

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, September 20, 1946, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Draper

Mr. Carpenter, Secretary

As stated in the minutes of September 16, 1946, Mr. Vardaman was absent on official business.

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

Telegrams to Mr. Treiber, Secretary of the Federal Reserve Bank of New York, Mr. McCreedy, Secretary of the Federal Reserve Bank of Philadelphia, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, and Mr. Mangels, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on September 17, by the Federal Reserve Bank of St. Louis on September 18, and by the Federal Reserve Banks of New York, Philadelphia, Chicago and San Francisco on September 19, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated September 17, 1946, from Mr. Parry, Director of the Division of Security Loans, recommending the appointment of Miss Mary M. Durkan as a clerk-stenographer in that Division, with basic salary at the rate of \$2,619.72, effective as of the date upon

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which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that Miss Durkan was a member of the Civil Service Retirement System and would continue her membership therein.

Approved unanimously.

Memorandum dated September 18, 1946, from Mr. Morse, Assistant Director of the Division of Research and Statistics, submitting the resignation of Randall Hinshaw, an economist in that Division, and recommending that the resignation be accepted, in accordance with his request, at the close of business September 20, 1946, with the understanding that a lump sum payment would be made for any annual leave remaining to his credit as of that date.

Approved unanimously.

Memorandum dated September 18, 1946, from Mr. Morse, Assistant Director of the Division of Research and Statistics, submitting the resignation of Morris A. Adelman, an economist in that Division, and recommending that the resignation be accepted effective, in accordance with his request, at the close of business September 13, 1946, with the understanding that a lump sum payment would be made for any annual leave remaining to his credit as of that date.

Approved unanimously.

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Memorandum dated September 18, 1946, from Mr. Morse, Assistant Director of the Division of Research and Statistics, submitting the resignation of Miss Elizabeth H. Dawson, a clerk in that Division, and recommending that the resignation be accepted, in accordance with her request, as of the close of business September 20, 1946.

Approved unanimously.

Memorandum dated September 18, 1946, from Mr. Morse, Assistant Director of the Division of Research and Statistics, recommending the appointment of Miss Elizabeth Ann Stanley as a clerk in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,394.00 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 that it was contemplated that Miss Stanley would become a member of the retirement system.

Approved unanimously.

Memorandum dated September 20, 1946, from Mr. Nelson, Director of the Division of Personnel Administration recommending that (1) Miss Lois M. Leatherwood be transferred from the Division of Research and Statistics to the Division of Personnel Administration as a clerk-stenographer, with no change in her present basic salary of \$2,243.52 per annum; and (2) Mr. Benjamin R. Reading, supply clerk in the Division of Administrative Services, be transferred from that Division to the Division of Personnel Administration as a leave clerk, with no change

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in his present basic salary of \$2,394.00 per annum, both transfers to become effective September 22, 1946.

Approved unanimously.

Letter to Mr. Meyer, Assistant Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of September 17, 1946 regarding the retention by your bank of the services of the firm of McKinsey, Kearney & Company as consultants to assist in the job evaluation program.

"It is understood that the firm will be represented by Mr. Harold A. Wright, assisted by Mr. M. C. Turney, and that the compensation proposed for these men is to be at the rate of \$125 and \$75 per day, respectively, together with any out-of-pocket expenses.

"The Board approves the expenditure for the consultant fees under the program which you have submitted."

Approved unanimously.

Telegram to Mr. J. P. Redman, Cairo, Illinois, reading as follows:

"Board of Governors of Federal Reserve System has appointed you Class C director of Federal Reserve Bank of St. Louis for unexpired portion of term ending December 31, 1948, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, Washington, D. C., reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the 'East End State Bank', Houston, Texas, became a member of the Federal Reserve System on September 18, 1946, and is now a member of the System. The Board of Governors

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"of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act.

- "1. The financial history and condition of the bank,
- "2. The adequacy of its capital structure,
- "3. Its future earnings prospects,
- "4. The general character of its management,
- "5. The convenience and needs of the community to be served by the bank, and
- "6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to Mr. Thomas F. Kelly, Government Coordinator for The Hoover Company, North Canton, Ohio, reading as follows:

"This refers to your letter of September 5, 1946, regarding a period of 'free trial' in anticipation of an instalment sale under Regulation W.

"The Board has not changed its opinion on this subject, which was stated in our letter to you dated February 27, 1946. It still believes that it would be contrary to the public interest at this time to permit a trial period of three days, without the requirement of a down payment as now provided in section 4(e) of the regulation.

"We have noted your comment that your competitors are offering a free trial period, and the advertisement of United Vacuum Cleaner Stores, Greensburg, Pennsylvania, offering a 'free home trial', which you enclosed with your letter. This matter has been called to the attention of the Federal Reserve Bank of Cleveland which is responsible for enforcement of Regulation W in that part of Ohio and Pennsylvania, for its appropriate action.

"Thank you for your cooperation."

Approved unanimously.

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Telegram to Mr. Knoke, Vice President of the Federal Reserve

Bank of New York, reading as follows:

"Your telegram September 19. Board approves loan by your Bank to Banque de Grece not to exceed \$10,800,000 outstanding at any one time, such loan to be secured by gold earmarked in your vaults. As indicated in your telegram it is understood that the loan is to be made on the following terms and conditions:

- "(A) Such loan to be made up to 98% of the value of the refined gold bars held in your vaults as collateral;
- "(B) Such loan to run for three months; and
- "(C) Interest to be at one per cent per annum (discount rate of your Bank) on the amount actually advanced.

"It is understood that the usual participation will be offered to the other Federal Reserve Banks."

Approved unanimously.

Telegram to Mr. Gidney, President of the Federal Reserve Bank

of Cleveland, reading as follows:

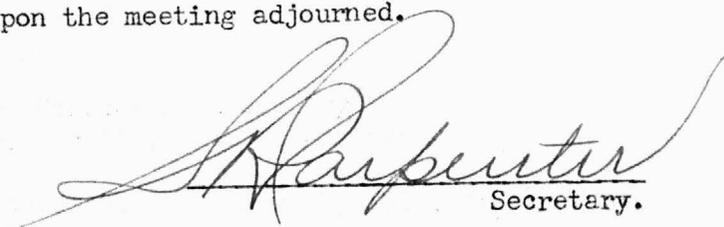
"Your letter of September 17 to Evans with respect to Federal Reserve moving picture received in his absence. He will not return to Washington until end of month. Members of Board who are here see no objection to your going ahead with program as outlined, and would suggest that inasmuch as you are Chairman of the Committee on Bank and Public Relations, the Federal Reserve Bank of Cleveland make the payments required under the program and seek reimbursement from other Reserve Banks on basis to be agreed upon."

Approved unanimously.

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Thereupon the meeting adjourned.


Secretary.

Approved:


Vice Chairman.