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At a meeting of the Federal Reserve Board held in the office of the Board on Tuesday, March 2, 1920, at 11 A.M.,

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

PRESENT ALSO:
Mr. Harrison, General Counsel
Mr. Paddock, Chief, Division of Operations and Examination.

Minutes of meetings of the Board held on February 27th and 28th were read and on motion approved.

Business was presented and disposed of as follows:

On motion duly seconded, it was voted that the Law Committee instruct General Counsel to render an opinion as to certain phases of the Federal Reserve Act relating to the suspension of reserve requirements.

Letter dated March 1st from the Acting Governor, Federal Reserve Bank of New York, submitting a report of Mr. Kenzel and Mr. Crane regarding the Argentine gold export movement for 1919 and 1920, and requesting an expression of the Board's views as to the Federal Reserve Bank of New York undertaking with Messrs. Kuhn, Loeb & Company, certain transactions involving the shipment of gold from London to New York.

Ordered circulated.

The Governor read letter dated March 1st from the Assistant Federal Reserve Agent at New York, making daily report of the business and financial situation in New York.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business February 28th, and the status of rediscounts between Federal Reserve banks as of the same date.

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations, rate 4-3/4% on paper secured by certificates of indebtedness, and 5-1/2% on paper secured by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Feb.26th	Philadelphia....	(Cleveland	\$5,000,000	11-15 days
		(Dallas	9,000,000	

Noted.

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations, rate 5% on paper secured by certificates of indebtedness, and 5-1/2% on paper

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secured by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
March 1st	Philadelphia..	(Dallas Kansas City Minneapolis)	\$2,500,000 5,000,000 4,500,000	11-15 days

Noted.

Memorandum by Mr. Smead dated February 28th, submitting table showing the average monthly number of member banks having deficient reserves, the amount of penalties (including interest assessed by the Federal Reserve banks), and the rate of penalty charged.

Ordered that a copy be furnished to the Comptroller of the Currency, and that similar information be submitted to the Board monthly hereafter.

Letter dated February 25th from the Acting Governor, Federal Reserve Bank of New York, in reply to the Board's circular letter (X-1837) of February 18th, transmitting comments of the Federal Advisory Council upon special rates for the rediscount of bankers' acceptances, and the policy that should be pursued at Federal Reserve banks having open market rates for such purchases.

Noted.

Mr. Miller moved that in view of the conditions existing in the Second Federal Reserve District, the Governor take immediate steps to secure the resignation of Mr. Benjamin Strong

as Governor of the Federal Reserve Bank of New York, and to suggest to the Board of Directors of that Bank that they proceed to fill the office of Governor of that Bank.

Ordered laid on the table.

Letter dated February 26th from the Organization Counsel of the Federal Reserve Bank of New York, requesting the Board's views as to the holding in New York of a conference of representatives of Federal Reserve banks to discuss personnel and welfare questions.

Referred to the Governor for negative reply.

(At this point Mr. Strauss joined the meeting)

Letter dated February 24th from the Federal Reserve Agent at Dallas, requesting approval of the appointment of H. T. Jernigan as an examiner of that Bank at a salary of \$3,600 per annum.

Approved.

Letter dated March 1st from the Federal Reserve Agent at Philadelphia, requesting approval of the following appointments in the department of examination at that Bank:

	<u>Salary</u>	
Maurice E. Reeve,	\$2,600 per annum	
William Welch,	2,000 "	and the designation of Mr. C. E. Wolfinger as Federal Reserve Examiner.

Approved.

Letter dated February 25th from Joseph Wayne, jr.,

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Chairman of the salary committee of the Board of Directors of the Federal Reserve Bank of Philadelphia, submitting for approval increases in salaries of junior officers of that Bank.

Referred to Mr. Paddock for report.

Letter dated February 28th from the Secretary of the Federal Reserve Bank of Chicago, submitting for approval, recommendation for the payment of additional compensation to employees of that Bank on March 1, 1920, for the first quarter of 1920.

Referred to the Secretary for report.

Letter dated February 25th from the Chairman, Federal Reserve Bank of Dallas, in re compensation of Governor Van Zandt.

Referred to Mr. Hoxton for report.

Applications of the following banks for authority to accept up to 100% of their paid in capital and surplus, drafts and bills of exchange drawn upon them under the provisions of Section 13 of the Federal Reserve Act:

Continental National Bank, Kansas City, Mo.
Lawrence National Bank, Lawrence, Kansas.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated March 2d, recommending admission of State institutions as set forth in the auxiliary minute book

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as of this date, subject to the conditions stated in the individual reports attached to each application.

Approved.

Dated March 1st, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated March 1st, recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Feb. 28th, recommending approval of salary of \$2,400 per annum for Mr. Frank W. Shanley as National Bank Examiner in the Seventh Federal Reserve District.

Approved.

Dated Feb. 28th, recommending appointment of Mr. H. M. Cameron in the Division of Analysis and Research at salary of \$1,500 per annum on a full time basis, with the understanding that he is to work on a three-fourths time basis.

Approved.

Dated March 1st, recommending increase in salary of Mr. George E. Good of the Board's Gold Settlement Division from \$2,000 to \$2,250 per annum, effective March 1, 1920.

Approved.

(At this point Mr. Harrison joined the meeting)

Other business was presented and disposed of as follows:

Letter dated February 25th from Vice-President Sharp of the International Banking Corporation, requesting the Board to authorize the inclusion of documentary acceptances by commercial houses for the purpose of financing imports as liquid

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assets for reserves against acceptances. The Governor submitted for approval reply by him dated March 2d, and letter addressed by him to Mr. Kenzel, Controller of Investments of the Federal Reserve Bank of New York, requesting recommendation in the premises.

Approved.

The Secretary stated that the volume of work in the office of the Chief Clerk and Supply Agent had increased in such proportion that he deemed it necessary to relieve Mr. DeLaMater, at present Chief Clerk and Supply Agent, of the duties of Supply Agent, and recommended that effective March 15, 1920, Mr. O. E. Foulk, at present Private Secretary to Mr. Hamlin, be transferred to the office of the Secretary with the designation of Supply Agent.

Approved.

A discussion ensued as to the propriety of the Board making a statement in answer to the suggestion that has been made publicly, that an embargo be imposed upon the export of gold from the United States.

It was the sense of the majority of the Board that the opportune time to make public an expression of the Board's views in the premises would be presented when discount rates at Federal Reserve banks were next increased.

(At this point Mr. Paddock joined the meeting and

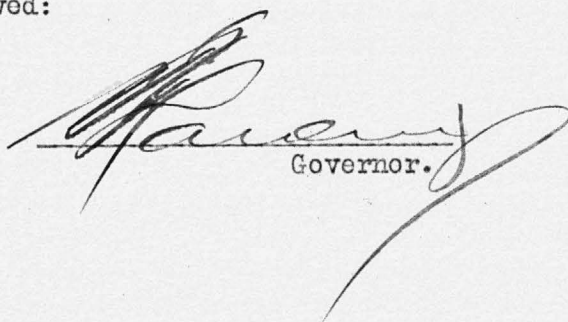
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made a statement of observations made by him upon his recent visits to the Federal Reserve Banks of Chicago, Minneapolis and Kansas City).

At 1-05 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.