

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, January 25, 1921, at 11:20 a.m.

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

PRESENT ALSO:
Mr. Logan, General Counsel.

Minutes of the meeting of the Board held January 20th were read, and on motion, approved, as amended.

Minutes of the two meetings of the Executive Committee held respectively, January 22d and January 24th, were read, and on motion, approved.

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business January 20th, 21st and 22d, and the status of rediscounts between the Federal Reserve banks as of the same dates.

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>Bank redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Jan. 20	Atlanta	Cleveland	\$ 500,000	- - -
Jan. 20	Dallas	Cleveland	2,000,000	11 - 15 days
Jan. 20	Atlanta	Philadelphia	1,000,000	Comm. paper
Jan. 20	Dallas	Cleveland	1,000,000	11 - 15 days
Jan. 24	Dallas	Cleveland	9,000,000	11 - 15 "
Jan. 24	Atlanta	Boston	2,800,000	Comm. paper

Unfinished business: Discussion as to whether the Federal Reserve Board will exercise its right to authorize Federal Reserve banks to purchase in the open market bankers' acceptances with maturities in excess of three months and not more than six months.

Upon motion, it was resolved to bring up the matter for discussion at the next meeting of the Federal Advisory Council, with advice to the Council that the Federal Reserve Board is inclined to regard the proposed regulation unfavorably.

Suggested circular letter of this date prepared for transmission to all Federal Reserve banks, and enclosing and commenting upon the Federal Reserve inter-district time schedule, as finally revised and agreed upon at the conference of representatives of the Federal Reserve banks held on January 13th.

Approved.

Letter dated January 21st, from the Governor of the Federal Reserve Bank of New York, suggesting that there be an understanding among Federal Reserve banks that bills from their own portfolios will not be offered for sale in the open market, and requesting that at least all bankers' acceptances purchased by other banks from the Federal Reserve Bank of New York, be offered for re-purchase to the Federal Reserve Bank of New York before offering same in the open market.

Governor Harding was requested to advise the Governor of the Federal Reserve Bank of New York that the Board sees no objection to his suggestion, but advising Governor Strong to get in touch with the Governor of the Federal Reserve Bank of Chicago, which bank is especially interested in this matter.

Letter dated January 21st, from the Railway Loan Advisory Committee, requesting approval of a form of loan, in the amount of \$200,000, to be made to the Bangor and Aroostook Railroad Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved, Mr. Hamlin not voting.

Letter dated January 21st, from the Railway Loan Advisory Committee, requesting approval of a form of loan, in the amount of \$622,800, to be made to the Western Maryland Railway Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated January 22d, from the Railway Loan Advisory Committee, requesting approval of a form of loan, in the amount of \$320,000, to be made to the Maine Central Railroad Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Draft of letter dated January 25th, prepared by Governor Harding, to the Governor of the Federal Reserve Bank of Dallas, drawn in reply to a letter from Governor Van Zandt, dated January 20th, and in accordance with the action of the Board at its meeting yesterday.

Approved.

At this point Mr. Williams entered the meeting, and stated that he was prepared to submit certain motions covering recommendations made in his letters of December 28, 1920 and January 17, 1921.

Mr. Williams moved as follows:

BE IT RESOLVED, that the Board hereby gives its approval to the rates proposed by the Federal Reserve Bank of Atlanta in its resolution of July 9, 1920, upon the conditions set forth in said resolution, and the rates therein provided for shall be substituted promptly for those now in force.

After full discussion, and upon the representation of Governor Harding that Counsel had advised that the plan proposed by the Federal Reserve Bank of Atlanta was contrary to the provisions of the Federal Reserve Act, Mr. Williams requested that his motion be placed upon the table, and moved that Counsel be requested to review his former opinion and submit a memorandum either sustaining or modifying the former opinion.

Duly seconded and carried.

Thereupon Mr. Williams submitted his second motion, as follows:

BE IT RESOLVED that the Governor of this Board be requested to prepare for the press a statement for the purpose of informing the public of the actual facts of the situation, including figures as to the present unused lending power of the Federal Reserve System and the intentions of the Board as to the restrictions of interest rates to a more reasonable and moderate basis than those which have recently prevailed in certain Reserve districts.

