

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

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

Minutes of meeting of the Board held on March 5th and 6th were read, and on motion approved.

Minutes of meeting of the Board held March 8th were read, and on motion approved as amended.

Business was presented and disposed of as follows:

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

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
March 5th	Philadelphia	Minneapolis	\$3,500,000	11-15 days

Noted.

Letter dated March 3d addressed by Mr. Strauss to Acting Governor Case of the Federal Reserve Bank of New York, bearing upon the United States as a gold market.

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

-2-

(At this point the Chairman joined the meeting)

Memorandum by Mr. Harrison dated March 5th, making a report of his attendance at a meeting of the Executive Committee of the American Acceptance Council.

Voted that General Counsel be instructed to prepare for approval by the Board a letter to all Federal Reserve banks, to contain a codification of the Board's rulings with respect to paper secured by warehouse receipts.

Voted that Federal Reserve banks be advised that in making purchases of bankers' acceptances from member banks they carry as part of the rediscount line of the selling member bank acceptances bought in the open market from such bank.

With particular reference to that part of Mr. Harrison's memorandum regarding bills drawn by certain meat packing houses, it was

Voted that Federal Reserve banks be communicated with by the Governor for the purpose of calling their attention generally to the state of facts disclosed.

Voted further that Federal Reserve banks be instructed to first ascertain the length of time goods have remained in warehouse before acquiring paper secured by warehouse receipts.

At this point (12 o'clock noon) the Board went into executive session.

Executive Session:

Applications of the Federal Reserve Banks of Boston,

-3-

New York and Cleveland for changes in discount rates were presented.

After a prolonged discussion, Governor Harding moved that on a review and determination of the rates submitted, the Board fix the discount rate on bankers acceptances discounted for member banks, and paper secured by United States certificates of indebtedness, at 5-1/2%.

Mr. Strauss moved that Governor Harding's motion lay on the table.

The motion to lay on the table was carried, Messrs. Harding and Miller voting in the negative.

(The Chairman, Mr. Moehlenpah and Mr. Williams withdrew upon the conclusion of the executive session)

- - - - -

At 4 o'clock P.M., the Board resumed its regular session.

Memorandum by Mr. Harrison, containing an opinion on those provisions of the Federal Reserve Act imposing penalties on deficiencies in reserves.

Referred to Mr. Hamlin with request that he procure opinion of the Attorney General in the premises.

Letter dated March 6th from the Deputy Governor, Federal Reserve Bank of Richmond, in re liability of Federal

-4-

Reserve banks in cashing over their counters, Government checks. The Governor read reply by him dated March 8th.

Referred to the Governor for consultation with Mr. Leffingwell and with power.

Memorandum by Mr. Emerson dated March 9th, enclosing letter from the Governor, Federal Reserve Bank of Chicago, advising of the intention of the American Telephone & Telegraph Company to increase by 100%, the rental now charged the Federal Reserve System for the leased telegraph wire service.

Referred to the Governor for report.

The Governor submitted for approval, draft of letter prepared by him under date of March 8th in response to letter addressed to him by Representative Platt dated March 6th requesting comments of the Federal Reserve Board on the so-called McFadden bill.

Ordered circulated.

Memorandum by Mr. Harrison dated March 5th, relative to the duties of the Federal Reserve Board under the provisions of the Railroad Transportation Act of 1920.

Ordered circulated.

Memorandum by Mr. Emerson dated March 6th, recommending that, inasmuch as the Board cannot, under the law, receive

-5-

the profit accruing from the shipment of silver to the Orient under the Board's agreement with certain foreign banking corporations, such profit be paid to one Federal Reserve bank to be pro rated among all Federal Reserve banks.

Approved and referred to Mr. Emerson for advice to the banks concerned, that unforeseen domestic shipping charges should be taken into account, and no profit allowed until the whole transaction has been looked into.

Letter dated March 6th from the Governor, Federal Reserve Bank of Kansas City, requesting a ruling by the Board with respect to the policy to be pursued by that Bank in connection with the offerings of paper not bearing the endorsement of non-member banks, but for which the Federal Reserve bank is aware a non-member bank is the principal.

