

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, December 13, 1921, at 11:20 a.m.

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

Minutes of the meeting of the Board held December 8th were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business December 7th and 10th, 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 $5\frac{1}{2}\%$, as follows:

<u>Date</u>	<u>Bank redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Dec. 9th	Dallas	Boston	\$1,000,000	11-15 days

Letter dated December 12th, from the Governor of the Federal Reserve Bank of Richmond, suggesting that that Bank invest \$75,000 in Government securities, with a view to using the income to pay premiums upon insurance upon the building. Also, requesting authority to set aside \$100,000 as a reserve against possible losses in the loan account of the Bank.

No action, it being determined to defer reply until the Board has been apprised of the intentions of other Federal reserve banks with reference to making requests for authority to set up reserves against possible losses.

Letter dated December 10th, from the Secretary of War, advising that the United States Government is contemplating making examination of the banking situation in the Phillipine Islands, and suggesting that the Federal Reserve Bank of New York be designated as a depository of the funds of the Phillipine Government; also, inquiring if the Federal Reserve Bank of New York would pay current market interest rates on the deposits of the Phillipine Government.

The Governor was requested to advise the Secretary of War that there is no objection to the designation of the Federal Reserve Bank of New York as a depository for the funds of the Phillipine Government, with advice that no Federal reserve bank can pay any interest upon any deposits.

Letter dated December 6th, from the Governor of the Federal Reserve Bank of Cleveland, submitting schedule of proposed salary adjustments among the officers and employes of that Bank.

Upon motion, the letter was referred to Messrs. Platt, Miller and Mitchell, said members being designated as a special committee to consider applications likely to be made at the end of this year for authority to adjust salaries and make charges against profit and loss.

Letter dated December 8th, from the Chairman of the Federal Reserve Bank of Dallas, requesting authority to declare the usual dividend as of December 31st, and authority to set up a reserve against possible losses, and authority to charge off as depreciation 2% of the cost of the bank buildings at Dallas and Houston.

Upon motion, the payment of the dividend was authorized, and the other matters were referred to the Committee on Salaries and Charge Offs.

Two letters dated December 7th, from the Chairman of the Federal Reserve Bank of San Francisco, requesting authority to make certain charges against profit and loss.

Referred to the Committee on Salaries and Charge Offs.

Letter dated December 6th, from the Chairman of the Federal Reserve Bank of San Francisco, with reference to the policy of the Bank of Italy, San Francisco, in the matter of establishing branches.

After full discussion, the matter was ordered referred to General Counsel.

Letter dated December 8th, from the Chairman of the Federal Reserve Bank of San Francisco, requesting for that Bank the authority of the Federal Reserve Board to purchase United States certificates of indebtedness or Victory Notes, in sufficient amount to insure dividends.

The Governor was authorized to telegraph Mr. Perrin that the Federal Reserve Board interposes no objection to the purchase by the Federal Reserve Bank of San Francisco of such U.S. certificates of indebtedness or Victory Notes.

Letter dated December 17th, from the Deputy Governor of the Federal Reserve Bank of Richmond, requesting the Board to rule in the case of a disagreement between the Federal Reserve Bank of Richmond and the Federal Reserve Bank of New York as to the eligibility for discount by Federal reserve banks of paper of a certain sugar commission company, and submitting for the Board's consideration a financial statement of the said Company.

The matter submitted by Deputy Governor Peple was discussed, but no action taken.

The Governor stated that he had received a telephone communication from the Deputy Governor of the Federal Reserve Bank of New York, Mr. Case, inquiring if the Board would have objection should the examiners of the Federal Reserve Bank of New York share with the examiners of the State of New York in an examination of the International Acceptance Bank of New York.

It was, upon motion, voted that the Board has no objection to such joint examination.

At 1:10 p.m. a recess was taken until 2:30 p.m.

In accordance with the terms of adjournment, the Board reassembled at 2:30 p.m., Mr. Crissinger being present, in addition to those who were present at the morning session.

The Governor reported to the Board the arrangements which he had made with reference to securing additional space in the Rapley Building, as previously authorized by the Board, and suggested, in order to provide sufficient space for the Board's force, that the lease upon the quarters in the National Metropolitan Bank Building be surrendered only as to a part thereof.

The Governor's arrangement and suggestion were concurred in by the Board.

Memorandum dated December 10th, from the Board's Statistician, recommending the discontinuance of the collection by the Federal Reserve Board of statistics covering gold and silver imports and exports, in view of the fact that these statistics are collected and published by the Department of Commerce.

Approved.

Memorandum dated December 8th, from the Assistant Counsel, recommending that the Federal Reserve Board require all Acting Assistant Federal Reserve Agents to execute original bonds in the same form and amount as is required of Assistant Federal Reserve Agents.

Approved.

Memorandum dated December 9th, from the Assistant Counsel, submitting a revised form of the application required to be filled out by national banks for stock in their respective Federal reserve banks.

Approved.

