

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, August 1, 1922, at 10:15 a.m.

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

Minutes of the meeting of the Board held July 27th were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business July 26th, 28th and 29th.

Memorandum dated July 24th, from the Chief of the Division of Bank operations, submitting, for the approval of the Board, a draft of letter addressed to all Federal reserve banks, advising of the procedure necessary in the matter of making charges to super-surplus for depreciation, etc.

Approved.

Telegram dated July 28th, from the Chairman of the Federal Reserve Bank of Atlanta, setting forth the intention of the Board of Directors of that Bank in the matter of securing plans for the proposed building for the Jacksonville Branch.

The Governor was requested to advise Mr. McCord that the Board interposes no objection to the preparation of plans for the Jacksonville building, but that the Federal Reserve Bank of Atlanta should make no contracts until the matter has been resubmitted to the Board.

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Letter dated July 24th, from the Chairman of the Federal Reserve Bank of San Francisco, with reference to the recent action of the Federal Reserve Board in declining, in accordance with the recommendation of Mr. Perrin, to approve the application of the San Fernando Valley Savings Bank, San Fernando, Calif. to establish a branch at Newhall, California.

The Governor was requested to advise Mr. Perrin, in view of the fact that the branch applied for has already been established, that the Board is willing for the applicant to continue to maintain its branch and still remain a member of the Federal Reserve System until a reasonable time has elapsed wherein the member bank may correct certain conditions which have been criticized by examiners.

Letter dated July 27th, from the Assistant Federal Reserve Agent at Atlanta, transmitting, with favorable recommendation, the application of the Trust Company of Georgia, Atlanta, Ga., for authority to engage in commercial banking.

Approved.

Draft of letter dated August 1st, prepared by General Counsel, for the signature of the Governor, and addressed to Mr. Charles James Fox, of Washington, D. C., with reference to the formation of a corporation under the so-called Edge Act.

Approved.

Mr. Hamlin suggested that the Board take under consideration the matter of granting Federal reserve banks authority to establish preferential discount rates upon paper secured by warehouse receipts for staple agricultural products.

After discussion, it was determined to take this matter up at an adjourned meeting to be held this afternoon at 2:30 o'clock.

Letter dated July 24th, from the Chairman of the Federal Reserve Bank of San Francisco, stating that if agreeable to the Board Mr. Perrin will arrange to take a months vacation a little later, if the work of the Federal Reserve Bank of San Francisco is such as to make this convenient.

Approved.

Letter dated July 28th, from the Chairman of the Federal Reserve Bank of Kansas City, setting forth the views of the members of the Board of Directors of that Bank with reference to a proposal to reduce the discount rate from 5% to 4 $\frac{1}{2}$ %, and making reference to the action of the Board of Directors in voting three months salary to former Governor J. Z. Miller, Jr.

Upon motion, the Governor was requested to advise the Federal Reserve Bank of Kansas City that it is the sense of the Board that the discount rate of that Bank could, with propriety, be reduced to 4 $\frac{1}{2}$ %, and to advise Mr. Ramsay of the understanding of the Board that the Directors of the Bank will see that reimbursement is made of the amount paid to Ex-Governor Miller.

Letter dated July 18th, addressed by the Secretary of the Board to Mr. Ward Albertson, Assistant Federal Reserve Agent at Atlanta, advising, with reference to the application of the First National Bank of Montgomery, Ala. for fiduciary powers, that a report rendered by a local clearing house examiner or a certified public accountant is acceptable in lieu of an examination made by an examining committee of a bank granted fiduciary powers by the Federal Reserve Board.

Approved.

Letter dated July 27th, from the Comptroller of the Currency, transmitting copy of his notification to Mr. W. E. Buell, dispensing with his services as Chief of the Federal Reserve Issue and Redemption Division of the Comptroller's office, and designating Mr. W. J. Tucker as Acting Chief of that Division.

Noted.

The Governor presented a letter dated July 31st, from Mr. Buell, relative to his dismissal.

This document was ordered filed.

Letter dated July 27th, from the Chairman of the Federal Reserve Bank of New York, requesting approval of the Federal Reserve Board with reference to action taken by the Board of Directors of that Bank, modifying the rules now in force in the Bank with reference to automatic increases in salary of probationary or inexperienced employees.

Approved.

