

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

PRESENT: The Governor
 Mr. Platt
 Mr. Miller
 Mr. Hamlin
 Mr. Wills
 Mr. Williams
 Mr. Emerson, Assistant Secretary.

Minutes of meeting of the Board held October 1st were read, and on motion approved.

Business was presented and disposed of as follows:

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business October 2d, 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 7%, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Oct. 1st	Dallas	Cleveland	\$3,500,000	11-15 days
Oct. 1st	St. Louis	Boston	5,000,000	Within 15 days
Oct. 1st	Richmond	Boston	5,000,000	11-15 days
Oct. 1st	Atlanta	Cleveland	1,300,000	11-15 days
Oct. 2d	Minneapolis	Cleveland	1,000,000	11-15 days
Oct. 4th	Minneapolis	Boston	4,000,000	11-15 days
Oct. 4th	Richmond	Boston	10,000,000	8-15 days
Oct. 2d	St. Louis	Cleveland	2,000,000	Within 15 days

Noted.

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The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations: rate 7% on commercial paper, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Oct.1st	Atlanta	Cleveland	\$3,000,000	10-90 days
Oct.4th	St.Louis	Cleveland	4,000,000	31-60 days

Noted.

Letter dated October 4th from Assistant Federal Reserve Agent Morgan of the Federal Reserve Bank of New York, reporting upon business conditions in the Second Federal Reserve District.

Noted.

Letter dated October 4th from Mr. Hayden Harris, Vice-President, American Foreign Banking Corporation of New York City, requesting approval of the Board, of acceptance of drafts drawn against shipments of gold from China to the United States, or for the Federal Reserve Bank of New York to make advances against such gold upon guarantee of delivery to the Reserve Bank by the American Foreign Banking Corporation.

Referred to the Governor for reply, with advice that the Board sees no objection to handling gold shipments from China in the manner proposed, but that the matter should be taken up direct with the Federal Reserve Bank of New York.

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Letter dated September 30th from the Railway Loan Advisory Committee, recommending approval of form of loan of \$2,000,000 to the Chicago, Rock Island and Pacific Railway Company, under the provisions of Section 210 of the Transportation Act of 1920.

Approved.

Letter dated September 29th from the Chase National Bank of New York City, making application for permission to accept drafts drawn on that Bank by banks or bankers located in certain foreign countries, designated by the Board, for the purpose of creating dollar exchange.

Approved.

The Comptroller of the Currency reported upon the last examination by his examiners of the Chase National Bank of New York City.

Letter dated October 4th from Consulting Architect Trowbridge, requesting approval of the Board to the reimbursement of the Bureau of Standards in an amount not exceeding \$2,500 for certain labor and materials furnished by that Bureau in connection with the vault construction tests being conducted by the Federal Reserve Board; this expenditure to be made out of the original appropriation of \$75,000 for the use of the vault construction tests.

Approved.

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Letter dated October 1st from Acting Governor Case of the Federal Reserve Bank of New York, advising that the first shipment of approximately \$9,500,000 in value of gold earmarked with the Bank of England for the account of the Federal Reserve Banks, had arrived in New York, and that it was expected that all of the gold earmarked with the Bank of England would be received in New York in about six weeks.

Noted.

Letter dated October 1st from Acting Governor Case of the Federal Reserve Bank of New York, advising of the receipt by that Bank of a cablegram from the Bank of France, confirming the agreement regarding the proposed earmarking of gold by that Bank for the account of the Federal Reserve Bank of New York.

Referred to General Counsel for report,
and preparation of reply.

Letter dated September 25th from Assistant Secretary of the Treasury Gilbert, submitting for the approval of the Board certain revisions of legends now appearing on the backs of Federal Reserve notes and Federal Reserve Bank notes in connection with the general revision of currency designs.

Referred to General Counsel for report,
and ordered added to the list of topics to be considered at the joint conference of Governors and Federal Reserve Agents on October 13th.

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Letter dated October 1st from the Chairman, Federal Reserve Bank of St. Louis, in regard to applications of State banks for membership which have been withdrawn or on which action has been deferred by the State Bank Membership Committee of the Federal Reserve Bank of St. Louis.

Noted.

Letter dated September 30th from the Chairman, Federal Reserve Bank of St. Louis, advising that that Bank or its branches would not accept further cotton factors' paper accompanied by certificates, but that further factors' paper accepted by that Bank would consist of notes of planters payable to the factors.

Noted.

Letter dated October 1st from the Federal Reserve Agent at St. Louis, asking whether or not the Board's instructions of September 12, 1916, are still in effect with regard to Federal Reserve Agents not furnishing copies of their monthly reports on business conditions to newspapers located outside of their Federal Reserve Districts, and stating that he is in receipt of a request from newspapers located in cities outside of the Eighth Federal Reserve District.

Referred to the Governor for reply, with advice that the Board has no objection to Federal Reserve Agents furnishing copies of their reports to newspapers located in other Federal Reserve districts upon request, but that the subject of change in date of release of the monthly reports of Federal Reserve Agents is under consideration.

Memorandum by General Counsel dated September 30th

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with reference to the proposed amendment to the Oregon Constitution establishing the maximum rate of interest and discount in that State at 5%.

Referred to the Law Committee for report.

Letter dated August 10th from Roger Sherman, Treasurer, P.N.Gray & Co., Inc., together with draft of reply, and memorandum by General Counsel dated October 4th in regard to the right of a member bank to accept drafts drawn payable in foreign countries and in foreign currencies, and whether such drafts are eligible for rediscount and purchase by Federal Reserve Banks.

Referred to the Law Committee for report.

Letter dated October 3d from Governor Fancher of the Federal Reserve Bank of Cleveland, requesting approval of the Board of an expenditure of \$2,500 covering the cost of tuition for employees of the Federal Reserve Bank of Cleveland in the courses of the American Institute of Banking, such expenditure to be made from the appropriations already approved by the Board for educational purposes.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated Oct. 5th, 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.

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

Approved.

Dated Sept. 30th, recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Sept. 27th, recommending increase to \$3,000 per annum in salary of Mr. H. L. George as Private Secretary to the Comptroller of the Currency for the period October 1st to 26th, 1920.

Approved.

Dated Sept. 30th, recommending approval of appointment of Herman Griffin as Assistant Examiner of the Federal Reserve Bank of San Francisco.

Approved.

Other business was presented and disposed of as follows:

Mr. Wills reported that he had carefully gone over the manuscript submitted by Park Mathewson in regard to Acceptance Procedure and Practice, and stated that he considered it as sound and probably as thorough propaganda in favor of acceptances as had come to his attention, and recommended that the Governor advise Mr. Mathewson that subject to two minor criticisms and check by the Board's General Counsel with the regulations which were reprinted in the back, that the manuscript is accurate insofar as it relates to the interpretation of the Federal Reserve Act and the Board's Regulations with reference to acceptances.

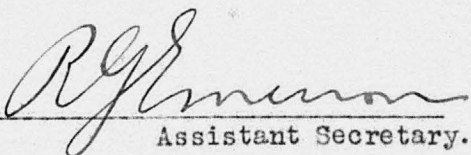
Referred to the Executive Committee with power.

(At this point Supervising National Bank Examiner

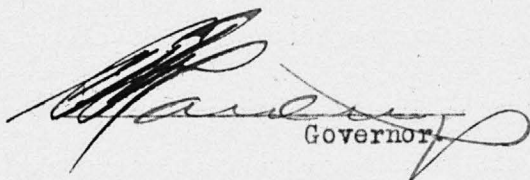
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Finney, assigned to the Fifth and Sixth Federal Reserve Districts, joined the meeting and discussed with the Board the banking and business conditions in the Fifth Federal Reserve District, having particular reference to strained banking conditions in North Carolina and South Carolina).

At 1-15 P.M., the meeting adjourned.


Assistant Secretary.

Approved:


Governor.