

At a special meeting of the Federal Reserve Board held in the office of the Board on Monday, April 5, 1920, at 11 A.M.,

PRESENT: The Governor
Mr. Miller
Mr. Hamlin
Mr. Moehlenpah
Mr. Emerson, Assistant Secretary.

Business was presented and disposed of as follows:

The Governor presented for approval of the Board, program for the conference with Governors of Federal Reserve banks, beginning April 7, 1920.

Approved, Mr. Miller voting "No". Mr. Miller expressed the opinion that conferences with the Governors should not be opened except in the presence of the Federal Reserve Board.

Memorandum dated April 5th by General Counsel, submitting an opinion covering rediscounts by Federal Reserve banks for State member banks, when part of the capital of such State member banks is allocated to departments of such banks.

Approved.

The Governor reported statement of the New York clearing house association as of close of business April 2d, and the condition of the Federal Reserve Bank of New York at the close of business April 3d.

Letter dated March 31st from Mr. James E. Caldwell, President, First National Bank, Nashville, Tenn., on the subject of discount rates of Federal Reserve banks, and general discount program of the Federal Reserve System.

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Ordered circulated.

Telegram dated April 5th from the Federal Reserve Agent at San Francisco, explaining the reasons why that Bank had recommended to the Board the adoption of the next to lowest bid for the steel construction work for its new bank building.

Referred to the Governor for procurement of further information from Governor Calkins, who will be in attendance at the Conference of Governors on April 7th.

Letter dated April 3d from Governor McDougal of the Federal Reserve Bank of Chicago, advising that upon approval of the Federal Reserve Board and upon recommendation of their Counsel, they would proceed with the dismantling of their bank building, as recommended in their letter of March 19th.

Noted.

Telegram dated April 2d from Federal Reserve Agent at Dallas, recommending for that Bank the rate of 5-1/2% on re-discounts of bankers' acceptances.

Approved.

Telegram dated April 3d from the Federal Reserve Agent at Dallas, recommending additional space for the Houston branch of that Bank, and the renovation of such space to suit the needs of the branch on a cost plus basis, advising that the total expense would be inconsiderable.

Approved.

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Memorandum dated April 5th by General Counsel, submitting for approval of the Board a draft of letter for transmittal to the Federal Reserve banks on the subject of advertisements of State member banks.

Approved.

Memorandum dated April 3d by Mr. Emerson, suggesting the desirability of securing from the Secretary of the Treasury an expression of opinion as to the feasibility of retiring excess collateral deposited to secure Federal Reserve bank notes maturing during the month of April in the amount of \$8,000,000, consisting of special one year 2% certificates of indebtedness.

The Governor reported that this matter had previously been referred to the Secretary of the Treasury in connection with communication from the Federal Reserve Agent at St. Louis, and the Secretary of the Treasury had advised that the power to issue and redeem certificates of indebtedness to secure Federal Reserve bank note circulation was vested in him under Section 5 of the Pittman Act, and that he did not deem it feasible to reduce the Federal Reserve bank note circulation at this time by retirement of special certificates of indebtedness, believing that contraction in currency circulation should be through the medium of Federal Reserve notes.

Voted to refer the matter to General Counsel for an expression of opinion as to the authority of the Secretary of the Treasury under the provisions of the Pittman Act.

Memorandum dated April 5th by General Counsel, advising that on April 3d an opinion was rendered in the injunction

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suit of Georgia country banks against the Federal Reserve Bank of Atlanta in connection with par collections by the Reserve bank, denying the plaintiffs' action to remand the case to the State Court, and granting the defendant's motion to dismiss the bill of complaint.

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 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>
Apr. 1st	Philadelphia..	(Minneapolis (Cleveland	\$5,000,000 5,000,000	11-15 days "
Apr. 2d	St. Louis	San Francisco	7,500,000	Within 15 days
Apr. 2d	Chicago	Cleveland	3,000,000	

Noted.

Telegram dated April 5th from the Federal Reserve Agent at San Francisco, advising that the Savings Union Bank & Trust Company, the Mercantile National Bank and the Mercantile Trust Company, all of San Francisco, the first two of which are members of the Federal Reserve System, intend to consolidate under the name of the latter, and asking whether, in view of the fact that examinations of the member banks show that they are

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in a satisfactory condition, it will be necessary to examine the consolidated bank for membership, or whether an examination of the Mercantile Trust Company, the non-member bank, before consolidation, will be sufficient.

Referred to the Governor with authority to advise Mr. Perrin that since satisfactory reports of examination are on hand covering the two member banks, it will be sufficient to examine only the Mercantile Trust Company before consolidation.

At 12-45 P.M., on motion the meeting was adjourned until 3 o'clock this afternoon.

At 3 P.M., the meeting was resumed with the following members present:

The Governor
Mr. Miller
Mr. Hamlin
Mr. Moehlenpah
Mr. Emerson, Assistant Secretary.

The Governor reported that he had taken up with General Counsel the authority of the Secretary of the Treasury under Section 5 of the Pittman Act in connection with the issuance and retirement of one year Treasury certificates of indebtedness to secure Federal Reserve bank note circulation, and advised the Board that General Counsel had informed him that entire power in this matter was vested by law in the Secretary of the Treasury, and was solely at his direction.