After discussion, the question was put, Mr. Williams voting aye, and Governor Harding, Messrs. Platt, Hamlin, Miller and Wills voting no.

Thereupon Mr. Williams submitted his third motion, as follows:

BE IT RESOLVED that it is the sense of this Board that the application of the progressive rates in all districts where they are now in effect should be suspended until further action by this Board.

With reference to the above motion, Governor Harding exhibited to Mr. Williams the letter addressed to Governor Van Zandt and approved by the Board earlier in the meeting, and Mr. Williams requested that this third motion be placed upon the table, in order to give him an opportunity to read the said letter.

At this point a recess was taken at 1:40 p.m., to reconvene at 3 p.m.

At 3:25 p.m. the Board reconvened, with those members present who were present at the morning session, with the exception of Mr. Williams.

Telegram dated January 24th, from the Chairman of the Federal Reserve Bank of San Francisco, recommending that the Board give wire approval to certain directors of the National Bank of Takoma, Washington, to serve also as directors of the Army National Bank of Camp Lewis, Washington.

Approved, upon recommendation of the Clayton Act Committee.

Letter dated January 19th, from the Deputy Governor of the Federal Reserve Bank of Kansas City, requesting the installation of a direct leased wire from Kansas City to Denver, and a duplex wire between Kansas City and Chicago.

Approved.

Letter dated January 21st, from the Deputy Governor of the Federal Reserve Bank of Cleveland, enclosing recommendations as to salary adjustments.

Referred to Messrs. Platt and Wills.

Memorandum dated January 18th, from the Chairman of the Federal Reserve Bank of Dallas, enclosing a copy of the minutes of the last meeting of the Board of Directors of that Bank.

Referred to General Counsel, with instructions to prepare memorandum dealing with the legality of the purchase of mail transfers by the Federal Reserve Bank of Dallas, in accordance with that Bank's present practice.

Memorandum dated January 18th, from Mr. Emerson, submitting copy of an Executive Order dated January 5, 1921, to the effect that Federal Reserve banks will be expected hereafter to receive deposits from steamship companies, or agents for the credit of the collector of the Panama Canal which heretofore have been made with the Treasurer, or Assistant Treasurer of the United States.

Noted.

Letter dated January 19th, from the Federal Reserve Bank of New York, transmitting application of the Liberty National Bank of New York for permission to accept drafts having not longer than three months sight to run, drawn upon it by banks or bankers in Australia, New Zealand and other Australasian dependencies, for the purpose of creating dollar exchange.

Approved.

Letter dated January 22d, from the Federal Reserve Bank of New York, transmitting application of the Farmers Loan & Trust Com-

pany of New York to accept bills drawn upon it by banks or bankers in Argentina, for the purpose of furnishing dollar exchange.

Approved.

Letter dated January 17th, from the Second National Bank of Boston, applying for permission to accept drafts drawn upon that Bank to create dollar exchange, drawn by banks or bankers in those countries already designated by the Federal Reserve Board, as well as in those countries which the Federal Reserve Board may from time to time designate.

Approved.

Memorandum dated January 21st, from Mr. Emerson, requesting the Board to formally approve the excess expenditure of \$237.98 over the \$75,000 originally authorized for the purpose of making vault construction tests; also to authorize the transfer from the original appropriation of \$75,000 the additional sum of \$750.00 to the appropriation "Industrial Research Bureau of Standards, 1921", in order to complete the Board's records.

Approved.

Telegram dated January 24th, from the Chairman of the Federal Reserve Bank of San Francisco, advising that that Bank has purchased a site for a branch bank in Salt Lake City, for \$115,000.

Approved.

Upon motion of Mr. Miller, communications from the Director of the Division of Analysis & Research, with reference to the annual reports of the Federal Reserve Bank of Cleveland and the Federal Reserve Bank of New York were referred to Mr. Wills and Mr. Platt, respectively, with power.

