

A meeting of the Federal Reserve Board was held in the office of the Board on Friday, September 2, 1921, at 11:10 a.m.

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

PRESENT ALSO:
Upon invitation, Mr. W. H. Kettig,
a Director of the Federal Reserve
Bank of Atlanta.

Minutes of the meeting of the Board held September 1st were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business August 31st, 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 6%, as follows:

<u>Date</u>	<u>Bank redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Sept. 1	Dallas	Boston	\$1,500,000	11-15 days

Memorandum dated August 31st, from the Assistant Secretary, recommending that the Board authorize the payment of \$25.00 to Mr. S. M. Marschmer, of Washington, for services rendered in the preparation of a certain graphic made necessary in connection with the recent tabulation of loans to member banks by agricultural, semi-agricultural and non-agricultural counties in the United States, in connection with

data prepared for the Congressional Joint Commission on Agricultural Inquiry.

Approved.

Letter dated August 26th, from the Consulting Architect, with reference to the plans for the proposed new building of the Federal Reserve Bank of Minneapolis.

Noted. Consideration postponed until a later date.

Letter dated September 2d, from Mr. Case, Deputy Governor of the Federal Reserve Bank of New York, transmitting information relative to the reparation payment by the Reichsbank of Germany of gold transmitted to the Federal Reserve Bank of New York for the account of the National Bank of Belgium.

Noted.

Letter dated September 2d, from the Under Secretary of the Treasury, transmitting a copy of a confidential letter sent by the Treasury Department to all Federal reserve banks, requesting the views of said banks upon the contemplated plan of making a general reduction in the size of paper currency notes.

Noted. Governor Harding was requested to advise Mr. Gilbert that the Board would take the matter under advisement, and to request that the Board be furnished with the copies of the replies received from the several Federal reserve banks to the Treasury Department's letter.

Draft of letter dated September 2d, prepared for the signature of Governor Harding and addressed to the Chairman of the Federal Reserve Bank of Atlanta, inquiring as to what collection charges upon

outside checks are being maintained by the members of the Atlanta Clearing House, and also inquiring if such charges are imposed against checks which are collected through the Federal Reserve Bank of Atlanta.

Approved.

Letter dated August 31st, from the Governor of the Federal Reserve Bank of St. Louis, explaining the policy of that Bank with reference to the ratio of quick assets to current liabilities in considering financial statements offered in connection with paper offered for discount.

Noted.

Letter dated September 1st, from the Director of the Division of Analysis & Research, requesting authority to employ a computer at \$125. per month for such time as may be necessary to complete the work to be done by that Division in connection with the compilation and completion of the data furnished from the files of the Division of Foreign Exchange, for which data the Federal Reserve Board recently asked, with a view to its publication, if thought desirable. Dr. Willis also requested that after the particular work in question is finished, that he be authorized to continue the services of this temporary employee long enough to finish the work of closing up the British and French index numbers.

Approved.

Memorandum from the Secretary of the Board, relative to the plans suggested by the Federal Reserve Bank of Atlanta with a view to furnishing fresh currency to Cuba, to take the place of a large volume of unfit American currency now circulating in that Island.

Ordered circulated.

With reference to the action of the Federal Reserve Board taken at its meeting of August 30th, in the case of the First National Bank of Hagerstown, Maryland, the following resolution was moved and unanimously carried:

WHEREAS, It appears that the First National Bank of Hagerstown, in the State of Maryland, has failed to comply with and has violated the Act of Congress approved December 23, 1913, known as the Federal Reserve Act, as amended, by failing to maintain with its Federal Reserve Bank its reserve balance in the amount required by law, and by making new loans while its reserve balance was not up to the requirements of law, and by paying dividends while its reserve balance was not up to the requirements of law, and by making illegal and excessive loans, and by otherwise failing to comply with and violating the provisions of said Act,

NOW, THEREFORE, BE IT RESOLVED, That the Federal Reserve Board, pursuant to the provisions of Section 2 of the Federal Reserve Act, does hereby authorize and direct the Comptroller of the Currency in his own name to institute and prosecute a suit against said First National Bank of Hagerstown, Maryland, in a court of the United States, of competent jurisdiction, in the district wherein said First National Bank of Hagerstown is located, to have determined and adjudged the non-compliance with and violations of said Act by said bank, in order that the charter of said First National Bank of Hagerstown and all of the rights, privileges, and franchises of said bank granted to it by law may be forfeited, and in order that said bank may be declared dissolved.

Governor Harding stated that the Board had before it as unfinished business the proposal of the Federal Reserve Bank of Atlanta to establish a commodity rate of 5% upon paper secured by agricultural

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products, with the understanding that the member banks certify a maximum rate of 7% to their own customers.

Upon motion, disapproved.

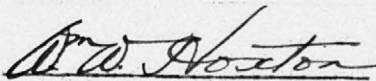
Mr. Kettig presented to the Board the reasons held by the Directors of the Federal Reserve Bank of Atlanta for wishing to purchase certain real estate in the city of Birmingham upon which, at some future time, to erect a building for the Birmingham Branch.

Matter was discussed and no action taken.

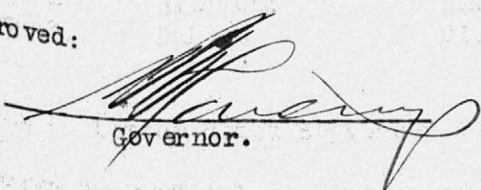
Letter dated August 30th, from the Comptroller of the Currency, recommending approval of an increase in the salary of National Bank Examiner E. Willey Stearns from \$5500 to \$6000 per annum, effective September 1, 1921.

Approved.

At 12:45 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.