

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, April 25, 1946, at 10:30 a. m.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Evans
 Mr. Vardaman
 Mr. Carpenter, Secretary
 Mr. Morrill, Special Adviser
 Mr. Thurston, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 24, 1946, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the members of the executive committee of the Federal Advisory Council held on April 24, 1946, were approved unanimously.

Telegrams to Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, and Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, stating in each case that, effective April 26, 1946, the Board approves the elimination by the Bank of the preferential rate of 1/2 per cent on advances to member banks under paragraphs 8 and 13 of section 13 of

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the Federal Reserve Act secured by obligations of the United States which had one year or less to run to call date or to maturity if no call date, it being understood that the rate of one per cent in effect at the Bank on advances to member banks would be applicable to all advances to member banks secured by such obligations irrespective of date upon which they matured or might be called. The telegrams also stated that the Board approves the reestablishment of all other rates now in effect at the respective Banks.

Approved unanimously.

Memorandum dated April 22, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the temporary appointment of Mrs. Mary E. McGuire, a cafeteria helper in that Division, be extended on a temporary basis for an indefinite period, without change in her present salary of \$1,440 per annum, effective April 27, 1946. The memorandum further stated that Mrs. McGuire had been informed of the retirement system and that it was contemplated that she would become a member of the Board's plan.

Approved unanimously.

Memorandum dated April 23, 1946, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mrs. Mary Alice Brundage, a clerk in that Division, and recommending that the resignation be accepted effective as of the close of business May 10, 1946, and that a lump sum payment be made for any

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accrued annual leave remaining to her credit at that time.

The resignation was accepted as recommended.

Letter to Mr. Douglas, Vice President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of New York, involving the Foreign Funds Control Department and the position of Utility Porter in the Clearings Division, as submitted with your letter of April 15, 1946."

Approved unanimously.

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"The Board of Governors approves the payment of salary to Mr. John H. Barron as Assistant Cashier of the El Paso Branch for the period April 19, 1946, to May 31, 1946, inclusive, at the rate of \$3,500 per annum which is the rate fixed by the Board of Directors as reported in your letter of April 20."

Approved unanimously.

Letters to the "International State Bank," Raton, New Mexico, and the "Citizens Independent Bank," Longview, Washington, respectively, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to membership in the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

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Letter to Mr. Wiltse, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of April 15, 1946, submitting the request of the 'Manufacturers and Traders Trust Company,' Buffalo, New York, for approval of the establishment of a branch in Springville, New York, in connection with the proposed merger with The Farmers Bank of Springville, Springville, New York.

"The Board of Governors concurs in your opinion that the proposed merger will not result in any change in the general character of the assets of the Manufacturers and Traders Trust Company or broadening in the functions exercised by it, within the meaning of condition of membership numbered 2 to which it is subject.

"In view of your recommendation, the Board approves the establishment and operation of a branch in Springville, New York, by the Manufacturers and Traders Trust Company, Buffalo, New York, provided the merger is completed substantially as proposed and the prior approval of the appropriate State authorities is obtained, and with the understanding that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to effect the merger and establish the branch."

Approved unanimously.

Letter to Mr. Fulton, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"The 'William Penn Bank of Commerce,' Pittsburgh, Pennsylvania, to which you refer in your letter of April 12, 1946, does not appear to be subject to a condition of membership requiring approval of the Board of Governors for an investment in bank premises or a site for a bank building. Therefore, the institution is limited in this respect only by the provisions of Section 24A of the Federal Reserve Act except to the extent of administrative and supervisory control.

"It appears that the proposed investment of \$15,000 will bring the total of the carrying value of the bank's

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"investment in bank premises to approximately \$63,000 while its capital stock amounts to \$200,000 par and it is noted that you favor approval of the investment. In the circumstances, the Board's approval is unnecessary and the Board has no objection to the proposed investment."

Approved unanimously.

Letter to Mr. Swanson, Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of April 16, 1946, enclosing a copy of the agreement under which the 'Root River State Bank,' Chatfield, Minnesota, assumed deposits of the First National Bank, Chatfield, Minnesota, amounting to \$39,069.38 upon receiving cash to cover. The Board of Governors concurs in the opinion of your Counsel that the transaction did not result in any change in the general character of the business or in the scope of the corporate powers exercised by the Root River State Bank.

"In view of your recommendation, the Board will interpose no objection, under the provisions of condition of membership numbered 8 to which the member bank is subject, to the investment of approximately \$9,500 made by the Root River State Bank for the purpose of remodeling its banking premises, which brought the total of its investment in banking premises, furniture and fixtures, to approximately \$15,300."

Approved unanimously.

Letter to "The First National Bank of Menasha," Menasha, Wisconsin, reading as follows:

"This refers to the resolution adopted on September 11, 1945, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal

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"certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, and (3) shall not exercise hereafter any of the powers granted by section 11(k) without first applying for and obtaining a new permit to exercise such powers pursuant to the provisions of section 11(k)."

Approved unanimously.

Telegram to Mr. Johns, General Counsel and Secretary of the Federal Reserve Bank of Kansas City reading as follows:

"Retel April 23 regarding section 3(e) of Regulation U which permits bank to 'accept the transfer of a loan from another bank without following the requirements of this regulation as to the making of a loan.' Board agrees with your view that this does not authorize a bank to accept the transfer of a loan which it knows to have been illegally made."

Approved unanimously.

Telegram to Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Referring your letter April 17 regarding inquiry from L. Shirley Tark, Board has ruled on similar questions on several occasions and as indicated in your letter has already ruled on this particular case. Board sees no reason to change its position. New York Bank has been advised that its letter of September 24, 1941, is not in accord with Board's views.

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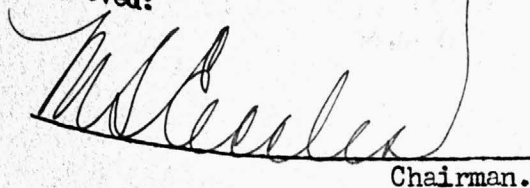
"Regarding your specific inquiries, first, exemption provided by section 8(e) is not applicable; second, arrangement is not permissible under section 3(a)(3); and third, there are apparently methods whereby financing could be accomplished without violating Regulation W such as some of those indicated in second full paragraph of Mr. Tark's letter. If Mr. Tark desires hearing before Board, suggest it be arranged through your Bank for some mutually convenient time."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.