Draft of letter of January 25th, prepared by General Counsel, to the Chairman of the Federal Reserve Bank of Dallas, in regard to the cotton marketing proposition outlined by Judge Ramsey in his letter of January 20th.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated January 18th,
21st, 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 January 18th,
22nd. Recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated January 20th, Recommending changes in stock at Federal Reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated January 22nd, Recommending that authority be given to
25th, certain National Banks to purchase stock in corporations organized under the so-called Edge Act, as set forth in the auxiliary minute book as of this date.

Approved.

Dated January 21st, Resignation of Mrs. Alice Robillard as Clerk in the Division of Reports and Statistics, effective at the close of business January 22, 1921.

Noted.

Dated January 24th, Recommending approval of the appointment of Miss Gertrude C. Shaw as Stenographer in the Gold Settlement Division, at a salary of \$1500 per annum, effective January 26, 1921.

Approved.

Dated January 22, Recommending approval of the application of Mr. H. A. Robson to serve at the same time as director of the Charleston National Bank of Charleston, West Va. and as director of the Montgomery National Bank, Montgomery, West Virginia.

Approved.

Dated January 22, Recommending approval of the application of Mr. L. S. Ottenheimer to serve at the same time as director of the First National Bank, and as director of the Morris Plan Bank, both of Toledo, Ohio.

Approved.

Dated January 17, Recommending approval of the application of Mr. A. Z. Litz to serve at the same time as director of the Farmers National Bank of Tazewell, Va., and as director of the First National Bank of Huntington, West Va.

Approved.

Dated January 17, Recommending approval of the application of Mr. Jesse F. McDonald to serve at the same time as President of the American National Bank of Leadville, Colo., and as Vice-Pres. of the Hamilton National Bank of Denver, Col.

Approved.

Dated January 21, Recommending approval of the application of Mr. W. W. Knight to serve at the same time as director of the First National Bank and of the Morris Plan Bank, both of Toledo, Ohio.

Approved.

Dated January 21, Recommending approval of the application of Mr. H. S. Reynolds to serve at the same time as director and officer of the First National Bank, Toledo, and as director of the Morris Plan Bank, Toledo, Ohio.

Approved.

Dated January 21, Recommending approval of the application of Mr. G. M. Mather to serve at the same time as director of the First National Bank, and as director and officer of the Morris Plan Bank, both of Toledo, Ohio.

Approved.

Dated January 24, Recommending approval of the application of Mr. Hamilton F. Kean to serve at the same time as director of the First National Bank of Perth Amboy, the Federal Trust Company of Newark, and the W. Hudson Co. Trust Company, of Harrison, N. J.

Approved.

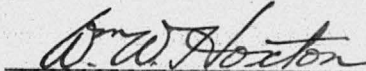
Letter dated January 22d, from the Chairman of the Federal Reserve Bank of New York, submitting application of Mr. Howard Bayne, of the Columbia Trust Company, New York, to serve as director of the Seaboard National Bank, and urging the granting of the application, on the grounds that the father of Mr. Bayne is now serving as officer and director of the two banks named.

Upon recommendation of the Clayton Act Committee, the Board declined to grant the application, and directed that Mr. Jay be advised that the permission to occupy the dual directorship previously granted to Mr. S. G. Bayne, the father of the applicant, will be allowed to stand for the present, but will possibly be revoked when the contemplated survey of all such cases is made by the Board on April 1st.

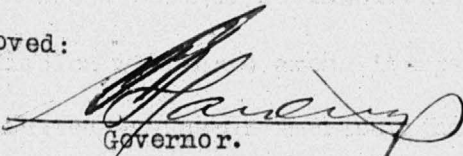
Memorandum dated January 22d, from Mr. Wills, recommending that a hearing be arranged for Tuesday, February 1st, at 10 a.m. in the matter of the applications of Mr. K. Secor and Mr. H. C. Truesdall to serve as directors of the Northern National Bank and the Union Savings Bank of Toledo, Ohio.

Approved.

At 4:50 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.