

At a special meeting of the Federal Reserve Board held in the office of the Board on Monday, February 9, 1920, at 11 A.M.,

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

PRESENT ALSO:

Mr. Harrison, General Counsel.

Business was presented and disposed of as follows:

Letter dated February 5th from Vice-President

Broderick of the National Bank of Commerce in New York, asking whether a National bank may properly accept a draft drawn by the French Finance Corporation and secured by bill of lading, warehouse receipts or other such documents conveying or securing title covering non-perishable marketable staples located in the United States, the renewal of some of such acceptances being contemplated, together with opinion by General Counsel dated February 7th, to the effect that drafts drawn to carry goods for an indefinite period should not be considered eligible by Federal Reserve banks.

Voted to approve opinion of General Counsel.

Letter dated February 2d from Vice-President Meyer of the Mercantile Bank of the Americas, in re acceptances

-2-

drawn against the importation of sugar from Cuba. The Governor submitted opinion by General Counsel dated February 7th to the effect that the drafts referred to come within the meaning of Section 13 of the Federal Reserve Act, and therefore are eligible for acceptance under the terms of that section.

Voted that the opinion of General Counsel be approved for guidance of the Board, and that the Governor address an appropriate letter to Mr. Meyer in response to his letter of February 2d.

Letter dated February 5th from Assistant Secretary of the Treasury Leffingwell, requesting that the Board appoint a vault clerk for duty at the Bureau of Engraving and Printing at \$1,800 per annum, with \$240 additional compensation, to be custodian of Federal Reserve notes in the Federal Reserve vault, such clerk to be subject to the orders of the Secretary of the Treasury, together with opinion by General Counsel dated February 7th.

On motion duly seconded, it was voted to approve the appointment of a vault clerk at a compensation not to exceed the amount stated in Mr. Leffingwell's letter, upon the distinct understanding that such clerk shall be subject solely to the jurisdiction and orders of the Secretary of the Treasury, and that the Federal Reserve Board and the Federal Reserve banks shall in no way be liable for his acts, either of omission or commission.

Memorandum by General Counsel dated February 2d,

-3-

submitting suggested amendment of the Board's resolution defining the eligibility of political or public officers for office in a Federal Reserve bank.

Referred to the Law Committee for further report.

Letter dated February 7th from the Chairman, Federal Reserve Bank of Boston, submitting Fifth Annual Report of that Bank covering the year 1919.

Ordered circulated.

Memorandum dated February 7th by Mr. Hoxton, making comment upon letter from the Federal Reserve Agent at San Francisco dated January 9th, suggesting a change in the rediscount procedure in practice at the Federal Reserve Bank of San Francisco.

Voted that Mr. Perrin be informed that the Board is in favor of his suggestion of perfecting the rediscount organization of the Federal Reserve Bank of San Francisco in order that the Governor and Federal Reserve Agent of that Bank may more intelligently discharge their duties, and that the Board would approve any necessary additions to the payroll of the bank to make such plan effective.

Memorandum by Assistant to General Counsel dated February 5th, suggesting that inasmuch as the Federal Reserve Board has disapproved the application of H. M. Blackmer to serve at the same time as a director of the First National Bank and the International Trust Company, both of Denver,

-4-

Colorado, it would be in order for the Board to revoke the permission heretofore granted to Messrs. H. J. Alexander, R. C. Thatcher and M. D. Thatcher to serve such institutions at the same time, and to notify the other common directors of such institutions to sever their relations with one such institution or the other.

Approved.

The Governor reported that the Federal Reserve Agent at Boston had requested him to obtain the opinion of the Board as to the desirability of making the rediscount rate of the Federal Reserve Bank of Boston 6% on all classes of paper, with maturity not exceeding 90 days. The Governor read from the draft of the Annual Report of the Board, suggested legislation to provide a system of regulation of discount rates.

On motion duly seconded it was voted that General Counsel be instructed to prepare and submit draft of a bill for submission to Congress, to make effective the plan of discount rate legislation contemplated in the Board's Annual Report for the year 1919.

On motion duly seconded, it was voted that a special meeting of the Board be held at 2-30 P.M. on Tuesday, February 10th, for the consideration of the text of the Board's Report to Congress for the year 1919.

(At this point the Chairman and Mr. Williams withdrew from the meeting)

-5-

REPORTS OF COMMITTEE NO. 1:

Dated Feb. 9th, 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 Feb. 9th, recommending changes in stock at Federal Reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Feb. 7th, recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.


Approved.

Other business was presented and disposed of as follows:

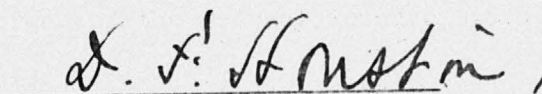
Letter dated February 5th from the Governor, Federal Reserve Bank of Dallas, detailing the difficulties confronting the clearing department of that Bank, and advising that such difficulties will be increased by making effective the changes in method of clearing directed by the Board.

Referred to the Governor for reply.

At 1-15 P.M., the meeting adjourned.


Secretary.

Approved:


Chairman.