

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, September 16, 1946, at 2:00 p.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Draper

Mr. Carpenter, Secretary

Mr. Vardaman's office reported that he was absent from the City on official business attending the Conventions of the National Association of State Bank Supervisors at Cleveland and the American Bankers Association at Chicago and visiting the Reserve Banks or Branches at Buffalo, Cleveland, Chicago, Dallas, Oklahoma City and St. Louis.

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

Memorandum dated September 13, 1946, from Mr. Carpenter, recommending the appointment of Mrs. Nita C. Pickett as a file clerk in the Secretary's Office on a temporary basis for a period of not to exceed six months, with basic salary at the rate of \$2,243.52 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. It was expected that, if Mrs. Pickett's service proved to be satisfactory, a recommendation would be made that her appointment be made permanent. The memorandum also stated that it is contemplated that Mrs. Pickett will become a member of the Board's retirement system.

Approved unanimously.

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Letter to Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Kansas City and its Branches as submitted with your letter of September 9, 1946."

Approved unanimously.

Letter to the Board of Directors of the "Hampton Oaks State Bank", Houston, Texas, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Dallas.

The letter also contained the following special comments:

"It appears that the bank possesses the power to issue and sell investment certificates, which power is not necessarily required in the conduct of a banking business. It appears also that the bank possesses authority to exercise fiduciary powers but does not expect to engage in fiduciary activities. Attention is called to the fact that if the bank should desire to exercise the power to issue and sell investment certificates or to exercise fiduciary powers, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them."

"The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to four months from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System."

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Approved unanimously, together with a letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows, Messrs. Eccles, Evans and Vardaman having advised that they voted to approve:

"The Board of Governors of the Federal Reserve System approves the application of the 'Hampton Oaks State Bank', Houston, Texas, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Bank Commissioner for the State of Texas for his information.

"Pursuant to the provisions of Section 19 of the Federal Reserve Act, the Board of Governors grants permission to the subject bank to maintain the same reserves against deposits as are required to be maintained by banks not in Reserve or Central Reserve cities. This permission is subject to revocation at any time by the Board of Governors.

"It is understood that present plans are to open the bank about November 1, 1946, the exact date being contingent upon completion of the banking house now under construction. In view of the circumstances, instead of the usual 30 days, the bank is being given 4 months within which membership may be accomplished."

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

"Reurtel tenth. Demand deposits of banks in Hawaii and other territorial or insular possessions of the United States should be treated as deposits of banks in the United States and reported in condition reports submitted by State member banks against item 4 rather than item 5 of Schedule E. Balances with banks in territorial or insular possessions should also be treated as balances with banks in the United States in reports of condition and of deposits for reserve computation purposes."

Approved unanimously.

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

"Relet September 5, 1946. Board of Governors has changed classification of member banks for purposes of electing Class A and B directors of your Bank so that Group 1 will consist of banks having capital and surplus of over \$400,000, Group 2 of banks with capital and surplus of over \$145,000 but not over \$400,000, and Group 3 of banks with capital and surplus of \$145,000 and less."

Approved unanimously.

Letter to the "New Harmony National Bank", New Harmony, Indiana, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, guardian of estates, assignee, receiver, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Indiana, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Letter to the Presidents of all of the Federal Reserve Banks except those at Boston and Philadelphia reading as follows:

"In the last paragraph of the Board's letter of September 14, 1945, regarding building programs of the Federal Reserve Banks, it was stated that the Board was of the opinion the statutory limitation upon the amount Federal

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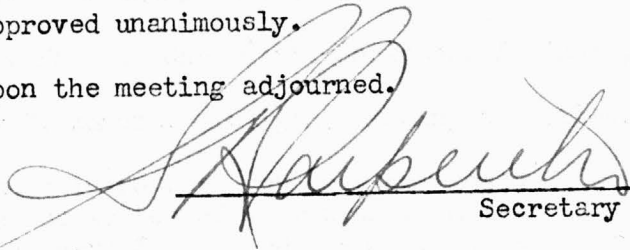
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"Reserve Banks may spend in erecting branch bank buildings should be repealed, and that a draft of a bill to that end was in preparation which would be brought to the attention of the appropriate Congressional committees at the first favorable opportunity. The proposed amendment, which would repeal the ninth paragraph of Section 10 of the Federal Reserve Act, was cleared with the Treasury Department and the Bureau of the Budget and was transmitted to the chairmen of the House and Senate Banking and Currency committees on October 17, 1945. It was hoped at the time that favorable action might be obtained during the recent session of Congress, but because of the many emergency matters pending before the Banking and Currency committees, the Bill (H.R. 4704 and S. 1598) was never reported out of committee.

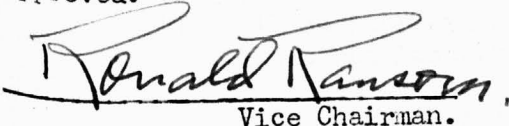
"While the Board's position was, and still is, that no building construction should yet be undertaken by a Federal Reserve Bank unless of an emergency nature, the Board will take steps at the appropriate time to have the proposed legislation reintroduced at the next session of Congress. In this connection, the Board would like to have up-to-date information on the branch bank building programs of the Federal Reserve Banks, including your idea of what might be the overall cost of any proposed construction at each of your branches, realizing of course that present conditions do not permit accurate estimates. Accordingly, it will be appreciated if you will submit this information, prepared in such form and detail as you think would be helpful to the Board in impressing upon Congress the need for removal of the present limitation."

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary

Approved:

  
Vice Chairman.