

A meeting of the Federal Reserve Board was held in the office of the Board on Thursday, December 16th, 1920, at 11:30 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 15th were read, and on motion approved, as amended.

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business December 14th, 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% and 7% on commercial paper, as follows:

<u>Date</u>	<u>With</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Dec. 15	Dallas	Cleveland	\$7,500,000.	11-15 days
Dec. 15	Minneapolis	Philadelphia	3,000,000.	11-15 "
Dec. 15	Kansas City	Philadelphia	3,003,225.	45-72 "
Dec. 15	Atlanta	Cleveland	3,800,200. (Com)	12-60 "

Governor Harding submitted a draft of letter addressed to the Chairman of the Senate Committee on Banking and Currency, expressing the views of the Board regarding certain proposed legislation amending the Federal Reserve Act, to the end that 5% shall be the maximum discount rate permissible at all Federal Reserve Banks.

Letter approved as amended.

Governor Harding submitted draft of a letter dated December 16th, addressed to the Governor of the Federal Reserve Bank of Atlanta, relative to the resolutions recently adopted by the Federal Reserve Bank of Cleveland, limiting rediscount operations for the Federal Reserve Bank of Atlanta.

Approved.

(At this point Mr. Williams entered the meeting.)

Letter dated December 14th, from the Comptroller of the Currency, submitting letter from the First National Bank of Coeur d'Alene, Idaho, calling attention to a misleading newspaper headline, which stated that a Federal Reserve Bank had failed, the body of the article dealing with the failure of a member bank of the Federal Reserve System.

Governor Harding was requested to transmit the above to the Chairman of the Federal Reserve Bank of San Francisco, for such action as he may deem proper.

Letter dated December 15th, from the Chairman of the Federal Reserve Bank of Philadelphia, requesting authority to make a bonus payment covering the last six months of 1920, on the same basis as was authorized for the first six months. The letter further stated that the payment of this bonus will be accompanied by a notice to every employe that it is possible that the reduction in the cost of living in the immediate future will be such as not to justify extra compensation hereafter,

and that the continuance of this practice should not be expected.

Approved. Referred to the Governor for reply. It was the sense of the Board that all Federal Reserve Banks should be advised to make a like statement, at the time of the payment of bonuses, to that contemplated by the Federal Reserve Bank of Philadelphia.

Telegram dated December 15th, from the Chairman of the Federal Reserve Bank of St. Louis, requesting authority for payment of bonus for the year 1920 upon the same basis as was approved for that Bank for the year 1919.

Approved.

Letter dated December 14th, from the Chairman of the Federal Reserve Bank of St. Louis, requesting authority to charge to current expenses on December 31, 1920, the amount assessed against that Bank for the purchase of additional equipment for the printing of Federal Reserve notes and Federal Reserve Bank notes.

Approved.

Memorandum dated December 16th, from Mr. Emerson, submitting draft of letter addressed to the Federal Reserve Bank of Chicago, giving the Board's approval to the establishment by that Bank of progressive penalty rates for deficient reserves.

Approved.

Letter dated December 13th, from the Secretary of the Federal Reserve Bank of Cleveland, requesting permission to declare a regular dividend for the period from July 1, 1920 to

December 31, 1920.

Approved.

Memorandum dated December 16th, from Mr. Inlay, submitting an estimate of the Board's assessment for the ensuing six months.

In conformity with the above memorandum, the following resolution was, upon motion, 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 employes 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 twelve hundredths of one per cent (.0012) 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 levies an assessment upon the several Federal Reserve Banks of an amount equal to twelve hundredths of one per cent (.0012) of the total paid-in capital and surplus of such banks as of December 31, 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 January 1, 1921, and the second half on March 1, 1921."

Letters dated December 9th and 11th, from the Chairman of the Federal Reserve Bank of San Francisco, making certain recommendations as to salary adjustments.

Referred to the Executive Committee.

REPORTS OF COMMITTEE NO. 1:

Dated Dec. 15th, Recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 10th, Recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 9th, 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.

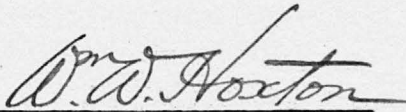
Dated Dec. 15th, Recommending approval of application of Mr. J. P. Hoskins to serve at the same time as vice-president, cashier and director of the First National Bank of Chattanooga, Tennessee, and as director of the First National Bank of Fort Payne, Alabama.

Approved.

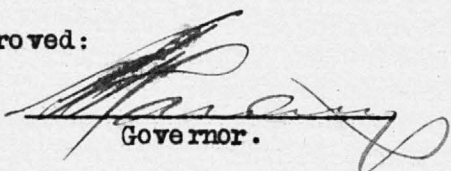
Dated Dec. 15th, Recommending approval of application of Mr. Amos Gipson to serve at the same time as director of the First National Bank of Joplin, Mo., and as director of the Midwest Reserve Trust Company of Kansas City, Mo.

Approved.

At 1 p.m. the meeting adjourned.

  
Secretary.

Approved:

  
Governor.