, requesting approval of the method of passing on discounts at the New Orleans Branch of that Bank.

Approved.
Letter dated February 4th from the Chairman, House Banking and Currency Committee, submitting for comment by the Federal Reserve Board, copy of bill providing for the abolition of the sub-treasuries. Mr. Hamlin explained the origin of the present bill, and in view of the fact that the Federal Reserve Bank of New York was not in accord with the principles of the bill as at present drawn, the Governor was authorized to request Mr. Jay to attend hearings by the committee on the bill.

Letter dated February 3d from Consulting Architect Trowbridge, making recommendations as to the letting of contract for the construction of a vault for the Federal Reserve Bank of Boston.

Referred to the Governor for report.

Letter dated February 3d from the Chairman, Federal Reserve Bank of Philadelphia, commenting upon the rediscount situation at that Bank, and the selection of a successor to Governor Passmore.

Noted.

The Governor stated that in view of the statements made to him by the Board of Directors of the Federal Reserve Bank of New York, and in view of his observations while in New York, he recommended that the Board approve a rate of
5% as the minimum rate at which the Federal Reserve Bank of New York might be permitted to purchase bills in the open market.

On motion duly seconded, it was voted to approve the Governor's recommendation, and the Governor was instructed to notify the other Federal Reserve banks of the action of the Board.

Mr. Williams stated that in view of the Governor's recommendation, he did not desire to vote against the establishment of the rate, but that it was his opinion at the present time that the rate should be increased rather than decreased.

Letter dated January 5th from Mr. J. A. Broderick, Vice-President of the National Bank of Commerce in New York, requesting a ruling by the Board as to the eligibility of certain domestic acceptances secured by warehouse receipts or other such documents conveying or securing title to non-perishable, marketable staples located in the United States.

Referred to General Counsel for opinion.

(At this point Mr. Miller withdrew from the meeting).

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by certificates of indebtedness, rate 4-3/4%, as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Bank Rediscounting</th>
<th>With</th>
<th>Amount</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb.5th</td>
<td>Philadelphia..</td>
<td>(Chicago</td>
<td>$6,500,000</td>
<td>11-15 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Dallas</td>
<td>5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Noted.
The Governor reported the reserve positions of the several Federal Reserve banks as at close of business February 4th, and the status of rediscounts between Federal Reserve banks as of the same date.

Letter dated January 29th from the Chairman, Federal Reserve Bank of San Francisco, containing certain suggestions bearing upon the organization of that Bank.

Referred to the Governor for report.

Telegram dated February 5th from Mr. Thomas P. Beal, advising that the Boston Clearing House Association had adopted a maximum rate of 2-1/4% on net and available bank balances.

Noted.

Memorandum by General Counsel dated February 5th, recommending that the Citizens Savings Bank, Pasadena, Cal., be instructed to omit the word "National" in advertising its connection with the Federal Reserve System.

Approved.

Memorandum by Mr. Irwain dated February 5th, recommending upon the application of the American Trust Company, Charlotte, N.C., that it be permitted to establish a branch in that city.

Approved.
Dated Feb. 6th, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated Feb. 5th, recommending disapproval of application of H. M. Blackmar to serve at the same time as a director of the First National Bank, and the International Trust Company, both of Denver, Colorado.

Recommendation approved.

Dated Feb. 5th, submitting resignation of William J. Ogilvie, as Stenographer in the Board's Gold Settlement Division, effective February 7th.

Accepted.

Dated Feb. 5th, submitting resignation of A. M. McDermott as Confidential Clerk to the Chairman of the Federal Reserve Board, effective February 4th.

Accepted.

Dated Feb. 6th, recommending appointment of Miss E. W. O'Hare as Stenographer in the Board's Gold Settlement Division at $1,500 per annum, vice William J. Ogilvie, resigned, effective upon reporting for duty.

Approved.

Dated Feb. 5th, submitting resignations of the following Clerk Counters at $1,040 per annum, on duty in the National Bank Redemption Agency, effective as indicated:

<table>
<thead>
<tr>
<th>Name</th>
<th>Date Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary A. Doyle</td>
<td>Feb. 3, 1920</td>
</tr>
<tr>
<td>Elsie P. Pfleger</td>
<td>Feb. 4, 1920</td>
</tr>
<tr>
<td>Lucy K. Elsea</td>
<td>Feb. 5, 1920</td>
</tr>
</tbody>
</table>

Accepted.

Other business was presented and disposed of as follows:
Opinion by General Counsel dated February 4th, with respect to authority of the Federal Reserve Board to grant fiduciary powers to national banks in Hawaii, under the provisions of Section 11 (k).

Approved.

Secretary.

Approved: