

A meeting of the Federal Reserve Board was held in the office of the Board on Wednesday, December 15th, at 11:10 a.m.

PRESENT: The Governor
 Mr. Platt
 Mr. Hamlin
 Mr. Miller
 Mr. Wills
 Mr. Hoxton, Secretary.

Minutes of the meeting of the Board held December 14th were read, and on motion, approved.

Minutes of the special meeting of the Board held December 14th were read, and on motion, approved.

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business December 15th, and the status of rediscounts between the Federal Reserve Banks as of the same date.

The Governor reported rediscount transactions, 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>
Dec. 14	Kansas City	Philadelphia	\$4,032,910.	10-15 days
Dec. 14	Dallas	Cleveland	2,500,000.	11-15 "

Letter dated December 10th, from the Chairman of the Federal Reserve Bank of Richmond, requesting authority to declare a dividend for the six months ending December 31st.

Approved.

Letter dated December 9th, from the Chairman of the Federal Reserve Bank of Dallas, requesting authority to declare a dividend for the six months ending December 31st.

Approved.

Letter dated December 14th, from the Chairman of the Federal Reserve Bank of Richmond, advising of the resignation of Mr. Eppa Hunton as Counsel for the Bank, and of the election as Counsel of Mr. Maxwell G. Wallace.

Noted.

Letter dated December 13th, from the Secretary of the Federal Reserve Bank of Cleveland, transmitting resolution adopted by the Board of Directors of that Bank, covering the payment of a bonus to employes.

Approved.

Letter dated December 13th, from the Secretary of the Federal Reserve Bank of Cleveland, announcing the appointment of Mr. F. E. Coburn, Assistant Cashier of the Pittsburgh Branch, and Mr. Chappel Assistant Secretary at the home office.

Approved.

Letter dated December 14th, from the Chairman of the Federal Reserve Bank of Philadelphia, requesting authority to charge to current expenses the expenditures of this year on account of the new vault, and also for permanent alterations,

improvements, etc. to the building.

Approved.

Letter dated December 14th, from the Governor of the Federal Reserve Bank of Richmond, requesting advice as to the conclusions of the Federal Reserve Board regarding the pension system which has been proposed for officers and employees of all Federal Reserve Banks.

It was the sense of the Board that the Federal Reserve Banks should not set aside out of profits this year any funds for the purpose of inaugurating the pension system, as recommended by the Pension Committee of the Federal Reserve Banks. It was also the sense of the Board that before authorizing the Federal Reserve Banks to set aside any funds for pension purposes, there should be available legal opinion regarding the Board's legal right to grant such authority. Governor Harding stated that he had been advised by the Secretary of the Treasury of his intention to secure a legal opinion upon this subject from the Attorney General of the United States. The Governor was requested to write to Governor Seay and to Mr. Kenzel, Chairman of the Pension Committee, advising as to the Board's attitude toward the proposed pension system.

Letter dated December 14th, from the Federal Reserve Bank of New York, requesting authority to make certain charge offs as of December 31, 1920.

Approved, with certain exceptions; action upon such exceptions to be deferred pending further consideration and consultation by Governor Harding with the Chairman of the Federal Reserve Bank of New York.

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Letter dated December 14th, from the Secretary of the Treasury, announcing that in future the special 2% certificates of indebtedness offered to the Federal Reserve Banks by the Treasury Department, pending deposits of tax receipts and the collection of funds from depositaries will carry an interest rate of 4%.

Noted.

Draft of telegram dated December 15th, to all Federal Reserve Banks, announcing the future policy of the Treasury Department, as set forth above.

Approved.

Memorandum dated December 14th, from Mr. Emerson, transmitting a request from the Chairman of the Federal Reserve Bank of San Francisco, for permission to apply the progressive penalties for deficient reserves continuously from one calendar year into the next; and also for permission to revert to the basic penalty rate at any time when the member bank concerned has maintained required reserves during consecutive analysis periods of five weeks.

Approved.

Letter dated December 14th, from the Acting Governor of the Federal Reserve Bank of New York, reporting the details of the arrangement made to govern the account of that Bank with the Javasche Bank, of Batavia, Java.

Approved.

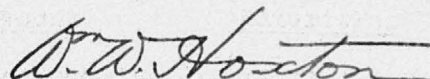
Letter dated December 14th, from the Acting Governor of the Federal Reserve Bank of New York, advising of the present status of Japanese balances in this country.

Noted.

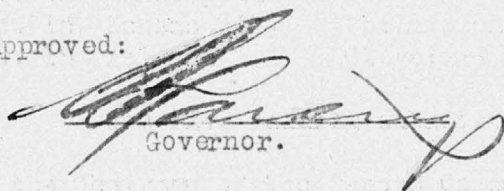
Mr. Wills submitted, in accordance with the action of the Board at its meeting on December 14th, a draft of a letter for the signature of the Governor, addressed to the Federal Reserve Bank of Atlanta, in regard to the resolution of the Federal Reserve Bank of Cleveland limiting rediscounts for the Federal Reserve Bank of Atlanta.

Governor Harding stated that he expected to confer with the Governor of the Federal Reserve Bank of Atlanta this afternoon, and that he would show to Governor Wellborn the draft submitted by Mr. Wills, pending the transmission later of the letter in its final form.

At 1:20 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.