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A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, July 24, 1946, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
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 herein-after referred to was taken by the Board:

Telegram to Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"Reurtel July 24. Effective July 25, 1946, Board approves establishment of following effective minimum buying rates on bankers' acceptances:  $\frac{3}{4}$  per cent for maturities up to 90 days,  $\frac{7}{8}$  per cent up to 120 days, and one per cent up to 180 days. Reestablishment of all other rates now in effect at your Bank also approved by Board."

Approved unanimously.

Memorandum dated July 22, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Frances C. Mobley, a Clerk in that Division and recommending that the resignation be accepted effective, in accordance with her request, at the close of business on July 26, 1946, and that proper lump sum payment be made to her for any annual leave remaining to her credit at that time.

The resignation was accepted as recommended.

Memorandum dated July 19, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, submitting the resignation of Mr.

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Robert Triffin, an Economist in that Division, and recommending that the resignation be accepted effective, in accordance with his request, at the close of business on July 28, 1946, and that proper lump sum payment be made to him for any annual leave remaining to his credit at that time.

The resignation was accepted  
as recommended.

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

"In accordance with the request contained in your letter of July 19, 1946, the Board approves the appointments of John G. Riffer, Raymond C. Nahm, and Nicholas J. Kappanadze, at present assistant examiners, as examiners for the Federal Reserve Bank of Cleveland. Please advise us of the dates upon which the appointments become effective."

Approved unanimously.

Letter to the Presidents and the Federal Reserve Agents of all Federal Reserve Banks, reading as follows:

"Reference is made to the May 24, 1945, report of the Committee on Destruction of Records, which was approved by the Conference of Presidents held on June 18-19, 1945, and to the Board's telegram of July 10, 1945, regarding the destruction of reports of examination of national banks and their affiliates made by examiners for the Comptroller of the Currency. It was stated in the Board's telegram that you would be advised later of the Board's action with respect to the remaining records of the Bank Examination Department and other records referred to in the Committee's report requiring the Board's approval before destruction. The Board has reviewed the matter of the destruction of such records and has reached the following decision regarding their retention and destruction:

"Form F.R. 107	Report of Earnings and Dividends -- State member banks
Treas. 2129	Report of Earnings and Dividends -- National banks
Form F.R. 105	Report of Condition -- State member banks
<u>Treas. 2130</u>	<u>Report of Condition -- National banks</u>

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"The Board approves the recommendation that each of the above-mentioned records be retained five years and authorizes their destruction after they have been held for that period except it is requested the following reports be forwarded to the Board for microfilming:

Form No.	Reports to be forwarded to Board
Form F. R. 107	1916, 1921, 1926
Treas. 2129	1916, 1921, 1926, 1929, 1931
Form F. R. 105	June 1916, June 1921, December 1926
Treas. 2130	June 1916; June 1921; December 1926, 1929, and 1931

Before forwarding the above-mentioned reports to the Board for microfilming, it is requested that a careful check be made to determine that they are complete and include those reports referred to in the next paragraph. It is also requested that the reports be arranged alphabetically, first, by cities without regard to State lines and, second, by name of bank when there is more than one bank in a given city. In cases where a corrected report has been received, the original report should be placed on top of the corrected one. Appended schedules, but not correspondence, should be attached to the reports. Please indicate which reports, if any, you wish returned to you after they have been microfilmed. It is the present intention to have the reports microfilmed alphabetically by cities without regard to district or State lines. There is enclosed a copy of correspondence with the Comptroller of the Currency outlining the procedure for microfilming certain reports of national banks on file in his office.

"In view of the provisions of section 5144, United States Revised Statutes, and paragraph 7 of the Application for Voting Permit regarding the payment of dividends only out of actual net earnings, it is requested that reports of all banks which, subsequent to June 16, 1933, have been in presently existing bank holding company groups, be retained until your Bank is satisfied that necessary data have been compiled and dividend and actual net earnings status of each bank holding company in your District has been determined; and until satisfactory disposition has been made of any other unsettled matters.

