

At a meeting of the Federal Reserve Board held in the office of the Board on Tuesday, June 15, 1920, at 11 A.M.,

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

PRESENT ALSO:
Mr. Walter S. Logan, Assistant Counsel.

Minutes of meeting of the Board held June 10th were read, and on motion approved.

Business was presented and disposed of as follows:

Telegram dated June 14th from the Chairman, Federal Reserve Bank of Cleveland, requesting approval of uniform rate of 5-1/2% on all paper secured by United States certificates of indebtedness, effective June 18, 1920.

Approved.

Telegram dated June 14th from the Federal Reserve Agent at Minneapolis, advising of the election of Messrs. R. O. Kaufman, Charles J. Kelly and W. H. Rowley as members of the Board of Directors of the Helena Branch of that Bank, and of the designation of Mr. Marlow as Chairman of the Board.

Noted.

The Governor stated that certain United States Senators had sent out a telegram, calling a conference in Chicago of those interested in the wool growing industry, and had re-

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requested that the Board be represented at the conference. He submitted for approval, proposed telegrams by him to the Federal Reserve Agents at Chicago, Kansas City and Minneapolis, requesting that they be present, or represented at such conference.

Approved as amended.

Letter dated June 11th from the Chairman, Federal Reserve Bank of Dallas, enclosing copy of an article on bank credit appearing in the Dallas Morning News of

On motion duly seconded, it was voted that the Governor be authorized to transmit a letter to all Federal Reserve Banks, expressing the Board's accord with the views appearing in the newspaper article, and requesting that the Federal Reserve Banks communicate the Governor's letter and the newspaper article to their member banks.

Letter dated June 10th from the Chairman, Federal Reserve Bank of Chicago, requesting the Board's views as to whether or not the Chicago Clearing House Association should be permitted to occupy space in the proposed new bank building of the Federal Reserve Bank of Chicago.

Referred to the Governor for investigation and report.

Letter dated June 8th from the Federal Reserve Bank of San Francisco, inquiring as to the eligibility for membership in the Federal Reserve System of the British North

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American Bank, San Francisco, in view of its control by the Bank of Montreal.

Referred to General Counsel for opinion.

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business June 12th, 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 $5\frac{1}{2}\%$ on paper secured by certificates of indebtedness, and 6% 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>
June 9th	Dallas	Boston	\$1,500,000	Within 15 days
June 10th	Richmond	Cleveland	10,000,000	11-15 days
"	Dallas	Boston	4,000,000	Within 15 days
June 11th	Minneapolis	Cleveland	4,000,000	11-15 days
"	Kansas City	Boston	7,000,000	10-15 days
June 12th	Dallas	Boston	2,000,000	Within 15 days
June 14th	Minneapolis	Cleveland	2,500,000	11-15 days

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 bearing rate

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of 5% or less; $5\frac{1}{4}\%$ on paper secured by certificates of indebtedness bearing rate of $5\frac{1}{4}\%$; $5\frac{1}{2}\%$ on paper secured by certificates of indebtedness bearing rate of $5\frac{1}{2}\%$, and $5\frac{3}{4}\%$ 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>
June 12th	Atlanta	Cleveland	\$4,000,000	Within 15 days

Noted.

Memorandum by Fiscal Agent dated June 14th, submitting estimate for the July, 1920 assessment on Federal Reserve Banks.

On motion duly seconded, the following resolution was adopted:

WHEREAS, under Section 10 of the Act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal Reserve Banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts, and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year; and

WHEREAS, it appears from estimates submitted and considered that it is necessary that a fund equal to seven hundredths of one per cent (.0007) of the total paid-in capital stock and surplus of the Federal Reserve Banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal Reserve notes; Now, therefore,

BE IT RESOLVED, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby

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levies an assessment upon the several Federal Reserve Banks of an amount equal to seven hundredths of one per cent (.0007) of the total paid-in capital and surplus of such banks as of June 30, 1920, and the Fiscal Agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board receipts for payments made. Such assessment will be collected in two installments of one-half each; the first installment to be paid on July 1, 1920, and the second half on September 1, 1920.

