

At a meeting of the Federal Reserve Board held in the office of the Board on Thursday, May 27, 1920, at 11-10 A.M.,

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

*D. F. Houston
W. P. M. [unclear]*

John Shelton

Business was presented and disposed of as follows:

Letter dated May 13th from the Chairman, Federal Reserve Bank of New York, recommending for the approval of the Board, the establishment of the following discount rates at that Bank:

Commercial Paper:

For advances not exceeding 15 days, secured by all classes of eligible commercial paper, excepting bankers' acceptances, and for rediscounts of such paper, all maturities. 7%

Liberty Bonds and Victory Notes:

For advances not exceeding 15 days on Liberty bonds, Victory notes and customers' notes secured by either of the foregoing, and for rediscounts of customers' notes, so secured, for periods not exceeding 90 days.... 6%

Bankers' Acceptances:

For advances not exceeding 15 days secured by bankers' acceptances and for rediscounts of same not exceeding 90 days..... 6%

United States Treasury Certificates of Indebtedness:

For advances not exceeding 15 days secured by United States Treasury certificates of indebtedness, and for rediscounts of customers' notes so secured not exceeding 90 days..... 5-1/2%

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Discussion of the proposed changes in rates at New York then ensued.

The Chairman reported upon his conference yesterday with the officers and directors of the New York Bank on this subject.

Mr. Williams read a letter by him to Governor Harding under date of May 25th, protesting against any further increase in discount rates at the Federal Reserve Bank of New York, and recommending that a strong directing head be placed in charge of the New York Bank to fill the vacancy in the Governorship at that Bank.

Mr. Moehlenpah submitted memorandum from him to Governor Harding under date of May 26th, stating that he was opposed to the recommendation of the New York Bank for increase in discount rates at this time.

On motion duly made and seconded, it was voted to approve the discount rates recommended by the Federal Reserve Bank of New York, as stated above, Mr. Moehlenpah and Mr. Williams voting "No", with the Chairman voting "Aye".

On motion duly made and seconded, it was voted that the Governor be authorized to advise the Federal Reserve Bank of New York of the approval of the discount rates as stated above, with the understanding that such rates would be made effective as of Tuesday, June 1st, and that no announcement will be made until after close of business Saturday, ~~March~~ ^{May} 29th; also to advise all other Federal Reserve Banks of the approval of the Board of the above rates for the New York Bank and date of announcement, with a further statement that this notification was not for the purpose of making any suggestion as to what action should be taken by individual Reserve Banks, but in order to permit any other banks that might desire to increase their rates,

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to make such increases, if desired, effective in their districts simultaneously with those of New York.

Letter dated May 15th from the Assistant Federal Reserve Agent, Federal Reserve Bank of Cleveland, submitting application of the Second National Bank of Allegheny, Pittsburgh, Pennsylvania, for reduction in its reserve against demand deposits from ten to seven per cent, under the provisions of Section 19, paragraph (b) of the Federal Reserve Act.

On motion duly seconded, it was voted to refer the application to the Executive Committee of the Federal Reserve Bank of Cleveland for its recommendation to the Federal Reserve Board.

Letter dated May 26th from the Chairman, Federal Reserve Bank of New York, requesting approval of the Board to letting of contract by that Bank for the construction of a fire-proof building for storage purposes, authorized by the Board under date of April 16th with the understanding that the total cost of lot and building will approximate \$900,000, such contract to be let without asking for bids, in view of the necessity of immediately commencing construction, Messrs. Marc Eidlitz & Sons, Contractors, having agreed to construct the building on a commission of eight per cent on the cost, and submit all contracts to the Federal Reserve Bank for verification and audit.

Approved.

(At this point the Chairman withdrew from the meeting)

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Letter dated May 25th from the Chairman, Federal Reserve Bank of Cleveland, enclosing copy of letter from Swift & Company to a member bank in the Fourth District, in re financing shipments for packers under acceptance credit.

Noted.

Letter dated May 27th from Mr. George L. Harrison, submitting his resignation as General Counsel of the Federal Reserve Board, effective July 1, 1920.

On motion duly seconded, it was voted that Mr. Harrison's resignation be accepted, and the Governor was authorized to express to Mr. Harrison the Board's appreciation of his services.

Letter dated May 25th from the Governor, Federal Reserve Bank of Chicago, with reference to complaints made by Mr. John A. Lynch of Chicago regarding certain activities of the Chicago Bank.

Noted.

Telegram dated May 26th from the Federal Reserve Bank of Dallas, asking whether or not the Board had revoked its ruling that a member bank might rediscount with a Federal Reserve Bank a non-member bank's notes secured by Liberty bonds and Victory notes.

Referred to the Governor for negative reply.

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Letter dated May 26th from the Executive Secretary, United States Bituminous Coal Commission, asking that the Board designate a representative to an informal conference to be called by that Commission for the purpose of discussing certain information concerning coal which has been, and is being collected by various Federal departments and agencies.

On motion duly seconded, it was voted that Dr. E. A. Goldenweiser, Assistant Statistician, be designated as the Board's representative at this conference.

Telegram dated May 26th from Assistant Federal Reserve Agent at Philadelphia, requesting approval of the Board to the designation of Mr. Charles Litzenburg as an Assistant Examiner of the Federal Reserve Bank of Philadelphia.

Approved.

Telegram dated May 27th from the Chairman, Federal Reserve Bank of Richmond, requesting approval of the Board of the establishment at that Bank of discount rate of $5-1\frac{1}{2}\%$ on member banks collateral notes and customers' rediscounted notes secured by United States certificates of indebtedness bearing rate of $5-1\frac{1}{2}\%$, effective May 27th.

Approved.

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business May 25th, and the status of rediscounts between Federal Reserve Banks as of the same date.

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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, and 5-1/4% 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>
May 25th	Kansas City	Boston	\$3,000,000	11-14 days

Noted.

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations; rate 6% on commercial paper, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
May 25th	St. Louis	New York	\$5,000,000	31-90 days

Noted.

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 bearing rate of 5% or less; 5-1/4% on paper secured by all other certificates of indebtedness, and 6% on paper secured by Liberty bonds and Victory notes, as follows:

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<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
May 26th	Minneapolis	Cleveland	\$3,500,000	11-15 days
	Noted.			

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 bearing rate of 5% or less; 5-1/4% on paper secured by certificates of indebtedness bearing rate of 5-1/4%, and 5-1/2% on paper secured by certificates of indebtedness bearing rate of 5-1/2%, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
May 26th	Atlanta	New York	\$3,000,000	11-15 days
	Noted.			

REPORTS OF COMMITTEE NO. 1:

Dated May 27th, 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 May 26th, recommending changes in stock at Federal Reserve Banks as set forth in the auxiliary minute book as of this date.

Approved.

Letter dated May 26th from Mr. Jay L. Reed, Private Secretary to Mr. A. C. Miller, submitting his resignation,

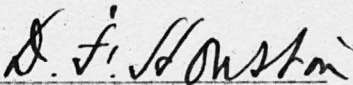
effective June 15, 1920.

Accepted.

At 12-45 P.M., the meeting adjourned.


Assistant Secretary.

Approved:


Chairman.