"Reports of examination of State member banks (including trust departments) and their affiliates made by State Banking Authorities.

"The Board authorizes the destruction of such reports made in 1934 and subsequent years after such reports have been retained five years. Such reports made in 1933 and prior years should be retained indefinitely. In reaching this conclusion, the Board has taken into consideration the fact that the reports of examination of State member banks by examiners for the several Reserve Banks were not uniformly comprehensive during certain periods prior to 1934. In this connection, it is contemplated

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"that reports of examination of State member banks and their affiliates made by State supervisory authorities and which form a part of membership application files should be retained permanently.

"In view of the provisions of section 5144, United States Revised Statutes, and paragraph 7 of the Application for Voting Permit regarding the payment of dividends only out of actual net earnings, it is requested that examination and other reports of all banks and other companies which, subsequent to June 16, 1933, have been in presently existing bank holding company groups, be retained until your Bank is satisfied that necessary data have been compiled and dividend and actual net earnings status of each bank holding company in your District has been determined; and until satisfactory disposition has been made of any other unsettled matters.

"Form F.R. 410 Reports of examination of State member banks (including trust departments) and their affiliates made by examiners appointed by the Federal Reserve Banks with the approval of the Board

"The Board approves the Committee's recommendation that these reports be retained indefinitely.

"Reports of holding company affiliates and affiliated organizations

"Annual reports of holding company affiliates on Form F.R. 437 and reports of examination of holding company affiliates and affiliated organizations made by examiners for your Bank or other bank supervisory authorities should be retained indefinitely.

"Other examination department records

Records of the Bank Examination Department listed in Schedule 1-A of the Committee's report dated May 24, 1945

Internal and interoffice records of the Bank Examination Department

All other correspondence and records of the Bank Examination Department (not including examiners' working papers, see letter S-16-a of July 19, 1937 (FRLS #3242)).

"Records for period beginning January 1937. Because of the variation in these records at the different Federal Reserve Banks, including the manner of their identification, it is believed preferable for the Board to state its views in general terms and leave broad discretion to the Federal Reserve Banks with respect to these records rather than to try to cover in detail the matter of their disposition. Accordingly, the matter

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"of retention and destruction of these records is left to the discretion of your Bank with the understanding that--

- (1) No records will be destroyed without the approval of the officer in charge of the Bank Examination function and the concurrence of the Bank's Counsel.
- (2) All correspondence with, and with reference to member banks, both State and national, and affiliates thereof, regarding matters related to bank examination and supervision, together with memoranda relating to conferences with their officers and directors regarding such matters, will be retained indefinitely.
- (3) All correspondence and related records regarding the admission of member banks, and the termination of membership by withdrawal, liquidation, or insolvency will be retained indefinitely.
- (4) The same general retention schedules will be observed with respect to correspondence and other records relating to holding company affiliates and affiliated organizations as in the case of member banks.
- (5) Retrospective records of the Bank Examination Department prepared in connection with the analysis of examination, call, and earnings and dividends reports should be retained indefinitely, either in their original form or as revised or transcribed.

"Records for period prior to 1937. These records, which cover the period prior to the transfer of the nonstatutory duties of the Federal Reserve Agents to the Federal Reserve Banks, are Federal Reserve Agents' records and no authority has been received from Congress for their disposition. Because of the variation in the records and the manner of their identification at the different Reserve Banks, it does not appear practicable for the Board to request authority for general disposition by all of the Federal Reserve Banks. However, the Board will be glad to receive requests from individual Federal Reserve Agents for authority to dispose of these records. It will be appreciated if, in forwarding a request, the records are described specifically, proposed retention periods are indicated, and sample records are furnished in order that the Board may be in a position to submit the request in the usual course to the National Archives. No such records should be microfilmed for destruction in accordance with the last paragraph of this letter until Congressional authority for their destruction is obtained.

