A meeting of the Federal Reserve Board was held in the office of the Board on Wednesday, May 3, 1922, at 11:30 a.m.

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

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

The Governor reported the reserve positions of the several Federal reserve banks as at close of business April 29th and May 1st.

The Governor submitted a memorandum dated May 1st, from the General Counsel, with reference to the proviso contained in Section 13 of the Federal Reserve Act, as follows: "That notes, drafts and bills drawn or issued for agricultural purposes or based on livestock and having a maturity not exceeding six months, exclusive of days of grace, may be discounted in an amount to be limited to a percentage of the assets of the Federal Reserve Bank, to be ascertained and fixed by the Federal Reserve Board".

Upon motion, the following resolution was unanimously adopted:

"WHEREAS, the Board has always heretofore proceeded upon the assumption that six months agricultural and livestock paper may be discounted by any Federal reserve bank up to a total of 99% of its assets, said assumption being based upon the fact that the Board has always allowed such percentage to any Federal reserve bank making a request therefor, and

WHEREAS, an examination of the records of the Board has failed to reveal that formal action has been taken in this matter, therefore,

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BE IT RESOLVED, that the Board does now take formal action ratifying and conforming to the long established practice in this matter and does hereby, under the terms of Section 13 of the Federal Reserve Act, fix 99% of the total assets of each Federal Reserve Bank as the amount which may be discounted and carried by each Federal Reserve Bank, and which consists of notes, drafts and bills drawn or issued for agricultural purposes, or based on livestock, and having a maturity not exceeding six months, it being understood that the intention of the resolution is to carry out the uniform practice of the Board in the past, which has been designed to prevent any discrimination for or against any class of paper.

Letter dated April 27th, from the Federal Reserve Agent at St.Louis, recommending, in view of certain legal action by which the population of Clayton, Mo. is reduced to below 3,000 persons, that the Board approve the application of the Farmers and Commercial Savings Bank of Clayton, Mo. for permission to surrender 23 shares of stock in the Federal Reserve Bank of St.Louis, representing the difference between the former capital of the member bank concerned and its present capital.

Approved.

Letter dated April 27th, from the Chairman of the Federal Reserve Bank of San Francisco, transmitting the application of the Los Angeles Trust and Savings Bank to establish a branch at 1060 North Western Avenue, Los Angeles, it being understood that the proposal involves the establishment of an agency or a receiving station for deposits, rather than a branch.

The Secretary was directed to advise Mr.Perrin that the Board has no objection to the action contemplated by the Los Angeles Trust & Savings Bank in this respect, inasmuch as the matter appears to come within the provisions of the letter of April 28th, addressed by Governor Harding to Mr.Perrin, setting forth the position of the Federal Reserve Board in the matter of the establishment by member banks of local receiving stations for deposits or agencies.

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Letter dated April 25th, from the Chairman of the Federal Reserve Bank of San Francisco, setting forth certain objections to the proposal that the Bank make provision in its new bank building with a view to renting certain office space in the event that the space may not be required for the use of the Bank.

Referred to the Governor for reply, it being the sense of the meeting that the Board appreciates the objections made by the Federal Reserve Bank of San Francisco, and has no further suggestion to make in the matter.

The Governor stated that the reply should be made to Mr. Brooks Thompson, of Fort Worth, Texas, in regard to a letter from that gentleman which was submitted to the Board at its meeting of May 1, 1922.

Upon motion, the Governor was requested to advise Mr. Brooks Thompson that his request that the suit against him be dismissed by the Federal Reserve Bank of Dallas is a proper matter for disposal by the directors of the Federal Reserve Bank of Dallas, and that the Board, therefore, is referring his letter to that Bank.

Letter dated May 2d, from the Deputy Comptroller of the Currency, advising of changes made in the National Bank Examining force during the month of April, 1922.

Noted.

REPORTS OF COMMITTEE NO. 1:

Dated May 1, 1922, Recommending changes in stock at Federal reserve banks, as set forth in the auxiliary minute book of this date.
Approved.

Dated May 1, 1922, Recommending admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the auxiliary minute book of this date.
Approved.

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Dated May 1st, Recommending approval of the application of Mr. Edward W. Davis to serve at the same time as director of the Plymouth National Bank, Plymouth, Pa., and as director of the Wyoming Valley Trust Co., Wilkes Barre, Pa.

Approved.

Dated May 2d. Recommending that the application of Mr. John G. Groves to serve at the same time as director of the Commerce Trust Co. and the Drovers National Bank, both of Kansas City, Mo., be held, pending action of Congress on proposed amendment.

Approved.

At 12:30 p.m. the meeting adjourned.

W. W. Hoxton
Secretary.

Approved:

Governor.

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