Letter dated April 3d from Mr. E. R. Kenzel, Controller

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of Investments, Federal Reserve Bank of New York, advising that foreign banking corporations doing business under agreement with the Federal Reserve Board, provided for in Section 25 of the Federal Reserve Act, desire the Federal Reserve Board or the Federal Reserve Board through the Federal Reserve Bank of New York, to wire Shanghai daily certain silver quotations for the use of all of such foreign banking corporations doing business there, all expenses in connection with cabling to be reimbursed by these corporations.

On motion duly seconded, the Governor was authorized to advise Mr. Kenzel that the Board sees no objection to the Federal Reserve Bank of New York undertaking to perform this service for these corporations; also to advise him to proceed with the preliminary arrangements.

Letter dated March 17th from the Federal Reserve Agent at New York, on the question of where a Federal Reserve bank buys bankers acceptances from a member bank with that member bank's endorsement, whether this paper should be classed as a rediscount and figured in the amount of the rediscount line of such bank.

Ordered circulated.

Letter dated April 1st from the Comptroller of the Currency, advising that from time to time National banks request permission to reduce their capital stock, and at the

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same time are borrowing from Federal Reserve banks and city correspondents, and requesting the views of the Board as to whether or not permission should be granted such banks to reduce their capital stock.

Referred to the Governor with authority to advise the Comptroller of the Currency that the Board does not consider it wise to permit a bank to reduce its capital when it is evident that all of its existing capital is needed in its business.

The Governor reported that Mr. Moshlenpah's term as a member of the Executive Committee expired April 1st, and that owing to the resignation of Mr. Strauss there were now two vacancies on the Executive Committee.

On motion duly seconded, it was voted to appoint Mr. Miller as a regular member of the Executive Committee for the quarter ending June 30, 1920, and to appoint Mr. Hamlin as a member ad interim of the Executive Committee, pending the appointment of a Vice-Governor of the Board.

Memorandum dated April 3d by Mr. Wyatt with respect to the Clayton Act application of Mr. Charles A. Hinsch and other common directors of the Fifth-Third National Bank and the Union Savings Bank & Trust Company of Cincinnati, Ohio.

Referred to the Clayton Act Committee for the purpose of ascertaining the percentage of stock of the Union Savings Bank & Trust Company owned by the shareholders of the Fifth-Third National Bank.

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Application of the First State Bank of Garfield,
Garfield, Washington, for membership in the Federal Reserve
System.

Referred to the Committee on State bank applications for consultation with Governor Calkins of the Federal Reserve Bank of San Francisco during his attendance at the Governors' conference on April 7th, in view of the conflicting statements made in reports of examiners of the Federal Reserve Bank of San Francisco.

REPORTS OF COMMITTEE NO. 1:

Dated April 4th, recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated April 4th, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated April 2d, recommending approval of salary of \$2,400 per annum for Mr. George H. Smith as National Bank Examiner in the Fourth Federal Reserve District.

Approved.

Dated April 1st, recommending approval of increases in salaries of National Bank Examiners as follows:

<u>Name</u>	<u>From</u>	<u>To</u>
Oscar Thompson	\$5,000	\$5,500
Martin McLean	4,800	5,100
A. L. James	3,300	3,900
E. S. Jernegan	3,600	3,900
W. W. McBryde	2,700	3,000
Fred S. Mansfield	2,400	3,000
Nathan S. DuBois	2,400	2,700
H. W. Black	2,400	3,000
Edward F. Parker	3,600	3,900
Thomas H. Davis	2,700	3,300
R. M. Hodgson	3,300	3,600

Approved.

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Dated March 31st, recommending approval of increases in salaries of employees of the Division of Federal Reserve Issue and Redemption, effective April 1, 1920, as follows:

<u>Name</u>	<u>From</u>	<u>To</u>
Searing T. Dashiell	\$1,440	\$1,500
Martha J. Martin	1,200	1,260
Susan V. Snead	1,260	1,320
Julia Kinsolving	1,200	1,260
Fannie P. Meade	1,200	1,260
Hallie P. Tharp	1,140	1,200
Dorothy M. Reeder	1,020	1,140
Mary E. Sheffer	1,020	1,140
Lilybee C. Cobb	1,020	1,140
Ada F. Crafford	1,020	1,140
Annie M. Drewett	1,020	1,140
Eva M. Devine	1,020	1,140
Myrtle S. Heale	1,020	1,080
C. B. Quesenberry	1,020	1,080
Thos. J. Murray	1,200	(Add \$240 bonus)

Approved.

Dated April 3d, recommending the appointment of J. Vion Papin as Statistician in the Federal Reserve Agent's Department, Federal Reserve Bank of St. Louis, at a salary of \$3,000 per annum, effective April 15, 1920.

Approved.

Dated April 2d, recommending increase in salary of Mr. W. H. Wheelwright at the Federal Reserve Bank of Richmond from \$2,200 to \$3,000 per annum.

Approved.

Dated April 2d, submitting schedule of increases in salaries of employees of the Transit Department, Federal Reserve Bank of Richmond, effective April 1, 1920.

Approved.

At 3-50 P.M., the meeting adjourned.

Approved:


Governor.


Assistant Secretary.