

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, December 20, 1921, at 11:25 a.m.

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

Minutes of the meeting of the Board held December 16th were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business December 16th and 17th, and the status of rediscounts between the Federal reserve banks as of the same dates.

Telegram dated December 17th, from the Federal Reserve Bank of Richmond, requesting approval of a maximum 5% and a minimum 4% rate for open market purchases of bankers' acceptances.

Formally approved, having been approved yesterday, by the initials of four members of the Board.

Telegram dated December 19th, from the Chairman of the Federal Reserve Bank of Atlanta, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, established a rate of 5% for all classes of paper, and a rate of from 4% minimum to 5% maximum on open market purchases of bankers' acceptances, it being understood that the maximum rate is to apply to unindorsed bills, said rate changes to be effective at once.

Formally approved, Mr. Platt voting "no"; the action of the Federal Reserve Bank of Atlanta having been approved yesterday by the initials of four members of the Board.

Letter dated December 16th, from the Chairman of the Federal Reserve Bank of Atlanta, submitting certain changes in the payroll at the head office and the Savannah Agency, said changes subject to the approval of the Federal Reserve Board.

Approved.

Letter dated December 13th, from the Chairman of the Federal Reserve Bank of San Francisco, requesting approval of the Federal Reserve Board of the action taken by the Executive Committee of the Board of Directors of that Bank, whereby the Federal Reserve Bank of San Francisco will establish, temporarily, as an emergency matter, a currency depot in Boise City, Idaho.

Approved.

Letter dated December 16th, from the Chairman and Federal Reserve Agent at Philadelphia, requesting authority, in submitting papers covering the application of state banks, to substitute the examination reports of the examiners of the Federal Reserve Bank of Philadelphia, in lieu of the examination reports of the examiners of the state of Pennsylvania.

Approved.

Letter dated December 16th, from the Executive Committee of the National Bank Division of the American Bankers Association, calling attention to certain apparent dangers to the national banking system, by reason of liberal powers granted by some states to the state banks which are under their jurisdiction.

Noted.

Memorandum dated December 19th, from the Assistant Secretary of the Board, requesting authority to employ a telegraph operator, at \$165.00 per month, in lieu of an operator whose resignation is effective today.

Approved.

Memorandum dated December 19th, from the Assistant Secretary of the Board, requesting authority to employ a stenographer, at a salary of \$1440. per annum, to fill a vacancy in the stenographic force of the Federal Reserve Board.

Approved.

Memorandum dated December 17th, from the Assistant Secretary of the Board, recommending that an order be issued, advising the Board's employes that the offices will be closed all day December 26, 1921 and January 2, 1922, and that all employes who can be spared, will be excused from duty at one o'clock Saturday, December 24th.

Approved.

Memorandum dated December 17th, from the Chief of the Division of Examination, recommending that Assistant Examiners Gordon, Noell and Drinnen be granted commissions as Federal Reserve Examiners, the three men named having heretofore been serving as Assistant Examiners.

Approved.

Memorandum dated December 17th, from the Chief, Division of Examination, recommending the appointment of Mr. M. R. Wilkes as Assistant Federal Reserve Bank Examiner, at salary of \$2400 per annum, effective January 3, 1922.

Approved.

Memorandum dated December 17th, from the Chief of the Division of Examination, recommending salary increases to three Federal Reserve Bank Examiners and fourteen Assistant Federal Reserve Bank Examiners, in the aggregate amount of \$5,280.

Approved, effective January 1, 1922, detailed as follows:

<u>Examiners</u>	<u>Present Salary</u>	<u>Increase Recommended</u>	<u>Proposed Salary</u>
J. L. Buchanan	\$6,500	\$500	\$7,000
V. J. Grund	4,500	500	5,000
R. M. Chapman	4,200	300	4,500
<u>Asst. Examiners</u>			
J. B. Atkins	3,000	300	3,300
C. H. Ball	2,700	200	2,900
R. H. Brett	3,300	300	3,600
R. B. Chamberlin	3,300	300	3,600
F. J. Drinnen	3,900	300	4,200
J. C. Noell	4,000	200	4,200
J. F. Prahl	3,000	500	3,500
A. J. Schapp	2,500	200	2,700
R. B. Wiltse	3,300	300	3,600
P. A. Gordon	4,200	300	4,500
Carroll Pierce, Jr.	2,000	400	2,400
<u>FISCAL AGTS. DEPT.</u>			
Ellery W. Baker	1,730	190	1,920
Nannette Milliken	1,730	190	1,920
E. A. Farrell	2,400	300	2,700

Upon motion, the salary of Mr. J. F. Herson, Chief of the Division of Examination, was increased from \$10,000 per annum to \$11,000 per annum, effective January 1, 1922.

Memorandum dated December 19th, from the Assistant Secretary of the Board, inquiring whether or not the Federal Reserve Banks of New York and Cleveland are justified in crediting to the self-insurance funds the income on securities purchased with the self-insurance funds, in lieu of crediting such income to the general profit account of the

Federal Reserve Banks.

The Governor was requested to take this matter up with General Counsel, although it was the sense of the meeting that the income from securities purchased with self-insurance funds should go with and become a part of the said funds.

Memorandum dated December 16th, from the Comptroller of the Currency, recommending that the Federal Reserve Board approve a reduction in capital stock from \$100,000 to \$25,000 by the Wynona National Bank of Wynona, Oklahoma.

Approved.

The Governor submitted to the Board the report of examination of the Federal International Banking Company of New Orleans, La., together with a memorandum analyzing this report, prepared by the Chief of the Division of Examination.

