

A meeting of the Federal Reserve Board was held in the office of the Board on Thursday, July 7, 1921, at 11:35 a.m.

PRESENT: Governor Harding
 Mr. Hamlin
 Mr. Mitchell
 Mr. Crissinger
 Mr. Hoxton, Secretary.

PRESENT ALSO: (upon invitation)
 Mr. D. C. Wills

The minutes of the meetings of the Board held on July 1st and July 6th were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business June 30th, July 1st, 2d and 5th, 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 6%, as follows:

<u>Date</u>	<u>Bank redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
June 30th	Dallas	Boston	\$1,000,000	11-15 days
July 1st	Richmond	New York	5,000,000	do
July 5th	Richmond	New York	5,000,000	do
July 5th	Dallas	Boston	5,000,000	do
July 5th	Minneapolis	New York	2,000,000	do
July 6th	Dallas	Boston	1,000,000	do

Letter dated June 29th, from the Chairman of the Federal Reserve Bank of Kansas City, submitting resolution of the Board of Directors of that Bank declaring a dividend for the six months period ending June 30, 1921, at rate of 6% per annum on the paid-in capital

stock, payable on the 30th day of June.

Approved.

Letter dated June 29th, from the Governor of the Federal Reserve Bank of New York, enclosing schedules recommending salary increases to certain employes of that Bank.

• Approved.

Letter dated July 5th, from the Railway Loan Advisory Committee of the Federal Reserve Board, requesting approval of a form of loan in the amount of \$700,000 to be made to the Salt Lake and Utah Railroad Company, under the provisions of Section 210, Transportation Act, 1920, as amended.

Approved.

Letter dated July 6th, from the Railway Loan Advisory Committee of the Federal Reserve Board, requesting approval of a form of loan in the amount of \$386,190 to be made to the National Railway Service Corporation (The Minneapolis and St. Louis Railroad Company), under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated July 6th, from the Railway Loan Advisory Committee of the Federal Reserve Board, requesting approval of a form of loan in the amount of \$1,568,540 to be made to the National Railway Service Corporation, (Chicago, Rock Island and Pacific Railway Company), the carrier electing to take down at this time the first

instalment of the loan, amounting to \$1,108,540, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated July 1st from the Governor of the Federal Reserve Bank of Kansas City, referring to the Federal Reserve Board's letter St.2083 on expenses of the Fiscal Agency Department, and inquiring as to the desirability of keeping a memorandum account of such expenses on account of the possibility of reimbursement by the Government at some later date.

Referred to Governor Harding for reply.

Letter dated July 1st from the Chairman of the Federal Reserve Bank of Chicago, commenting upon the method recently proposed by the Federal Reserve Bank of New York of accounting for expenditures for new bank buildings.

Noted.

Memorandum dated July 1st, from Mr. Eddy, submitting, with his favorable recommendation, a request from the Chief of the Division of Reports and Statistics that Miss Marjorie F. Jones, on account of serious illness, be given extension of leave for thirty days with pay.

Approved.

Memorandum dated June 30th, from the Superintendent of the Redemption Division of the Treasury Department, transmitted with the favorable recommendation of the Comptroller of the Currency, request-

ing that Mr. Howell Bell be employed temporarily by the Federal Reserve Board, at a salary of \$1,000 per annum, including bonus, with the understanding that no increase in compensation will be granted to him by the Board during this period of temporary employment; said employment to be effective July 1, 1921.

Approved.

Memorandum dated July 5th, from Mr. Eddy, submitting draft of letter for the signature of Governor Harding, addressed to the Under Secretary, requesting information as to the policy which will be pursued by the Treasury Department in the matter of paying a proportionate part of the expenses incident to the operation of leased wires.

Approved.

Memorandum dated July 5th, from the General Counsel, recommending that the Board grant authority for the signing of a new contract for leased telephone and telegraph wires.

Upon motion, it was voted that the Chairman of the Federal Reserve Board, the Secretary of the Treasury, be authorized and requested to sign said contract.

