

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, August 16, 1921, at 10:35 a.m.

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

Minutes of the meeting of the Board held August 9th were read and on motion approved.

The Governor reported rediscount transactions, member bank promissory notes secured by Government obligations, rate 6%, as follows:

| <u>Date</u> | <u>Bank rediscounting</u> | <u>With</u> | <u>Amount</u> | <u>Maturities</u> |
|-------------|---------------------------|-------------|---------------|-------------------|
| August 8th | Dallas | Boston | \$1,000,000 | 11-15 days |
| August 9th | Richmond | New York | 5,000,000 | 11-15 days |
| August 10th | Dallas | Boston | 2,000,000 | 11-15 days |
| | | | 1,000,000 | 1-90 dys.(Com) |
| August 12th | Richmond | New York | 10,000,000 | 11-15 days |
| August 12th | Dallas | Boston | 2,000,000 | do |
| | | | 1,000,000 | 1-90 dys.(Com) |
| August 12th | Minneapolis | New York | 1,500,000 | 11-15 days |
| August 15th | Atlanta | Boston | 600,000 | 1-90 dys.(Com) |
| August 15th | Richmond | New York | 5,000,000 | 11-15 days |
| August 15th | Minneapolis | New York | 3,500,000 | do |

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business August 8, 9, 10, 11, 13, and the status of rediscounts between the Federal reserve banks as of the same dates.

Letter dated August 10th, from the Governor of the Federal Reserve Bank of Minneapolis, requesting approval of the Board for the

establishment by that Bank of a maximum penalty rate of 10% for deficient reserves of member banks.

Approved.

Letter dated August 10th, from the Governor of the Federal Reserve Bank of New York, advising the Federal Reserve Board of the intention of that Bank to proceed with letting contracts for the completion of the new bank building.

Governor Harding was requested to advise the Federal Reserve Bank of New York that the Federal Reserve Board interposes no objections to that Bank's proceeding with the contracts in question.

Letter dated August 8th, from the Acting Deputy Governor of the Federal Reserve Bank of Dallas, advising of certain action taken by the Board of Directors of that Bank at its meeting August 6th, with a view to reaching an agreement in those matters ensuing from the failure of the First National Bank of Hearne, Texas.

Governor Harding was requested to advise the Federal Reserve Bank of Dallas that the Board interposes no objections to a settlement on the part of the Federal Reserve Bank of Dallas of the matters in controversy, along the lines indicated in Mr. Emerson's letter.

Letter dated August 8th, from the Secretary of the Treasury giving formal notice that the time of payment of any special certificates of indebtedness issued in favor of the Treasurer of the United States, maturing on or after August 20, 1921, and prior to August 20, 1922, is extended in the case of each such maturing certificate one year from the date of such maturity. Also, advising

that copies of this notice have been sent from the Treasury of the United States to the Comptroller of the Currency and to the Governor of each Federal reserve bank.

Noted.

Letter dated August 1st, from Mr. Albert Strauss, suggesting that the Board make public the figures covering the reports of foreign exchange operations which were secured by the Board during the time that such operations were under its supervision and control.

Governor Harding was requested to instruct the Director of the Division of Analysis & Research to compile the material suggested in Mr. Strauss' letter and to submit the compilation to the Federal Reserve Board for its inspection with a view to possible publication thereof.

Letter dated August 10th, from the Federal Reserve Agent at Chicago, expressing a wish to secure two additional employes to assist, on the part of the Federal Reserve Agents' Department, in passing upon applications for loans made to the Federal Reserve Bank of Chicago.

Referred to Governor Harding, with the request that further information be obtained.

Letter dated August 11th, from the Chairman of the Federal Reserve Bank of Boston, requesting approval of the action of the Board of Directors of that Bank in appropriating the sum of \$5,000 for the relief of employes who, through sickness or other causes, may be in need of financial assistance, and authorizing the cashier of that

to pay to the Governor and the Chairman the said sum of \$5,000, to be loaned by them from time to time for such relief, in accordance with such arrangements as they may deem advisable in individual cases, and directing that every six months a report shall be made to the Board of Directors of the condition of said fund.

Approved.

Letter dated August 10th, from the Chairman of the Federal Reserve Bank of Dallas, recommending adjustment in salaries of certain of the junior officers of that Bank.

Approved. Referred to Governor Harding for reply.

Letter dated August 11th, from the Chairman of the Federal Reserve Bank of Richmond, transmitting recommendations for certain salary adjustments authorized by the Board of Directors of that Bank, in accordance with the plan of anniversary adjustments previously approved by the Federal Reserve Board.

Approved.

