

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, October 4, 1921, at 11:15 a.m.

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

PRESENT ALSO:  
 Mr. G. L. Harrison, Deputy Governor,  
 Federal Reserve Bank of New York.

Minutes of the meeting of the Board held September 30th were read and on motion approved.

There followed an informal discussion between the members of the Board and Mr. Harrison of the salary policies of the Federal Reserve Bank of New York with reference to certain inquiries made to that Bank by the Congressional Joint Commission on Agricultural Inquiry.

At 1:10 p.m. the meeting adjourned, and a recess was taken until 2:30 p.m.

Pursuant to the terms of adjournment, the Board reassembled at 2:30 p.m.

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

The Governor reported the reserve positions of the several Federal reserve banks as at close of business September 30th and October

1st, 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 rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Sept. 30	Richmond	New York	\$5,000,000	7-15 days
Sept. 30	Dallas	Boston	1,500,000	11-15 "
Oct. 1	Atlanta	Cleveland	1,000,000	1-90 dys. (Com)
Oct. 3	Richmond	New York	5,000,000	11-15 "
Oct. 3	Dallas	Boston	2,000,000	1-90 dys. (Com)
			3,000,000	11-15 "

Governor Harding stated that the special order business upon the docket was the consideration of the proposed classification as agricultural paper of the paper of Fruit Growers Marketing Associations.

Upon the representation of Mr. Mitchell that he had not examined the documents in connection with this question, action was postponed in order to provide Mr. Mitchell an opportunity for such examination.

Memorandum dated October 4th, from the Secretary of the Board, requesting authority to supply certain omissions in the minutes of the Board of September 21, 1916 and August 26, 1920, by attaching explanatory memoranda to the minutes of those dates.

Approved.

Memorandum dated October 1st, from the Secretary of the Board, requesting authority to install a method of preserving the records of the Board by which all letters and documents upon which Board action has been taken and which are referred to in the minutes will be kept segregated in the general files during the current year, and bound at

the end of each year as a supplementary volume to the regular minutes.

Approved.

Memorandum dated October 3rd, from the Assistant Secretary of the Board, requesting authority, in behalf of the Board's Sub-committee on Staff, to make certain modifications in the present method of grading and rating employes.

Approved.

Letter dated October 1st, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the Boston and Maine Railroad for a loan of \$3,049,000, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved, Mr. Hamlin not voting.

Letter dated October 4th, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the Western Maryland Railway Company for a loan, in six parts, of \$1,000,000, the carrier electing at this time to take over the first part of the loan amounting to \$150,000, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated September 27th, from the Chairman of the Federal Reserve Bank of San Francisco, advising of an increase in salary, from \$3300 to \$3600, for Mr. A. B. Mason, recently transferred from the Portland Branch to the Examination Department of the Federal Reserve

Bank of San Francisco.

Approved.

Letter dated September 27th, from the Chairman of the Federal Reserve Bank of San Francisco, advising that Mr. W. H. High has been employed by the Federal Reserve Bank of San Francisco, at a salary of \$2400 per annum.

Approved.

Letter dated September 27th, from the Chairman of the Federal Reserve Bank of San Francisco, advising of the appointment of Mr. J.P. Read as Assistant Auditor at the Portland Branch, effective October 10, 1921, without change in his present compensation.

Noted.

Letter dated September 28th, from the Governor of the Federal Reserve Bank of New York, in reply to the Board's letter X-3207, of September 20, 1921, requesting the Federal reserve banks to secure reports of rates of interest charged by member banks to their customers on all paper offered for discount at the Federal reserve banks.

Upon motion, referred to Messrs. Platt and Mitchell as a special committee to consider the matter and report to the Federal Reserve Board tomorrow.

Application dated September 27th, from the Equitable Trust Company of New York for permission to accept bills of exchange drawn on said Bank by banks or bankers in the respective countries designated by the Federal Reserve Board, for the purpose of creating dollar exchange.

Approved.

Telegram dated October 4th, from the Chairman of the Federal Reserve Bank of Minneapolis, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, fixed a rate of 6% upon all paper of all maturities offered for discount, effective October 5th.

Approved.

Letter dated October 3rd, from the Chairman of the Federal Reserve Bank of Philadelphia, asking to be excused from exhibiting to his Board of Directors the circular letter addressed to him by Governor Harding, requiring him to refer to his Board of Directors for concurrence all matters pertaining to salary adjustments of the employes of the Federal Reserve Agents Department.