Memorandum dated July 5th, from Mr. Eddy, recommending that the Board request each Federal reserve bank to reimburse the Federal Reserve Bank of New York for its pro rata share (1/12) of the cost of preparing and furnishing the new Federal Reserve Code Book.

Approved.

-5-

Letter dated July 2d, from the Chairman of the Federal Reserve Bank of Kansas City, advising that that Bank in selecting a lot for the proposed new branch bank building at Oklahoma City has in view three lots which can be purchased at \$50,000, \$75,000 and 100,000, respectively.

Governor Harding was requested to advise the Federal Reserve Bank of Kansas City that, in the opinion of the Board, an expenditure of \$75,000 for a lot in Oklahoma City should not be exceeded, but that the Federal Reserve Act appears to place the responsibility for such matters upon the Boards of Directors of the Federal Reserve Banks.

Letter dated June 30th, from Mr. E. R. Kenzel, Deputy Governor of the Federal Reserve Bank of New York, submitting a proposed letter to be sent to all Federal reserve banks with a view to expediting the consideration of the adoption of the proposed pension plan as amended. +

Approved, with the proviso that Mr. Kenzel shall also send to all Federal reserve banks a copy of the letter addressed by Governor Harding to Senator Smoot, in which it was stated that the Federal Reserve Board cannot approve the insurance feature which was a part of the proposed pension plan.

Letter dated July 2d, from the Comptroller of the Currency, recommending an increase in the salary of National Bank Examiner Earle V. K. Willson from \$3,000 to \$3,600 per annum.

Approved.

After a brief discussion of the participation by all Federal reserve banks in the par collection suit in the Atlanta district,

-6-

Mr. Hamlin moved that all expenses of the par collection suit accruing since the entrance of Mr. Davis into such suit, be assessed by the Federal Reserve Board against all Federal reserve banks in proportion to capital and surplus.

Carried.

Draft of letter dated July 7th, for the signature of Governor Harding, addressed to Mr. Traylor, of Chicago, with reference to the part which may be taken by the Federal Reserve banks in assisting and promoting the operation of the recently formed Live Stock Corporation.

Approved. Governor Harding was requested to send a copy of said letter to the Governor of the Federal Reserve Bank of Chicago.

Letter dated July 5th, from the Federal Reserve Agent at Atlanta, giving list of officers and employes of the Federal Reserve Agent's Department of the Federal Reserve Bank of Atlanta, together with their salaries, said list involving increases in the case of the salaries of two employes.

Approved.

Governor Harding advised Mr. Wills that the Consulting Architect of the Board had stated yesterday that the Federal Reserve Bank of Cleveland had let a contract for certain construction work to a firm in which the architects of that Bank are financially interested.

Upon motion of Mr. Hamlin, Mr. Wills was requested to make a report to the Federal Reserve Board covering the circumstances of the Cleveland architect's interest in the said firm.

Mr. Wills stated that he would like to know if the Board would look with favor upon the purchase by the Federal Reserve Bank of Cleveland of \$500,000 worth of the present issue of United States Three Year notes, said purchase to be made with a view to re-sale to member banks.

Upon motion, Mr. Wills was advised that the Federal Reserve Board would interpose no objection to said purchase.

REPORTS OF COMMITTEE NO. 1:

Dated July 6th, Recommending changes in stock at Federal reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

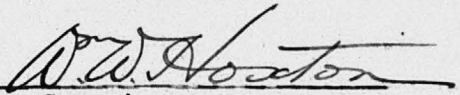
Dated July 6th, Recommending action on application for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

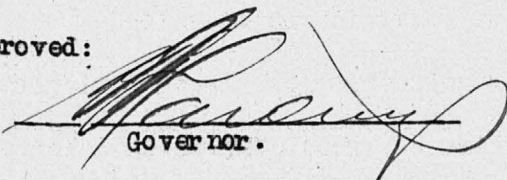
Dated June 30th, Recommending approval of applications for admission of state institutions, subject to the conditions stated in the individual reports attached to the applications, as set forth in the auxiliary minute book as of this date.

Approved.

At 1:15 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.