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 Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, November 18, 1946.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice Chairman
 Mr. Draper
 Mr. Evans

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Morrill, Special Adviser
 Mr. Thurston, Assistant to the Chairman

As stated in the minutes of October 30, 1946, Mr. Vardaman was absent on official business.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 15, 1946, were approved unanimously.

Memorandum dated November 13, 1946, from Mr. Leonard, Director of the Division of Examinations, recommending the appointment of Miss Myrtle C. Price as a clerk in that Division, with basic salary at the rate of \$2,168.28 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 Price would become a member of the Federal Reserve retirement system unless she had money on deposit with the Civil Service Retirement System.

Approved unanimously.

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

"In accordance with the request contained in your letter of November 13, 1946, the Board of Governors ap-

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"proves, for a further period of six months beginning October 16, 1946, the continuation of Mr. Thomas P. Howard in an unassigned position in the Cash and Collection Function, with the understanding that the salary paid him while serving in this capacity will not exceed the salary he would be eligible to receive in the position he occupied at the time he was given such assignment."

Approved unanimously.

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

"In accordance with the request contained in your letter of November 12, 1946, the Board approves the appointment of Cleve W. McGriff as an assistant examiner for the Federal Reserve Bank of Richmond. If the appointment is not made effective January 1, 1947, as planned, please advise us."

Approved unanimously.

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

"In accordance with the request contained in your letter of November 12, 1946, the Board approves the appointment of Tom N. Humphress as an assistant examiner for the Federal Reserve Bank of Richmond. If the appointment is not made effective January 1, 1947, as planned, please advise us."

Approved unanimously.

Letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, prepared in accordance with the understanding reached at the meeting of the Board on November 15, 1946, and reading as follows:

"Mr. Attebery undoubtedly has advised you of his conversations with Mr. Smead with respect to a letter which Mr. Bailey, Vice President in charge of your Little Rock Branch, addressed to Mr. Brasfield, Assistant Treasurer of the Commodity Credit Corporation, on November 8, 1946,

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"in which he made a vigorous request that the Corporation rescind its directive with reference to transferring the Little Rock loan activities of the Corporation to Memphis, Tennessee.

"On Wednesday of last week, Mr. Brasfield called Mr. Smead on the telephone regarding the receipt of telegrams from Members of Congress vigorously protesting against the transfer of certain activities of the Commodity Credit Corporation from the Little Rock Branch to the Memphis Branch. It appeared that these communications were being inspired by someone connected with the Little Rock Branch. Early Thursday morning, Mr. Brasfield called again and stated that he was more convinced than ever that someone at the Little Rock Branch was inspiring the wires from Members of Congress because he had received a letter from Mr. Bailey in which he requested a reconsideration of the action taken by the Corporation. It is understood from Mr. Attebery's letter of November 15, 1946, which was received today, that Mr. Bailey wrote letters to eight individuals in Arkansas suggesting that they communicate with their Senator and enclosing a copy of the letter which he wrote to Mr. Brasfield. As a result of these letters, Senator McClellan and other Members of Congress from Arkansas wired to the Commodity Credit Corporation protesting the proposed transfer and urging immediate revocation of the order. As Mr. Smead stated to Mr. Attebery, the officers of the Corporation resented very much that the inspiration for these communications came from someone connected with one of the Federal Reserve Banks. Mr. Attebery's letter of November 15 makes it clear that the officers of the Federal Reserve Bank of St. Louis knew nothing about what Mr. Bailey was doing.

"For reasons which immediately will be apparent to you, the Board feels strongly that Mr. Bailey's action in this matter was highly improper and requests that you advise him accordingly. Since he is now 65 years old, it is assumed that he will retire on December 31, 1946, in accordance with the established policy of the System which provides for the retirement of officers and employees of the Federal Reserve Banks during the year in which they become 65 years of age.

"It is noted that Mr. Attebery in his wire of November 14 to Mr. Bailey asked that he forward to you copies of all correspondence originating with the Branch or inspired by it having to do with the proposed transfer, and it will be appreciated if you will forward to

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"the Board copies of the material received in response to this request as well as of any communication you send to Mr. Bailey in this connection."

Approved unanimously.

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

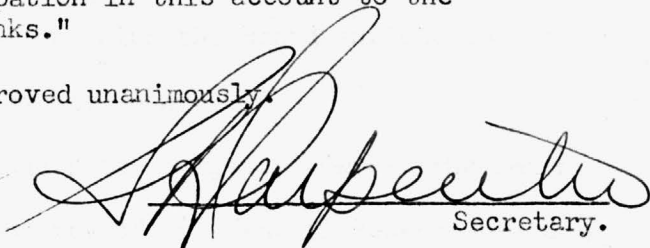
"In view of the recommendation contained in Mr. Armistead's letter of November 7, 1946, the Board of Governors will interpose no objection under condition of membership numbered 8 to which the member bank is subject to the investment of \$22,500 by the American Security and Trust Company, Washington, D. C., in property at 443 Seventh Street, Southwest, in the City of Washington, for the purpose of expanding the quarters of its Southwest branch."

Approved unanimously.

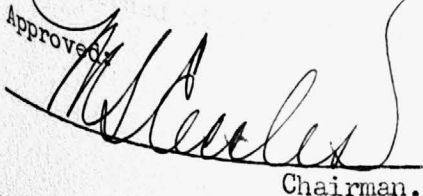
Letter to Mr. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

"In compliance with the request in your letter of November 13, the Board approves the opening and maintenance of an account on your books for and in the name of the Banque d'Etat du Maroc, to be operated by the Tangier office of the Banque d'Etat. It is understood that you will open and maintain this account without obtaining certification in accordance with Section 25(b) of the Federal Reserve Act, if for technical reasons (i.e. the non-existence of a diplomatic representative of Morocco in this country) a certification is not obtainable. It is further understood that you will in due course offer participation in this account to the other Federal Reserve Banks."

Approved unanimously.


Secretary.

Approved


Chairman.