The Governor submitted the reports of examination of the Federal Reserve Bank of St. Louis as at close of business May 6, 1922, and the report of examination of the Federal Reserve Bank of Dallas as at the close of business April 15, 1922, together with memoranda from the Chief of the Division of Examination with relation thereto.

Upon motion, the Secretary was directed to advise the two banks named of the receipt and consideration by the Board of the reports of examination.

REPORTS OF COMMITTEE NO. 1:

Dated July 29th, Recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book of this date.

Approved.

Dated July 28th, Recommending action on applications for fiduciary powers, as set forth in the auxiliary minute book of this date.

Approved.

Dated July 31st, Recommending approval of application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the auxiliary minute book of this date.

Approved.

At 11:35 a.m. a recess was taken, to reconvene at 2:30 p.m.

The Board reconvened at 2:35 p.m. in the Board Room.

PRESENT: Governor Harding
Mr. Hamlin
Mr. Miller
Mr. Crissinger
Mr. Hoxton, Secretary
Also Mr. Logan.

Referring to the action taken at the morning session, the Governor submitted a proposed circular addressed to all Federal Reserve banks and advising of the willingness of the Federal Reserve Board to approve a special rate applicable to paper secured by warehouse receipts for staple agricultural products upon condition that the original loan to the borrower was made by the applying member bank at a rate not in excess of a rate specified in the proposed circular. The Governor also submitted a memorandum from the General Counsel questioning the legality of the proposed special commodity rate.

Upon motion the Governor was requested to send to

the Federal Reserve banks copies of the suggested letter or regulation, said transmission to be made tentatively and in confidence, with the request that the several Federal Reserve banks supply the Federal Reserve Board with any comments and criticisms which may occur to them and with any ideas they may have regarding the rates to be fixed with respect to the commodity discounts and with respect to the rates charged by member banks to their customers upon paper offered under the proposed regulation.

Memorandum dated July 19th from General Counsel having reference to Item No. 6 contained in a letter of July 11th from the Chairman of the Federal Reserve Bank of Dallas regarding a certain contract covering a fee for legal services made by the Federal Reserve Bank of Dallas with Ethridge, McCormick and Bromberg, Attorneys. Said memorandum stating that Mr. Logan's belief is that the Board should no longer withhold its authorization to the Federal Reserve Bank of Dallas to carry out the contract according to its terms.

Approved.

The Governor submitted a letter addressed by him to the Governor of the Federal Reserve Bank of Kansas City, in reply to a letter from Governor Bailey, approving, in behalf of the Board, a maximum penalty of 12 per cent on reserve deficiencies with the understanding that the progressive penalty rate for deficient reserves will be reduced to the normal penalty rate only after reserves have been maintained by the delinquent member bank for a definite period, as set forth in the letter aforesaid.

Approved.

The Governor submitted to the Board a letter addressed to him by the Governor of the Federal Reserve Bank of New York. Said letter

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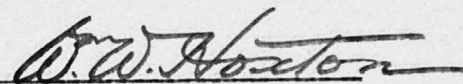
being addressed to Mr. Harding as Governor of the Federal Reserve Board and marked confidential. Governor Strong stated, with reference to his attendance upon a proposed conference of banks of issue in London in October, that he had talked with Secretary of State, Hughes and Secretary of the Treasury, Mellon regarding the matter of his attendance; that Secretaries Hughes and Mellon had read the agenda of the proposed conference and had expressed the opinion that they could see no objection to the attendance upon the meeting by Governor Strong.

Upon motion the Governor was requested to advise Governor Strong that in view of the information set forth in Governor Strong's letter of July 27th, the Board sees no objection to his attendance upon the proposed conference.

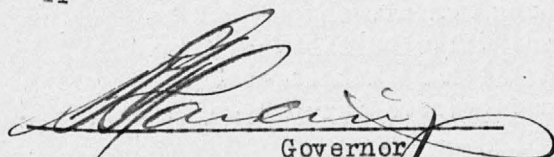
Application dated July 31st, bearing five signatures for approval and reservation of title of a corporation proposed to be organized under the terms of Section 25(a) of the Federal Reserve Act; said title to be Federal Pacific Banking Corporation, the home office to be located at San Francisco, California and the reservation to extend for a period of thirty days.

Approved.

At 3:10 p.m. the meeting adjourned.


Secretary.

Approved:


Governor