

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, December 12, 1946.

PRESENT: Mr. Eccles, Chairman
Mr. Draper
Mr. Vardaman

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

Memorandum dated December 11, 1946, from Mr. Leonard, Director of the Division of Examinations, recommending that the resignation of W. B. Aker, an Assistant Federal Reserve Examiner in that Division, be accepted to become effective, in accordance with his request, at the close of business December 31, 1946, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

Memorandum dated December 9, 1946, from Mr. Leonard, Director of the Division of Examinations, recommending that the resignation of Robert C. Garber, Jr., an Assistant Federal Reserve Examiner in that Division, be accepted to become effective, in accordance with his request, at the close of business December 31, 1946, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

Memorandum dated December 11, 1946, from Mr. Nelson, Director of the Division of Personnel Administration, recommending an extension

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of leave without pay for Mrs. Yvonne Shaw, former Secretary to Mr. Morrill, for a period of three months beginning December 1, 1946.

The memorandum also stated that it was contemplated that application would be made for disability retirement in the near future. Upon approval of the application for disability retirement, the leave without pay status would terminate.

Approved unanimously.

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

"This refers to your letter of December 5, 1946, with respect to the Board's permission for the establishment of an intracity branch by the York Trust Company, York, Pennsylvania.

"Although this bank in 1922 accepted a condition of membership requiring the Board's approval before the establishment of a branch, Congress subsequently passed legislation dealing with the whole subject of branch banking by member State banks and section 8(b)1 of Regulation H provides that 'branches established within the corporate limits of the city, town, or village in which the parent bank is situated do not require the approval of the Board'.

"Accordingly, the Board considers this condition of membership as having been superseded by legislation and regulation, and therefore no approval by the Board for the establishment of the branch in York, Pennsylvania, is necessary."

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 your letter of November 27, 1946, the Board of Governors will interpose no objection, under condition of member-

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"ship numbered 8 to which the member bank is subject, to the investment of not more than \$90,000 by the American Security and Trust Company, Washington, D. C., in a lot to be selected at or near the intersection of Wisconsin and Western Avenues, Washington, D. C., for the purpose of providing a site for a branch.

"It is noted that the proposed location is near the limits of the City of Washington but it is assumed, of course, that the site finally selected will be within the city limits."

Approved unanimously.

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

"With respect to the designation of automobile appraisal guides for purposes of Part 4 of the Supplement to Regulation W, as revised effective December 1, 1946, there are enclosed the following:

1. A copy of a press release which the Board will issue on December 16, naming the publications which have been designated and indicating that detailed information as to their territories should be obtained from the Federal Reserve Banks.
2. A list showing the automobile appraisal guides that the Board has designated and the exact territory to which the designation of each edition applies.
3. A form of letter from the Board notifying the guide book publishers of their designations. (There were slight variations from this form in the letters to some of the publishers, because of differences in their particular publications, but all of the letters followed this form in substance.)

"Each Federal Reserve Bank may wish to issue one or more press releases indicating the guide books which have been designated for use in its territory. The material in the Board's press release may be suitable for this purpose, together with copies of the pertinent parts of the list of designated publications and territories. It is suggested that the Federal Reserve Banks mail notices of the designations to the registrants who may be

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"required to use guide books under the terms of the regulation, so as to complement the notifications that are issued by the publishers of the guide books."

Approved unanimously.

Letter dated December 11, 1946, to Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of November 30, 1946, presenting certain questions concerning the effect of Regulation W revised effective December 1, 1946.

"Your question No. 1, relating to conversions of non-instalment credit to an instalment basis is covered by the Board's letter S-945 of December 10, 1946, to which you may refer.

"Your question No. 3 relates to the footnote on page 3 of the December 1, 1946 revision of the Regulation, which, in part, provides that 'the revision (of December 1, 1946) shall not affect any transaction prior to such date'. The inquiry concerns pre-December credits, still outstanding, that were subject to the Regulation when they originated but would not be subject if they originated today. The question is whether, in the light of the footnote, renewals, revisions and other actions taken today with respect to such pre-December credits must follow the pre-December rules. The answer is that unless the credit, regardless of when negotiated, falls within the terms of the December 1 revision, any action taken after December 1 with respect to the credit is not subject to the Regulation.

"Your questions, No. 2, relating to preservation of records, and No. 4, relating to sets and groups of articles, are now under consideration, and you will be advised of our position with reference thereto at the earliest possible date."

Approved unanimously.

Letter to Mr. Leonard, Director of the Division of Examinations, reading as follows:

"Paragraph 7 of Section 5240 of the Revised Statutes of the United States (Section 21 of the Federal Reserve Act), as amended, provides that the Board of Governors of

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"the Federal Reserve System, at least once each year, shall order an examination of each Federal Reserve Bank.

"In accordance with this provision of the law, the Board orders that at least one examination of each of the 12 Federal Reserve Banks be made during the year 1947, and the Board authorizes and directs you to institute and conduct such examinations at such time or times as may seem advisable in your judgment."

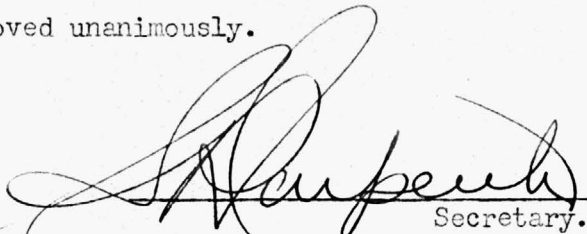
Approved unanimously.

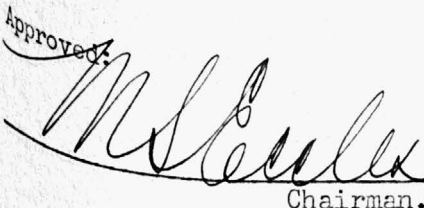
Letter to the Honorable Tom C. Clark, Attorney General, reading as follows:

"Chairman Eccles has asked me to reply to your letter of December 2, 1946, regarding the Interdepartmental Committee on Litigation Involving the Administrative Procedure Act, and to assure you that it will be a pleasure to cooperate with the Committee.

"The Board will be glad to make available to the Committee any legal memoranda, briefs or Board decisions in the field of the Committee's activity, and the Board appreciates the opportunity to consult with the Committee regarding such matters. In that connection, it may be recalled that the brief for the Government in the case of Board of Governors of the Federal Reserve System et al v. John Agnew, F. O. Fayerweather (Supreme Court of the United States, October Term, 1946, No. 66) takes the position (pages 32-36) that the Act does not affect that case."

Approved unanimously.


Secretary.

Approved:

Chairman.