

At a meeting of the Federal Reserve Board held in the office of the Board on Friday, May 28, 1920, at 12 noon,

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

Business was presented and disposed of as follows:

Letter dated May 21st from Mr. Bradley W. Palmer, on behalf of the Railway Loan Advisory Committee to the Board, recommending that approval be given to recommendation of the Interstate Commerce Commission to a loan of five million dollars to the Boston and Maine Railroad, under the provisions of Section 210 of the Transportation of 1920.

Voted that the Governor be authorized to transmit report of the Railway Loan Advisory Committee to the Secretary of the Treasury, with the statement that in view of the representations made, the Board is of the opinion that the loan is reasonably safe, provided the Boston and Maine Railroad is allowed to put rates into effect which will enable it to increase its operating revenue to a point sufficient to make its operations self-sustaining and to meet its current obligations as they mature.

Telegram dated May 27th from the Federal Reserve Agent, Federal Reserve Bank of Chicago, asking approval of the Board of its contemplated action in declining to accept as collateral to Federal Reserve notes, paper secured by Government obligations, unless such collateral was secured at market rates.

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On motion duly made and seconded, the Governor was authorized to send the following telegram to Mr. Heath:

"Board believes that where you accept collateral notes as security for Federal Reserve notes issued to Federal Reserve Bank, that collateral security securing such notes should be accepted on basis of market value, and Board approves your contemplated action."

Telegram dated May 28th from the Chairman, Federal Reserve Bank of Atlanta, submitting for approval of the Board, plan for making effective graduated discount rates at that Bank.

On motion duly made and seconded, it was voted to approve the plan as submitted, with the exception that surplus of the Federal Reserve Bank should not be pro-rated among the member banks and be included in the calculation of the basic line of each member bank.

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business May 26th, and the status of rediscounts between Federal Reserve Banks as of the same date.

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% on paper secured

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by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counted</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
May 27th	Minneapolis	Cleveland	\$2,500,000	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 all other certificates, 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>
May 27th	Richmond	Boston	\$10,000,000	11-15 days

Noted.

REPORTS OF COMMITTEE NO. 1:

Dated May 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 May 27th, recommending approval of application of E. A. Davis to serve at the same time as an officer of the National Shawmut Bank of Boston, Mass., and as an officer and director of the National White River Bank, Bethel, Vt.

Approved.

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Dated May 27th, recommending approval of application of Cyrus B. Lucas to serve at the same time as a director of the State National Bank, San Antonio, Texas, and of the Commercial National Bank, Beeville, Texas; also as President and a director of the Berclair State Bank, Berclair, Texas.
Approved.

Dated May 27th, recommending approval of application of William M. Wood to serve at the same time as a director of the Chase National Bank, New York City, and of the Merchants National Bank, New Bedford, Mass.
Approved.

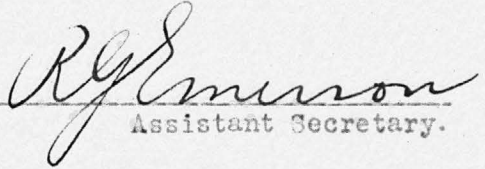
Dated May 27th, recommending approval of application of Nicholas F. Brady to serve at the same time as a director of the Morristown Trust Company, Morristown, N.J.; the National Commercial Bank of Albany, N.Y., and the National City Bank, New York City.
Approved.

Other business was presented and disposed of as follows:

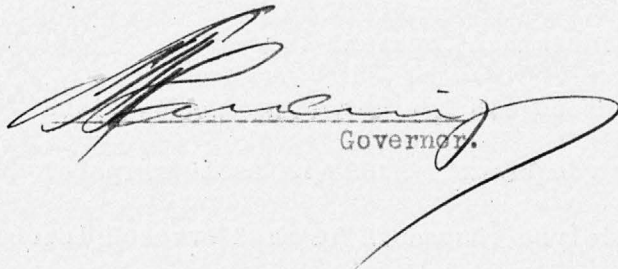
Mr. Moehlenpah submitted for approval by the Board, draft of letter to be sent by the Governor to all Federal Reserve Banks with reference to extending accommodations maturing during the summer, to farmers who are carrying what is termed "stock cattle".

After discussion, on motion duly seconded, it was voted that the Governor be authorized to request those Federal Reserve Banks situated in the live stock belt to advise the Board by wire with respect to financing farmers who are carrying "stock cattle".

At 1 P.M., the meeting adjourned.


Assistant Secretary.

Approved:


Governor.