"Member banks' weekly condition reports

"The reports for the period 1933-1937 may be destroyed in the discretion of your Bank whether or not it has transcripts of the figures reported by each individual weekly reporting member bank during this period as such transcripts are on file in the Board's offices. Your Bank is requested to continue to



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"retain the original reports for the period 1927-1932 unless complete transcripts are available for this period.

"Form F.R. 240 Report of member firm of a national securities exchange

"The Board approves the destruction of all reports prior to but not including those for July 1942 and requests that subsequent reports be retained indefinitely.

"Microfilming of records

"In lieu of indefinite or permanent retention, where indicated, of the above-described items, any reports, records, and correspondence may be microfilmed in accordance with standards prescribed by the National Archives and the original reports, records, and correspondence destroyed after they have been retained ten years from the date of such records."

Approved unanimously.

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

"In accordance with the request contained in your letter of June 26, 1946, the Board approves the appointment of Vincent C. Butsch, at present an assistant examiner for the Federal Reserve Bank of New York, as an assistant examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

"Reference is made to your letter of July 17, 1946, submitting the request of the County Trust Company of Maryland, Cambridge, Maryland, for approval of the establishment of a branch in Pocomoke City, Maryland, in connection with the proposed purchase of assets and assumption of deposit liabilities of the Pocomoke City National Bank.

"The Board of Governors concurs in your opinion that the proposed transaction will not result in a change in the general character of the business of the County Trust Company or in the scope of the corporate powers exercised by it within the meaning of condition of membership numbered 1 to which it is subject.

"In view of your recommendation, the Board approves the

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"establishment and operation of a branch in Pocomoke City, Maryland, by the County Trust Company of Maryland, Cambridge, Maryland, provided the absorption of the Pocomoke City National Bank is effected substantially as proposed and the formal 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 absorption and establish the branch."

Approved unanimously.

Letter to Mr. Bailey, Assistant Director, Legislative Reference, Bureau of the Budget, Washington, U. C., reading as follows:

"This is in response to your letter of July 18, 1946, addressed to Chairman Eccles, requesting the Board's comments on the enrolled enactment of H. J. Res. 321, 'To authorize the making of settlement on account of certain currency destroyed at Fort Mills, Philippine Island, and for other purposes', facsimiles of which were enclosed with your letter.

"The subject matter of this legislation was taken up with the Board by the Treasury Department several months ago; and the Board expressed its concurrence in the plan for adjustment in the accounts of currency destroyed in the Philippine Islands in so far as it relates to Federal Reserve notes. Subsequently, in a letter dated March 29, 1946, addressed to Chairman Wagner of the Banking and Currency Committee of the Senate, the Board expressed the view that such legislation was desirable.

"Accordingly, it is the Board's opinion that H. J. Res. 321 should be enacted."

Approved unanimously.

Letter to Mr. Stoddard, President of the Michigan National Bank, Lansing, Michigan, reading as follows:

"This will acknowledge receipt of your letter of July 11, 1946, with respect to the amendment to the Board's Regulation D which became effective on August 1, 1945.

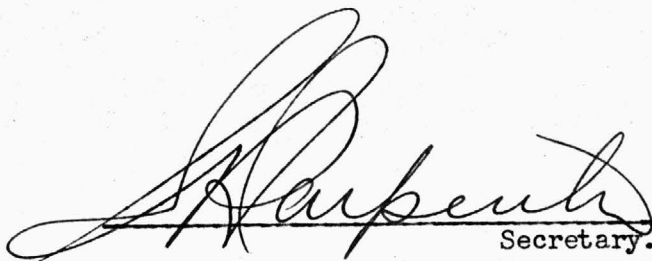
"The Board and its staff are considering the problem of reclassification of reserve cities but no decision has yet been reached as to what changes, if any, will be made in the present classification of such cities. When and if any changes are determined upon by the Board, appropriate advice, of course, will be given to all interested parties."

Approved unanimously.

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Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.