Governor Harding was requested to advise Mr. Austin that the Board does not consider it material that he should exhibit the letter referred to to his Board of Directors, but that he will be expected to act in accordance with the terms of said letter.

Draft of telegram addressed by Governor Harding to the Chairman of the Federal Reserve Bank of Chicago (in answer to an inquiry) advising that all open market purchases of acceptances, whether from dealers or others, must not be purchased at a lower rate than the minimum rate for such purchases established by the Board of Directors of the Federal Reserve Bank of Chicago and approved by the Federal Reserve Board.

Approved.

Telegram dated October 1st, from the Chairman of the Federal Reserve Bank of Philadelphia, stating that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, established a 4% minimum rate on open market purchases of bankers' acceptances.

Approved.

Governor Harding submitted to the Board several letters and telegrams from the Chairman of the Federal Reserve Bank of Atlanta, requesting that the Board approve for that Bank a minimum rate of 4% for open market purchases of bankers' acceptances.

Upon motion, it was voted that no change should be made in the open market rate for the Federal Reserve Bank of Atlanta at this time.

Letter dated September 30th, from the Chairman of the Federal Reserve Bank of St. Louis, requesting authority to set aside the sum of \$2500 for the purpose of making loans to needy and worthy employes, the said fund to be administered by the Governor and the Chairman of the Board.

Approved.

Governor Harding submitted to the Board the carbon copy of a letter addressed by him to the Chairman of the Federal Reserve Bank of Dallas, in reply to a letter of September 28th, written by Judge Ramsey, and expressing his views in the matter of selection of certain senior officers for that Bank.

Upon motion, the Board concurred in the attitude expressed by Governor Harding in his letter, and Governor Harding was requested to telegraph Judge Ramsey to that effect.

Governor Harding advised the Board that the Directors of the Federal Reserve Bank of Atlanta had been in the habit of holding some of their regular meetings at the offices of the several branches of that Bank, and suggested that the Board advise the Federal Reserve Bank of Atlanta that the meetings of the Board of Directors of that institution should be held at the head office, and that if for any particular reason it is desired to hold a meeting at some other place, the approval of the Federal Reserve Board covering its expense account should be secured in advance.

Upon motion, it was so ordered.

Mr. Hamlin submitted to the Board a letter prepared for his signature, addressed to the President of the First National Bank of Utica, New York, setting forth the opinion of the Board with reference to the classification and eligibility for discount of the paper of the Dairy-mens League Cooperative Association.

Approved.

Governor Harding stated that the next order of business was the hearing to show cause why the Farmers Equity Bank, Brooksville, Kentucky,

should not be required to surrender its stock in the Federal Reserve Bank of Cleveland and to forfeit all rights and privileges of membership in the Federal Reserve System. Inasmuch as no one appeared in behalf of the Farmers Equity Bank, Brooksville, Ky., that Bank having by resolution of its Board of Directors, dated September 29, 1921, admitted its failure to comply with the provisions of Section 9 of the Federal Reserve Act and the resolution of the Federal Reserve Board made pursuant thereto, and having waived its right to a hearing before the Federal Reserve Board under the terms of Section 9 of the Federal Reserve Act, upon motion, the following resolution was unanimously adopted:

WHEREAS, it appears to the Federal Reserve Board, from a consideration of the evidence and information received by it, that the Farmers Equity Bank, Brooksville, Kentucky, has failed to comply with the provisions of Section 9 of the Federal Reserve Act, and that said bank has failed to comply with the regulations of the Federal Reserve Board made pursuant to the provisions of that section,

NOW, THEREFORE, BE IT RESOLVED, that the Federal Reserve Board require and direct the Farmers Equity Bank, Brooksville, Kentucky, under the terms of Section 9 of the Federal Reserve Act as amended by the Act of June 21, 1917, to surrender its stock in the Federal Reserve Bank of Cleveland, and to forfeit all rights and privileges of membership as of the date on which notice of this action on the part of the Federal Reserve Board is received by said Bank.

REPORTS OF COMMITTEE NO. 1:

Dated Oct. 1st, Recommending changes in stock at Federal reserve banks, as set forth in the auxiliary minute book as of this date.  
 Approved.

Dated Oct. 3d, Recommending action on applications for admission of state banks, 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 4:30 p.m. the meeting adjourned.

W. D. Horton  
Secretary.

Approved:

[Signature]  
Governor.