

At a special meeting of the Federal Reserve Board held in the office of the Board on Saturday, February 28, 1920, at 10-30 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 stated that in view of the possible misconstruction of the Board's letter of February 27th, he desired authority to transmit the following telegram to all Federal Reserve banks:

"Referring to Mr. Moehlenpah's letter February 27th, it seems that he misunderstood Board's view. There is no desire that Federal Reserve banks discontinue their regular work for increasing State bank memberships, but on the contrary it is the sense of the Board that this work should proceed as usual. In view of fight on par collections and charges made against Board of coercion it was thought best that the Board's active participation in these campaigns should be discontinued for the present, thus leaving the campaign in the hands of each Federal Reserve bank as a local matter."

Approved.

Telegram dated February 27th from the Federal Reserve Bank of Chicago, requesting approval of rate of 5% on rediscounts maturing one to ninety days, including member banks' collateral notes, secured by Treasury certificates; also the rate of 5-1/4% on rediscounts of bankers' acceptances,

-2-

effective February 28th.

Approved, and ordered that the Federal Reserve Bank of Chicago be advised that the Board assumes that its open market buying rate for acceptances will be adjusted accordingly.

On motion duly seconded, the Board ratified the action of the Vice-Governor in approving yesterday for the Federal Reserve Bank of Cleveland a rate of 5% on rediscounts maturing one to ninety days, including member banks' promissory notes secured by Treasury certificates, effective March 1st.

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by certificates of indebtedness, rate 5%, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Feb.27th	Philadelphia	Minneapolis	\$1,000,000	11-15 days

Noted.

REPORTS OF COMMITTEE NO. 1:

Dated Feb. 28th, 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. 27th, recommending approval of applications for fiduciary powers as set forth in the auxiliary minute book as of this date.

Approved.

-3-

Dated Feb. 27th, recommending approval of application of E. R. Grasselli to serve at the same time as a director of the Union Commerce National Bank, the Woodland Avenue Savings & Trust Company, and the Broadway Savings & Trust Company, all of Cleveland, Ohio.

Approved.

Other business was presented and disposed of as follows:

The Governor made a report of his visit to the Federal Reserve Bank of New York on yesterday.

(Mr. Williams joined the meeting during the report)

Letter dated February 27th from Acting Governor Case of the Federal Reserve Bank of New York, requesting an expression of the views of the Board as to whether or not the \$25,000,000 Argentine five year 6% Treasury gold bonds due May 15, 1920, sold in the New York market by a syndicate headed by the National City Bank of New York should be paid off at maturity and not renewed.

It was the opinion of the Board that the loan should be paid at maturity.

The Governor submitted memorandum dated February 25th, containing in detail a record of transactions of the Federal Reserve Bank of New York in the New York acceptance market, and the holdings of acceptances by that Bank.

Ordered that a copy be furnished to each member of the Board.

-4-

Mr. Miller inquired of the Governor whether it was in pursuance of the exercise of the authority vested in him by the Board at its meeting of November 7, 1919, "to suspend the reserve requirements of the Federal Reserve Bank of New York as to deposits for a period of ten days, or such shorter time as may be deemed necessary to meet the situation", that the Federal Reserve Bank of New York showed reserves against deposits below the minimum prescribed by the law in its statement of February 20, 1920.

The Governor stated that it was.

On motion duly seconded, it was voted that the Law Committee be instructed to submit to the Board its interpretation of the meaning and applicability of those provisions of the Federal Reserve Act imposing penalties on deficiencies in reserves of Federal Reserve banks.

Mr. Miller inquired of the Governor whether or not at his meeting with the Directors of the Federal Reserve Bank of New York yesterday, anything was said with respect to filling the office of Governor of that Bank.


The Governor responded in the negative.

Mr. Miller suggested that the Board should take up at its next meeting the question of whether or not, in view of the present condition of the Federal Reserve Bank of New

-5-


York, the office of Governor of that Bank should be permitted to remain unfilled.

At 12-50 P.M., the meeting adjourned.



Secretary.

Approved:



Governor.