Letter dated November 29th, from the Secretary of the Board of Directors of the Federal Reserve Bank of Minneapolis, transmitting, for the approval of the Federal Reserve Board, a resolution of the Board of Directors of that Bank, providing for a payment of a dividend for the six months period ending December 31, 1921, at the rate of 6% per annum, on the paid in capital stock, payable on the 31st day of December, 1921.

Approved.

Letter dated December 8th, from the Secretary of the Board of Directors of the Federal Reserve Bank of Cleveland, transmitting for the approval of the Federal Reserve Board, a resolution of the Board of Directors of that Bank providing for the payment of a dividend for the six months period ending December 31, 1921, at the rate of 6% per annum, on the paid in capital stock, said dividend payable on the 31st day of December, 1921.

Approved.

Letter dated December 8th, from the Chairman of the Federal Reserve Bank of Philadelphia, transmitting, for the approval of the Federal Reserve Board, a resolution of the Board of Directors of that Bank, authorizing the payment of a dividend for the period ending December 31, 1921, at the rate of 6% per annum, payable on the 31st day of December, 1921.

Approved.

Letter dated December 9th, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the Seaboard Air Line Railway Company for a loan of \$1,451,500, in five parts, the carrier electing to take over at this time the fifth part of the loan in the amount of \$139,500, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Formally approved; having previously been approved by the initials of members of the Board.

Letter dated December 10th, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the Alabama, Tennessee and Northern Railroad Corporation, for a loan of \$399,000, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Formally approved; having previously been approved by the initials of members of the Board.

Letter dated December 7th, from the Governor of the Federal Reserve Bank of Boston, with regard to certain charge offs contemplated by that Bank covering building and equipment depreciation.

Referred to the Governor for reply.

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Letter dated December 1st, from the Chairman of the Federal Reserve Bank of San Francisco, suggesting a modification in the Federal Reserve Board's condition of membership imposed upon state bank applicants.

It was the sense of the meeting that Mr. Perrin's proposed modification of the condition referred to would not be feasible for use generally by the Board, although it might be applicable to state banks which apply for membership from the State of California.

Letter dated December 9th, from the Chairman of the Federal Reserve Bank of New York, advising that the Board of Directors of that Bank had, subject to the approval of the Federal Reserve Board, determined to permanently employ Mr. Francis Oakey, and to drop from his title the word "Acting".

Referred to the Committee on Salaries and Charge Offs.

Letter dated December 7th, from the Director of the Division of Analysis and Research, requesting approval of the appointment of an employe at salary of \$1600 per annum, to take the place of another employe, resigned.

Approved.

Letter dated December 7th, from the Chairman of the Federal Reserve Bank of Philadelphia, inquiring if the Board will approve the purchasing by that Bank of U.S. certificates of indebtedness and Victory Notes, in view of the decline in volume of that Bank's discount and loan account.

It was the sense of the meeting that the Board will interpose no objection to such purchases in an amount not greater than \$20,000,000, and the Governor was requested to make reply to Mr. Austin.

Telegram dated December 9th, from the Chairman of the Federal Reserve Bank of Richmond, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, fixed the discount rate at that Bank on all classes and all maturities of paper at 5%, effective at once.

Formally approved; having previously been approved by the initials of five members of the Board.

Letter dated December 8th, from the Chairman of the Federal Reserve Bank of Atlanta, advising of the promotion and salary increase of one employe and the temporary transfers of two employes.

Approved.

Memorandum dated December 9th, from Mr. Jacobson, the Statistician of the Board, recommending that the Associate Statistician be authorized to attend the meetings of the American Economic Association and the American Statistical Association, to be held in Pittsburgh, Pa. on December 27th to 30th, said attendance to be in an official capacity and at the expense of the Federal Reserve Board.

Approved. Upon motion, the Secretary was instructed to advise Mr. Jacobson, the Statistician, that the Board also approves his own attendance upon the meetings referred to, said attendance to be also in an official capacity and at the expense of the Federal Reserve Board, provided Mr. Jacobson desires to attend.

Memorandum dated December 12th, from the General Counsel, requesting that the Board authorize an expenditure of \$75.00 for the Corporation Trust Company's service during the special session of the 67th Congress, covering legislation relative to banking and currency.

Approved.

Letter dated December 7th, from the Deputy Comptroller of the Currency, submitting to the Board list of the changes made in the National Bank Examining force during the month of November, 1921.

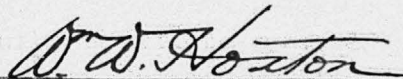
Noted.

REPORTS OF COMMITTEE NO. 1:

Dated December 13th, Recommending changes in stock at Federal Reserve Banks as set forth in the auxiliary minute book as of this date.

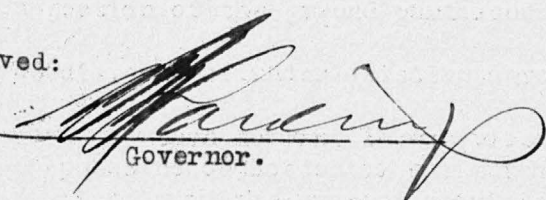
Approved.

At 4:15 p.m. the meeting adjourned.



Secretary.

Approved:


Governor.