Referred to the Governor for reply.

Letter dated March 8th from the Deputy Governor, Federal Reserve Bank of Richmond, in re acceptances of Armour & Company and Swift & Company.

Voted that the Executive Secretary be authorized to visit Richmond for the purpose of looking into the question raised by Mr. Peple.

On motion duly seconded it was voted that the Governor be authorized to instruct all Federal Reserve banks to interchange with one another, information in their

-6-

possession relating to the lines of credit extended to enterprises engaged in nation-wide business that are steady borrowers.

On motion duly seconded, the Governor was authorized to call a conference of Governors of Federal Reserve banks, to be held in Washington on Wednesday, April 7, 1920.

Memorandum by Mr. Hoxton dated February 16th, submitting report on a pension plan for employees of Federal Reserve banks.

Tabled for discussion at the next conference with Governors of Federal Reserve banks.

Application of the Commercial National Bank, Washington, D. C., for authority to exercise trustee powers.

Referred to the Governor for consultation with the Comptroller of the Currency and report.

Telegram dated March 9th from the Federal Reserve Bank of San Francisco, requesting approval of the rate of 5% on discounts and member bank collateral notes secured by Treasury certificates of indebtedness of all maturities.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated March 9th, recommending that the application for membership of the First State Bank, Rice, Texas, be referred back for report by the

-7-

Board of Directors of the Federal Reserve Bank of Dallas, in view of the disagreement of the Committee on Admissions of that Bank.

Approved.

Dated March 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 March 9th, recommending employment in the Board's Gold Settlement Division, three stenographers at \$1.50 each per evening, to report at 8 P.M., and one clerk stenographer at \$2.25 per evening to report at 7 P.M., instead of the employment of four stenographers at \$1.50 each per evening to report at 8 P.M., as authorized on February 25, 1920.

Approved.

Dated March 6th, recommending a salary of \$3,900 per annum for Mr. B. J. Lazar as Cashier of the Cincinnati Branch of the Federal Reserve Bank of Cleveland, effective March 15th, vice Mr. R. B. Barrett.

Approved.

Dated March 5th, advising of employment of Mr. Alfred J. Kunz as Examiner at the Federal Reserve Bank of St. Louis at a salary of \$3,000 per annum.

Approved, Mr. Kunz to be designated Federal Reserve Examiner of that Bank.

Dated March 4th, recommending approval of salary of \$3,000 per annum for Mr. Charles E. Boyd as National Bank Examiner in the Sixth Federal Reserve District.

Approved.

-8-

Dated March 8th, recommending approval of salary of \$4,500 per annum for Mr. Daniel C. Borden as National Bank Examiner in the Second Federal Reserve District.

Approved.

Dated March 4th, submitting list of changes in the National Bank Examining force during the month of February, 1920.

Noted.

Dated March 8th, recommending approval of application of Greer M. Taylor to serve at the same time as a director of the First National Bank, Kaufman, Texas, and of the Dallas Trust & Savings Bank, Dallas, Texas.

Approved.

Dated March 8th, recommending approval of application of Charles F. Solomon to serve at the same time as a director and officer of the National Bank of Arizona, Phoenix, Arizona, and of the Arizona National Bank, Tucson, Arizona.

Approved.

Dated March 8th, recommending approval of application of P. J. Manning to serve at the same time as a director of the American National Bank, Terrell, Texas, and of the Dallas Trust & Savings Bank, Dallas, Texas.

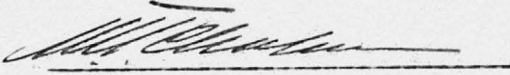
Approved.

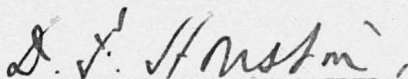
Dated March 8th, recommending approval of application of W. E. Easterwood to serve at the same time as a director of the First National Bank of Wills Point, Texas, the Dallas Trust & Savings Bank, Dallas, Texas, and the Central State Bank, Dallas, Texas.

Approved.

At 5-30 P.M., the meeting adjourned.

Approved:


Secretary.



Chairman.