Noted.

The Governor submitted to the Board the report of examination of the Federal Reserve Bank of Dallas, as of October 8, 1921, together with a memorandum from the Chief of the Division of Examination, analyzing such report.

Noted.

The Governor stated that in order to insure the proper and regular handling of all the reports of examinations of the Federal reserve banks, he would suggest that these reports, when received by him, be turned over to the Division of Examination for scrutiny and analysis; that the Division's analysis and the report itself be placed upon the regular docket

for submission to the Federal Reserve Board; and that the Secretary then address a letter to the Chairman of the Board of Directors of the Federal Reserve Bank concerned, calling formal attention to the criticisms and the suggestions of the examiners, requesting a reply as to the attitude of the Federal reserve bank with reference to such criticisms and suggestions.

The Governor submitted to the Board proposed circular letter X-3273 dated December 19, 1921, and containing the instructions to Federal reserve banks covering franchise tax payments on December 31, 1921.

Approved and ordered transmitted.

Letter dated December 15th, from the Chairman of the Federal Reserve Bank of St. Louis, setting forth the procedure which that Bank desires to use in connection with the applications of newly chartered national banks for the exercise of fiduciary powers.

Referred to the Governor for reply, it being the sense of the meeting that while the Federal Reserve Bank of St. Louis would be justified in using every effort to persuade newly chartered national banks not to make application for fiduciary powers until after the first examination of the applying bank, that the Federal Reserve Bank should send such applications forward to the Federal Reserve Board at once, and prior to such examination, if the applicant should insist upon such a course.

Letter dated December 16th, from the Chairman of the Federal Reserve Bank of St. Louis, making certain suggestions for the consideration of the Federal Reserve Board covering extra compensation in salaries at that Bank.

Referred to the Committee on Salaries and Charge Offs.

Memorandum dated December 16th, from the Fiscal Agent, submitting an estimate for the general expenses of the Board for the ensuing six months, and requesting authority to make an assessment upon the Federal reserve banks in a sufficient percentage of total paid in capital stock and surplus to produce an amount approximately of \$398,000.

Upon motion, the following resolution was unanimously adopted:

Whereas, under Section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal Reserve Banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts, and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year; and

Whereas, it appears from estimates submitted and considered that it is necessary that a fund equal to one hundred four thousandths of one per cent (.00104) of the total paid-in capital stock and surplus of the Federal Reserve Banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal Reserve notes; Now, therefore,

Be it resolved, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal Reserve Banks of an amount equal to one hundred four thousandths of one per cent (.00104) of the total paid-in capital and surplus of such banks as of December 31, 1921, and the Fiscal Agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board, receipts for payments made. Such assessment will be collected in two installments of one-half each; the first installment to be paid on January 1, 1922, and the second half on March 1, 1922.

Letter dated December 17th, from the Governor of the Federal Reserve Bank of Atlanta, giving information regarding bids which have been received for the construction of the building for the Nashville Branch of the Federal Reserve Bank of Atlanta.

Referred to Messrs. Platt and Mitchell for report.

Letter dated December 17th, from the Deputy Governor of the Federal Reserve Bank of New York, Mr. Sailer, advising the Board of the action of that Bank in letting the contract for stone work for the new bank building at approximately \$853,200, said contract representing a saving of approximately \$90,000, with respect to estimates which had previously been made covering this item.

Noted.

The Governor stated that with reference to the situation in the Twelfth Federal Reserve District caused by the activity of the Bank of Italy in connection with the establishment of branches, he desired to submit a letter dated December 14th, from the Chairman of the Federal Reserve Bank of San Francisco, a letter of December 15th, from the President of the Bank of Italy, and a memorandum on the subject from Mr. Hamlin to the General Counsel of the Federal Reserve Board.

Upon motion of Mr. Miller, it was voted to refer these documents to a special committee composed of Mr. Crissinger and Mr. Mitchell, with the request that the said committee make a study of the whole situation and report thereon at its earliest convenience to the Federal Reserve Board.

Mr. Miller submitted to the Board a report of the Board's Committee on Internal Economy and Comparative Efficiency.

Referred to the Governor with power.



Memorandum dated December 20th, from the Division of Examination, advising that the Board is in receipt of telegraphic advice from the Federal Reserve Agent at Kansas City, that the following organizing national banks have filed applications for stock and made the required fifty per cent payment thereon, and recommending that the applications be approved, effective if and when the Comptroller issues certificates of authority to begin business:

- First National Bank of Shamrock, Okla. 17 shares  
(conversion of the First State Bank of Shamrock)
- The Helena National Bank of Helena, Okla. 17 shares  
(conversion of the Helena State Bank)
- The Wellston National Bank of Wellston, Okla. 15 shares  
(conversion of the Wellston State Bank)
- The Central National Bank of Ponca City, Okla. 30 shares  
(conversion of the Central State Bank)

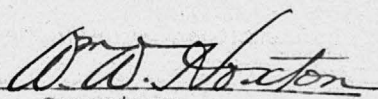
Approved.

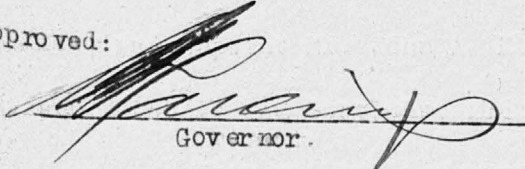
REPORTS OF COMMITTEE NO. 1:

Dated December 16th, Recommending changes in stock at Federal reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

At 1:25 p.m. the meeting adjourned.

  
Secretary.

Approved:   
Governor.