

A meeting of the Federal Reserve Board was held in the office of the Board on Friday January 28th, at 11:15 a.m.

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

PRESENT ALSO:
Mr. Logan.

Minutes of the meetings of the Board held January 25th and 26th were read and, on motion, approved, as amended.

Minutes of the meeting of the Board held January 27th were read and, on motion, approved.

(At this point Mr. Williams withdrew from the meeting.)

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business January 25th and 26th, and the status of rediscounts between the Federal Reserve banks as of the same dates.

Governor Harding presented a memorandum from the General Counsel, recommending that the usual preliminary certificate of organization be now issued to the Foreign Trade Financing Corporation, as requested by the representative of that Corporation.

Approved.

Memorandum from the Assistant Counsel, dated January 22d, with reference to a letter of January 14th from the Chairman of the Federal Reserve Bank of San Francisco, advising the Board that

Mr. Herbert Fleishhacker would shortly visit Washington, and present to the Board the matter of his application to serve as director of the Anglo & London-Paris National Bank and the Union Trust Company, both of San Francisco, California.

The Secretary was directed to advise Mr. Perrin that the Board would withhold action awaiting the appearance before it of Mr. Fleishhacker.

Letter dated January 10th, from the Chairman of the Federal Reserve Bank of Dallas, transmitting action of the Board of Directors of that Bank at a meeting held January 7th, making recommendations as to certain adjustments in personnel and salaries.

Approved, upon recommendation of Mr. Platt and Mr. Wills.

Letter dated January 21st, from the Deputy Governor of the Federal Reserve Bank of Cleveland, enclosing list of proposed adjustments in salaries for employes at that Bank.

Approved, upon recommendation of Mr. Platt and Mr. Wills.

Letter dated January 21st, from the Assistant Federal Reserve Agent at Cleveland, recommending that the Board approve the application of the Union Savings Bank & Trust Company, Cincinnati, Ohio, to establish an additional branch in Cincinnati.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated January 26th, Recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated January 26th, Recommending approval of applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated January 25th, Recommending admission of State institutions
26th, 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 28th, Recommending that authority be given to 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 26th, Recommending approval of the application of Mr. E. R. Williams to serve at the same time as director of the Old Commercial National Bank, Oshkosh, Wis., and the First National Bank, Manawa, Wis.

Approved.

Dated January 25th, Recommending refusal of the application of Mr. W. B. Nutter to serve at the same time as director of the First National Bank of Stockton, California, and the Stockton Savings & Loan Bank, Stockton, Calif.

Approved.

Dated January 26th, Recommending approval of the application of Mr. Richard T. Forbes to serve at the same time as director of the Fort Dearborn National Bank, Chicago, the First National Bank, St. Joseph, Mo., and the First Trust Company of St. Joseph, Mo.

Approved.

Dated January 26th, Recommending approval of the application of Mr. Thomas A. Marlow to serve at the same time as director of the National Bank of Montana, Helena, Mont., the Merchants National Bank, St. Paul, Minn., and the Helena Branch of the Federal Reserve Bank of Minneapolis.

Approved.

Dated January 26th, Recommending approval of the application of Mr. D. R. Francis, jr. to serve at the same time as director of Francis Brothers and Company, St. Louis, Mo., and the Merchants Laclède National Bank, St. Louis.

Approved.

Letter dated January 26th, from the Director of the Division of Analysis & Research, presenting the resignation of Miss Alice Ross from the staff of that Division, effective February 1, 1921, and in lieu thereof recommending the appointment of Miss Grace Arrons, effective February 8, 1921, at a salary of \$1500 per annum.

Approved.

Letter dated January 26th, from the Director of the Division of Analysis & Research, advising that Mr. M. R. Adams has been discontinued as a member of the staff of that Division, effective from and after January 15, 1921, the special work for which he was engaged having been completed.

Noted.

At this point, upon invitation of the Board, Governor Strong, of the Federal Reserve Bank of New York, and Messrs. Alexander and Saunders, members of the Board of Directors of that bank entered the room. Mr. Williams also rejoined the meeting.

Governor Strong stated that the Committee from the Federal Reserve Bank of New York had come before the Federal Reserve Board to urge the approval of certain recommendations made by the Federal Reserve Bank of New York relative to an increase in salaries for several officers of that bank, and which had been previously disallowed by the Federal Reserve Board. After discussion, a recess was taken at 1:30 p.m., with the understanding that the meeting would reconvene at 3:00 p.m.

At 3:40 p.m. the meeting reconvened.

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

PRESENT ALSO:
Governor Strong.

Letter dated January 27th, from the Governor of the Federal Reserve Bank of Richmond, stating that subject to the review and determination of the Federal Reserve Board, the Directors of the Federal Reserve Bank of Richmond had established a flat rate of 6% upon all paper secured by United States Treasury Certificates of Indebtedness, regardless of the rates borne by the certificates.

Approved. Mr. Williams desired to be recorded as voting in the negative.

Telegram dated January 27th, from the Governor of the Federal Reserve Bank of Chicago, requesting authority to purchase a

lot in Detroit for the use of the Detroit Branch at the cost of \$850,000 or \$65.60 per square foot.

Referred to the Governor, it being the sense of the Board that the authority should not be granted on account of the excessive cost.

At this point Mr. Williams withdrew from the meeting.

Telegram dated January 28th from the Governor of the Federal Reserve Bank of Chicago, advising that the Executive Committee of that Bank had, subject to the review and determination of the Federal Reserve Board, established a flat rate of 6% upon all paper secured by United States Treasury Certificates of Indebtedness, regardless of the rate borne by the certificates.

Approved.

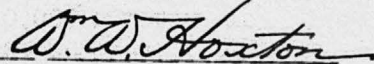
Governor Harding requested Governor Strong to advise the Board if the gold earmarked for the Federal Reserve Bank of New York by the Bank of France was actually segregated, and if there was any reason why the Board should continue to allow such earmarked gold to be counted as a part of the reserves of the Federal Reserve System. Governor Strong replied that the gold was segregated and held in separate vaults, but that he did not think it proper to continue the practice of counting such gold as a part of the reserves of the Federal Reserve System.

Upon motion, it was resolved to notify all Federal Reserve banks that beginning next Saturday, February 5th, they should cease to regard earmarked gold in foreign countries as a part of their reserves.

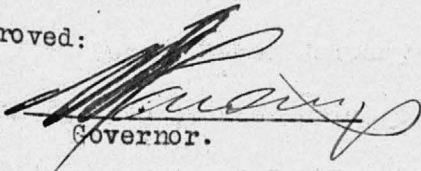
Mr. Miller stated it to be his urgent belief that the gold in the Bank of France should not only be not counted as reserve, but should be withdrawn and brought back to this country.

Governor Strong stated that he was informed that the Treasury Department contemplated the adoption of new designs for all paper currency, that the proposed designs had been examined by those in his bank familiar with the handling of currency, and that he had been furnished with a report on the subject to the effect that the proposed new forms are "most undesirable." In this connection, Governor Strong narrated an incident concerning the expert forging of a Federal Reserve note which had come to his attention in England.

At 5 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.