The Governor stated that he was sending Executive Secretary Hoxton to Richmond to visit the Federal Reserve Bank of Richmond and report upon the discount situation at that Bank.

Letter dated June 11th from the Governor, Federal Reserve Bank of Boston, requesting the Board's views as to whether or not, in view of the fact that paper rediscounted by his Bank for other Federal Reserve Banks was the basis of Federal Reserve note issues, his Bank was justified in accepting collateral notes not supported by collateral of 100% market value.

On motion duly seconded, the Governor was authorized to notify all Federal Reserve Banks that effective at once on new loans, and effective July 1st on loans at present held and renewals thereof, Federal Reserve Banks should not accept for rediscount, collateral notes from other Federal Reserve Banks unless secured by collateral of a market value equal to the face value of such notes.

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Telegram dated June 15th from the Chairman, Federal Reserve Bank of Richmond, requesting approval of rate of 5-3/4% and 6%, respectively, on paper secured by United States certificates of indebtedness, bearing similar rates of interest, and to establish a minimum rate of 5% on all such paper.

On motion duly seconded, the Governor was authorized to advise the Federal Reserve Bank of Richmond that pending further adjustment of its rates, the Board had approved for that Bank, a flat rate of 5-1/2% on all paper secured by United States certificates of indebtedness.

Letter dated June 9th from the Assistant Federal Reserve Agent at Cleveland, recommending disapproval of the application of the Second National Bank, Alleghany, Pittsburgh, Pa., for reduction of its required reserve from 10% to 7%.

On motion duly seconded, it was voted to disapprove the application.

The Chairman stated that in view of the fact that a recent amendment of the Railroad Transportation Act placed the entire responsibility for security of loans under the \$300,000,000 loan provision of that Act on the Interstate Commerce Commission, it was only incumbent upon the Board's committee hereafter, to pass upon the form of such applications, and that as this work was not sufficient to require

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the constant presence in Washington of Mr. Bradley W. Palmer, in view of the expected absence from Washington of other members of the committee also, he recommended that the Board designate Mr. Milton C. Elliott as a member of the committee.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated June 15th, 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 June 14th, recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated June 12th, recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated June 12th, recommending approval of application of J. F. Meade to serve at the same time as a director of the Fidelity National Bank & Trust Company, and as inactive Vice-President and Director of the Mutual Bank, both of Kansas City, Missouri.

Approved.

Dated June 12th, recommending approval of salary of \$2,400 per annum for Mr. Clarence E. Breg as National Bank Examiner in the 11th Federal Reserve District.

Approved.

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Dated June 9th, advising of the discontinuance of services of Mr. Charles Withrow at a salary of \$3,000 per annum at the Federal Reserve Bank of New York on May 1, 1920.

Noted.

Dated June 9th, recommending approval of salary of \$2,800 per annum for Mr. Frank Barrett at the Federal Reserve Bank of New York.

Approved.

Dated June 9th, advising of the appointment of Mr. Edward L. Dodge at a salary of \$5,000 per annum at the Federal Reserve Bank of New York, such salary being previously approved by the Board.

Noted.

Letter dated June 9th from the Chairman, Federal Reserve Bank of Chicago, requesting approval of the appointment of Mr. Charles G. Rutledge as an Acting Assistant Federal Reserve Agent at Chicago, and asking that the Board fix the amount of Mr. Rutledge's bond.

Voted to approve the appointment, and to fix the bond in the amount of \$50,000.

Letter dated June 5th from the Secretary, Federal Reserve Bank of Cleveland, advising that the Directors of that Bank had, subject to approval by the Board, approved the payment of a dividend at the rate of 6% covering the period January 1 to June 30, 1920, on the stock of that Bank as shown by its books on June 25, 1920.

Approved.

The Governor submitted for approval, certificate by

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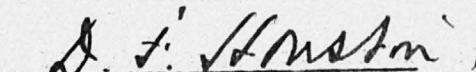
the Board authorizing the First Federal Foreign Banking Association to commence the business of international or foreign banking or other international or foreign financial operations, under Section 25 (a) of the Federal Reserve Act and the regulations of the Federal Reserve Board in accordance therewith.

Approved.

At 1 P.M., the meeting adjourned.


Secretary.

Approved:


Chairman.