Governor Harding suggested that the Federal Reserve Board fix October 25th as the date for the next Joint Conference of the Governors and Federal Reserve Agents of the several Federal reserve banks.

Upon motion, October 25th was so fixed.

With reference to the application for reduction in reserve requirements for certain outlying banks in the city of Chicago, Governor Harding called attention to the action taken by the Federal Reserve Board at the meeting of August 9, 1921, whereby these appli-

cations were approved, with the understanding that the approval would be effective upon the affirmative vote of five members of the Board, four members having voted at the said meeting of August 9th.

Mr. Miller and Mr. Mitchell announced their affirmative vote in this matter and the authority for the reserve requirement reduction was ordered.

Letter dated August 10th, from the Chairman of the Federal Reserve Bank of Atlanta, transmitting a list of salaries of employes of that Bank as of July 1, 1921, with proposed adjustments indicated.

Approved.

Letter dated August 11th, from the Chairman of the Federal Reserve Bank of Minneapolis, reporting upon the Group Conference held on the 8th of August by the Federal Reserve Banks of San Francisco, Kansas City and Minneapolis.

Ordered circulated.

Letter dated August 13th, from the Chairman of the Federal Reserve Bank of Minneapolis, transmitting copy of a statement given by him to the press on August 12th and issued by him with a view to straightening out misapprehensions as to the course of the Federal Reserve Bank of Minneapolis in dealing with the rediscount rate.

Ordered circulated.

Governor Harding stated that the Board of Directors of the Federal Reserve Bank of Kansas City had under consideration the purchase of a certain lot in Denver, for the purpose of a branch bank building, said lot to cost \$350,000.

Upon motion, the expenditure of so large a sum as \$350,000 was disapproved, and it was the sense of the meeting that an expenditure of about \$125,000 would meet all reasonable requirements.

Governor Harding stated that the Board of Directors of the Federal Reserve Bank of Atlanta were contemplating the purchase of a lot in Birmingham, with a view to the ultimate erection of a branch bank building in that city.

Noted. No action.

Letter dated August 11th, from the Federal Reserve Agent at Dallas, enclosing, with favorable recommendation, the application of the Southwest National Bank of Dallas for authority to make acceptances up to 100% of its capital and surplus.

Approved.

Memorandum dated August 11th, from the Assistant Secretary of the Board, requesting authority for the temporary employment of two additional comptometer operators, the employment to run for not exceeding ten days, and at salary at the rate of \$1640 per annum each.

Approved.

Memorandum dated August 11th, from the Chief of the Division of Reports and Statistics, requesting authority for the appointment of Mr. H. R. Grossman as Technical Clerk in the Division of Reports and Statistics, at an annual salary of \$1560.

Approved, upon favorable recommendation of the Assistant Secretary.

Mr. Mitchell advised the Board that upon the request of the Department of State, he had assigned his Secretary, Mr. Leonard, to that Department for the purpose of assisting in compiling preliminary data for the Disarmament Conference, and that therefore Mr. Leonard will be absent from his post of duty with the Federal Reserve Board for a period of several months, said absence to be without pay.

Five letters dated August 9th and 15th, respectively, from the Comptroller of the Currency, requesting the Board's approval of the following salaries for the following National Bank Examiners:

| | |
|-----------------------------------|--------------------|
| Mr. Wm. F. Sheehan, 9th District: | \$3,000 per annum. |
| Mr. Frank L. Thomas, 12th " | 5,000 do |
| Mr. Henry B. Hane, 4th " | 4,000 do |
| Mr. Wm. B. Hamilton, 6th " | 4,000 do |
| Mr. Wm. H. Baldrige, 9th " | 3,000 do |

Approved.

REPORTS OF COMMITTEE NO. 1:

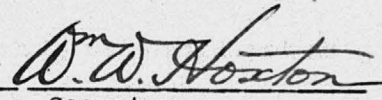
Dated August 9th, Recommending changes in stock at Federal reserve
 " " 12th, banks, as set forth in the auxiliary minute book as of this date.

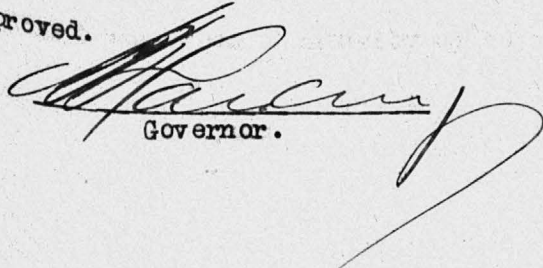
Approved.

Dated August 15th, Recommending action on applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

At one o'clock p.m. the meeting adjourned.


 Secretary.

Approved.

 Governor.