

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, February 8th, 1921, at 11:20 a.m.

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

Minutes of the meeting of the Board held February 2d were read and, on motion, approved, as amended.

Minutes of the meeting of the Board held February 3d were read and, on motion, approved.

Minutes of the meeting of the Board held February 4th were read and, on motion, approved, as amended.

Minutes of the meeting of the Executive Committee held February 4th were read, and the action of the Committee set forth therein ratified.

Minutes of the meeting of the Executive Committee held February 7th were read, and the action of the Committee set forth therein ratified.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business February 5th, 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:

Rediscounts - (Concluded)

<u>Date</u>	<u>Bank rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Feb. 7	Atlanta	Boston	\$2,000,000	Commercial paper
Feb. 7	Dallas	Cleveland	5,000,000	11-15 days

Telegram dated February 4th, from the Federal Reserve Bank of Cleveland, stating that subject to the review and determination of the Federal Reserve Board, that bank proposed to establish a rate of 6% on discounts from one to ninety days when secured by Certificates of Indebtedness, Liberty Loan bonds or Victory Notes, and a rate of 6% for bankers and trade acceptances, effective February 10, 1921.

Approved.

Memorandum dated February 7th, from the Chairman of the Federal Reserve Bank of New York, transmitting the following excerpt from the Whaley-Eaton service in its issue of February 5th:

"Copies of a letter said to have been written by Comptroller of the Currency Williams to Governor Harding of the Federal Reserve Board have been circulating among a few Congressmen and the facts in this letter of such alleged authorship are responsible for the resolution introduced by Representative Baer, the Non-Partisan League Member of the House, in which it is stated that the average loans from the Federal Reserve System to four banks in New York City amount to as much as the St. Louis, Kansas City, Minneapolis, Dallas and Richmond reserve banks combined are lending to 4,000 member banks in 21 States. The letter has been shown to representatives of the various agricultural organizations having offices in Washington and they are being urged to demand an investigation. It is stated that Governor Harding replied to this letter, but we have seen no copies of that reply. This affair is back of the story that Mr. Williams was contemplating resigning, a report which Mr. Williams has ridiculed."

Mr. Miller moved, in view of the above, that the matter be referred to the Executive Committee to prepare a statement for submission to the Federal Reserve Board, said statement to be drawn with a view to making it public, should such a course be found, in the opinion of the Board, to be necessary.

Carried.

Letter dated February 7th, from the Governor of the Federal Reserve Bank of New York, and letter of February 4th from Mr. Fred I. Kent of New York, calling the Federal Reserve Board's attention to the very dangerous position now held by the Phillipine National Bank, and recommending that, through the proper channels in this country, the Phillipine Government be induced to protect the situation.

After discussion, the matter was referred to the Executive Committee with power.

Letter dated February 4th, from the Second National Bank of Boston, Mass., making application for permission to accept drafts drawn upon that bank by banks or bankers in Australia, New Zealand, and other Australasian dependencies, for the purpose of furnishing dollar exchange.

Approved.

Governor Harding stated that it was important that the Board's Annual Report should be transmitted to Congress and released to the press in the near future, and that he had received

a telegram from Mr. Platt and Mr. Wills, advising that it was agreeable to them that the matter be not held pending their return from Dallas.

Upon motion, the transmission and release of the Board's Annual Report were referred to Governor Harding with power.

Letter dated February 4th, from the Deputy Governor of the Federal Reserve Bank of New York, suggesting, in view of the fact that gold held by the Federal Reserve banks in foreign countries is no longer to be regarded as reserve, that the phraseology of the statement of the Federal Reserve banks be somewhat changed, so as to avoid possible embarrassment arising from comparisons.

Referred to Governor Harding, it being the sense of the Board that the statement should, if practicable, be amended by using the phrase, "gold abroad in custody or in transit."

Letter dated February 3d, from the Chairman of the Federal Reserve Bank of Minneapolis, stating his views with reference to the degree of competition existing between the banks of Minneapolis and St. Paul.

Referred to the Clayton Act Committee.

Memorandum dated February 8th, from the General Counsel, stating that 25% of the capital stock of the Federal International Banking Co. had been paid in, but that a few of the subscribing banks had not paid 25% of their respective subscriptions, although

the regulations of the Board require that such corporations cannot begin business until each share holder has paid in 25% of his particular subscription. In this case other subscribers have paid in more than 25%, and the total amount paid in is in excess of 25% of the total capital and surplus of the Corporation.

Upon recommendation of General Counsel, it was, upon motion, determined in this case to waive the requirement that each share holder must pay in 25% of his individual subscription before the corporation can begin business.

Communication of February 5th, from the President and Directors of the Federal International Banking Company, making certificate of stock subscription and application for authority to begin business.

Upon motion, it was resolved that a final permit be now authorized and issued to the Federal International Banking Company.

Letter dated February 4th, from the Comptroller of the Currency, making recommendations as to increases in salaries for twelve Chief National Bank Examiners, one Supervising National Bank Examiner, and eighty-three National Bank Examiners, the aggregate of the proposed increase being \$38,400. Mr. Hamlin moved that, in view of the representations made by the Comptroller of the Currency regarding numerous resignations from the force of National Bank Examiners, and that the proposed increases are important in order to hold the force of examiners together, that the recommendations of the Comptroller of the Currency be approved.

Carried.

Letter dated February 5th, from the Federal Reserve Agent at Minneapolis, suggesting that the said bank be authorized to procure and operate a wireless telegraph apparatus for service between the head office and the Branch at Helena, Montana.

Referred to Governor Harding, with the request that he take the matter up with the Navy Department and report to the Board.

Letter dated February 8th, from the Chairman of the Federal Reserve Bank of Kansas City, requesting approval of the appointment of Mr. Francis M. Anderson in the Member Bank Relations Department of that bank, at a salary of \$2,400 per annum, effective January 1, 1921.

Approved.

Letter dated February 1st, from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the appointment of Mr. J. D. Paxton as Acting Cashier of the Los Angeles Branch, at a salary of \$2,700 per annum.

Approved.

Letter dated February 7th, from the New York Trust Company, New York City, requesting permission to accept drafts drawn on said bank by banks or bankers in Central and South American countries; also, in Australia, New Zealand and other Australasian dependencies, for the purpose of creating dollar exchange.

Approved.

Telegram dated February 8th, from the Chairman of the Federal Reserve Bank of Dallas, advising that the Board of Directors of that bank, subject to the review and determination of the Federal Reserve Board, had abrogated all existing rates, abolishing the progressive rate, and fixed a rate of 6% on all paper secured by Government securities, and a rate of 7% on commercial paper, agricultural paper and trade acceptances, and a minimum rate on bankers' acceptances. Said changes to be effective February 15th.

Approved.

REPORTS OF COMMITTEE NO. 1:

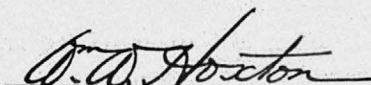
Dated February 7th, Recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

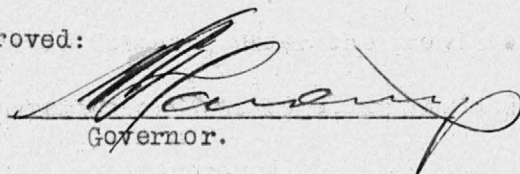
Dated February 8th, Recommending that authority be given to certain National banks to purchase stock in corporations organized under the so-called Edge Act, as set forth in the auxiliary minute book as of this date.

Approved.

At 1:00 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.