A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, August 26, 1946, at 10:30 a.m.

PRESENT: Mr. Draper, Chairman pro tem
         Mr. Evans
         Mr. Vardaman
         Mr. Carpenter, Secretary
         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:

Memorandum dated August 21, 1946, from Mr. Young, Assistant Director of the Division of Research and Statistics, recommending that Miss Margaret R. McHone be appointed as a Draftsman in that Division on a temporary indefinite basis, with basic salary at the rate of $2,770.20 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated Miss McHone is a member of the Civil Service retirement system and that she will remain a member of that system.

Approved unanimously.

Memorandum dated August 20, 1946, from Mr. Nelson, Director of the Division of Personnel Administration, recommending that Miss Evelyn L. Underwood, Leave Clerk in that Division, be granted leave of absence without pay from September 24 to extend through December 31, 1946.

Approved unanimously.
Letter to Mr. George W. Stocking, The Twentieth Century Fund,
417 Fifth Avenue, New York 16, N. Y., reading as follows:

"I have brought to the attention of the members of the Board of Governors your letter of August 20, submitting your resignation as a Director of the San Antonio Branch of the Federal Reserve Bank of Dallas, and it is with sincere regret that the Board accepts your resignation.

"Your interest in and contribution to the Federal Reserve System during the period of your service as a Director of the San Antonio Branch are indeed appreciated and the Board trusts that your interest will continue after the termination of your official connection with the System."

Approved unanimously.

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

"Receipt is acknowledged of your letter of August 16, 1946, transmitting a copy of a letter from the law firm of Reed, Smith, Shaw & McClay with regard to the proposed consolidation of The Union Trust Company of Pittsburgh and the Mellon National Bank, both of Pittsburgh, Pennsylvania, under the corporate title of Mellon National Bank and Trust Company. Inquiry is made as to the right of the continuing institution to exercise trust powers.

"Inasmuch as the present charter of the Mellon National Bank will remain in existence and the consolidated bank will continue to transact business under such charter, the consolidated bank will without further formality have the corporate power to act in all fiduciary capacities which has heretofore been granted the Mellon National Bank. It will not be necessary, therefore, for the consolidated bank to obtain a new grant of trust powers.

"The Board receives advice from the Comptroller of the Currency of the effective date of each consolidation involving a national bank and a new fiduciary certificate is issued bearing such date. Accordingly, after the consolidation of the Mellon National Bank and The Union Trust Company of Pittsburgh is effected, a new fiduciary certificate will be issued in the name of the consolidated bank as of the date upon which the consolidation is effected."
In this connection, an attorney for the national bank called at the Board's offices on August 22nd and requested a certificate for filing not later than September 23rd with the Orphans' Court in order that the bank's authority to execute trusts would not be questioned. Accordingly, another type of certificate showing in detail the passage of fiduciary powers to the consolidated bank will be furnished as soon as the Board has been officially notified by the Comptroller's Office that the consolidation has been approved. The usual certificate referred to above will be furnished after the consolidation is effected.

Approved unanimously.

Letter to Dr. Manuel Noriega Moreles, President, Banco de Guatemala, Guatemala, Guatemala, reading as follows:

"This is to acknowledge your letter of August 14 to Chairman Eccles, who is out of the city. It was very kind of you to express such generous praise of Mr. Grove's work with your Bank. We are very glad that his efforts to be of service were so successful, and we look forward to continuing friendly and cooperative relations between our institutions. Your Bank has our best wishes for prosperity."

Approved unanimously.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of August 13, 1946, submitting a plan whereby the Federal Reserve Bank of Atlanta will absorb for the employees of the Bank, and their dependents, two-thirds of the cost of hospitalization and surgical benefits afforded by the Blue Cross Associations, and which is estimated to involve an annual expenditure to the Bank of approximately $32,786.40, based on 100% participation. "The Board approves the expenditure under the program as submitted, provided it is formally adopted by the Board of Directors of the Federal Reserve Bank of Atlanta. It is assumed that the benefits provided by the program do not include home or out-patient medical service, and that the Bank will share the cost of membership for only its employees,"
their spouses, and unmarried dependent children below the age stipulated in the Blue Cross Plan. "The question regarding the desirability of asking for reimbursement for hospitalization and surgical benefits for those employees on the reimbursable list is still under consideration, and it is understood that the matter will be taken up with the Committee on Fiscal Agency Operations and Reimbursable Expenses of the Presidents' Conference. Accordingly, it may be some time before a decision is reached."

Approved unanimously.

Thereupon the meeting adjourned.

 Secretary.

Approved:

Ernest G. Draper
Chairman pro tem.