

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, February 1, 1921, at 11:15 a.m.

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

Minutes of the meeting of the Board held January 31st 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 January 29th, and the status of rediscounts between the Federal Reserve banks as of the same date.

Letter dated January 24th, from the Federal Reserve Bank of San Francisco, advising the Board of the employment of Mr. Cleveland K. Sims for service at the Salt Lake City Branch, at a salary of \$2,400 per annum.

Approved.

Letter dated January 29th, from the Railway Loan Advisory Committee, requesting approval of a form of loan in the amount of \$719,000 to be made to the Long Island Railroad Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated January 29th, from the Railway Loan Advisory Committee, requesting approval of a form of loan in the amount of \$1,200,000 to be made to the Missouri Pacific Railroad Company,

under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated January 29th, from the Railway Loan Advisory Committee, requesting approval of a form of loan to be made in the amount of \$2,000,000, to the Virginian Railway Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Draft of letter dated February 1st, addressed to the Comptroller of the Currency, calling attention to the transference of employes from the Division of Currency and Redemption to other departments under the Comptroller's jurisdiction, and the replacement of such employes by employes upon the payroll of the Federal Reserve Board.

Approved.

At this point Mr. Williams entered the meeting.

Governor Harding stated that the next thing in order would be the special order business referring to the appointment of Class "C" Director and Federal Reserve Agent at Cleveland, and Mr. Hamlin offered the following motion which was seconded by Mr. Williams and duly carried:

WHEREAS, Mr. D. C. Wills on September 29, 1920, resigned as Class C Director, Chairman of the Board of Directors, and Federal Reserve Agent, of the Federal Reserve Bank of Cleveland, and accepted the appointment of the President as a member of the Federal Reserve Board on the understanding that, on the expiration of his term of office as a member of said Board, he would be reappointed Class C Director and redesignated as Chairman of the Board of Directors and Federal Reserve Agent of said bank, and

WHEREAS, the present term of office of Mr. D. C. Wills as a member of the Federal Reserve Board will expire at the end of the current session of the Senate of the United States on or before March 4, 1921, now

THEREFORE, it is voted that Mr. D. C. Wills be, and he hereby is, reappointed Class C Director, and redesignated as Chairman and Federal Reserve Agent, of the Federal Reserve Bank of Cleveland, such appointment and designation to take effect as of, and on, March 5, 1921, the salary to be the same as that received by Mr. Wills prior to his becoming a member of the Federal Reserve Board.

Letter dated January 29th, from the Chairman of the Federal Reserve Bank of Kansas City, transmitting the action of the Board of Directors of that Bank involving a change in the application of the progressive rate of discount whereby the Federal Reserve Bank shall discontinue the making of loans to member banks when the progressive rate applying against such member banks shall exceed 12%.

Ordered laid on the table for discussion at the next full meeting of the Board.

Letters dated January 28th and 29th from the Chairman and Governor of the Federal Reserve Bank of Dallas, in reply to the letter of Governor Harding of January 25th addressed to Governor Van Zandt, and approved by the Federal Reserve Board at its meeting of January 25th.

It was the sense of the Board that Mr. Platt and Mr. Wills should make arrangements to attend the group conference to be held February 7th in Dallas between the Federal Reserve Banks of Dallas, St. Louis and Chicago.

Telegram dated February 1st, from the Chairman of the Federal Reserve Bank of Atlanta, suggesting a modification in the methods used by that Bank in assessing penalties against member banks for deficient reserves.

Ordered laid upon the table for discussion at the Board meeting tomorrow.

Draft of letter dated January 31, 1921, to the Deputy Governor of the Federal Reserve Bank of New York, advising that the notes of a certain gold storage company should be considered as not eligible for rediscount, in view of the fact that similar paper made by cotton factors has been ruled by the Board to be ineligible.

Upon motion, consideration of Senate Bill No. 4666, with reference to the eligibility of cotton factors paper was ordered docketed as special order business for the next meeting of the Board.

Telegram dated February 1st, from the Chairman of the Federal Reserve Bank of San Francisco, advising that Mr. Charles E. Peabody had consented to continue to serve as director of the Seattle Branch.

Upon motion of Mr. Miller, Mr. Peabody was elected as Director of the Seattle Branch for a term ending December 31, 1921.

Governor Harding inquired of Mr. Williams if he desired to present the motions made by him at the meeting of January 25th which at his request were laid upon the table. Mr. Williams replied that he wished his first motion, relative to the rates proposed by the Federal Reserve Bank of Atlanta in its resolution of July 9, 1920, to remain upon the table for the present, pending further report from General Counsel, that the second motion had been disposed of by a vote of the Board, and that he desired to amend his third motion to read 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, so far as said plan permits the charge of any rate in excess of 10% per annum on any loans or discounts made by Reserve Banks to member banks.

After some discussion, it was determined to postpone action upon Mr. Williams' motion until tomorrow, with a view to discussing it in connection with the letter of January 29th from the Chairman of the Federal Reserve Bank of Kansas City, referred to earlier in these minutes.

Upon request of Mr. Williams, the Secretary read a letter of January 24th addressed to Mr. Williams by the President of the Fourth and First National Bank of Nashville, Tenn., protesting against the raising of discount rates upon paper secured by Liberty Bonds and Victory Notes, and suggesting that if any change is to be made, the rates should be reduced.

Noted.

Letter dated January 31st, from the Chairman of the Federal Reserve Bank of New York, requesting authority to install certain necessary vaults in the quarters occupied by the Buffalo Branch, at a cost of approximately \$44,000.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated January 31st, Recommending changes in stock at Federal Reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated February 1st, 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 28th, Recommending approval of a salary of \$4,000 per annum to be paid to Mr. J. B. Stringfellow, National Bank Examiner in the Fifth Federal Reserve District.

Approved.

At 1 p.m. the meeting adjourned.

W. D. Houston  
Secretary.

Approved:

[Signature]  
Governor.