

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, December 13, 1946. The Board met in the Board room at 10:40 a.m.

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

Mr. Carpenter, Secretary  
Mr. Nelson, Director of the Division  
of Personnel Administration

Also present was Mr. Grady, Chairman of the Federal Reserve Bank of San Francisco.

Mr. Vardaman's office reported that he was absent on personal business.

Chairman Eccles stated that Mr. Grady was returning to California on Monday of next week and inasmuch as this would be the last opportunity the Board would have to confer with him before he left Washington with respect to the proposed appointment of Mr. Mangels as First Vice President of the Federal Reserve Bank of San Francisco, he (Chairman Eccles) had invited Mr. Grady to meet with the Board this morning in executive session.

After an informal discussion of the reaction in the Twelfth Federal Reserve District to the appointment of Mr. Earhart as President of the Bank and of the desirability of a policy of rotation in the Class A directors of the bank, Mr. Grady stated that he thought Mr. Mangels was a good man, that he realized that Mr. Mangels had certain shortcomings in personality and in his lack of acquaintance

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with bankers and others in the district, but that it should be remembered that Messrs. Earhart and Mangels had not had an opportunity while Messrs. Day and Clerk were the chief executive officers of the Bank to show what they could do in this respect. He also said that President Earhart was very anxious to have Mr. Mangels appointed as First Vice President, and that the members of the board of directors had excellent contacts which would enable them to be of considerable assistance to Messrs. Earhart and Mangels in their work outside the Bank.

There was agreement on the part of the members of the Board and Mr. Grady that it would be well for the Board to defer action on the appointment of Mr. Mangels until after Mr. Grady had had an opportunity following his return to San Francisco to review the matter again, with the understanding that he would call Chairman Eccles by telephone sometime after the first of the year and that the Board could then act on the appointment in the light of Mr. Grady's report.

Mr. Evans referred to the approaching retirement of Mr. Ambrose as Managing Director of the Los Angeles Branch, and inquired whether the Bank had anyone in mind who could succeed to that position when Mr. Ambrose left. Mr. Grady replied that that was one of the things he had not had an opportunity to discuss with Mr. Earhart, but that it would be done in the near future.

Thereupon Mr. Grady withdrew and Messrs. Sherman, Morrill, Thurston, and Vest were called into the meeting.

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There were presented telegrams to Mr. Blair, Secretary of the Federal Reserve Bank of Cleveland; Mr. Leach, President of the Federal Reserve Bank of Richmond; Mr. McLarin, President of the Federal Reserve Bank of Atlanta; Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago; Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis; Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis; Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City; Mr. Gilbert, President of the Federal Reserve Bank of Dallas; and Mr. Volberg, 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 Chicago on December 9, by the Federal Reserve Bank of San Francisco on December 10, by the Federal Reserve Banks of Atlanta and Kansas City on December 11, and by the Federal Reserve Banks of Cleveland, Richmond, Chicago, St. Louis, Minneapolis, and Dallas on December 12, 1946, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Before this meeting there had been sent to the members of the Board copies of memoranda dated December 10, 1946 from the Personnel Committee with respect to the appointment of Class C directors, designation of Chairmen and Federal Reserve Agents, and appointment of Deputy Chairmen at the Federal Reserve Banks for terms beginning

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January 1, 1947. The first memorandum recommended the reappointment of all Class C directors whose terms expire at the end of this year except at the Federal Reserve Banks of Boston, Richmond, and St. Louis, that Harold D. Hodgkinson, Vice President, General Manager and Chairman of the Management Board of Wm. Filene's Sons Co., Boston, Massachusetts, and Richard Thurmond Chatham, Chairman of the Board of Chatham Manufacturing Company, Winston Salem, North Carolina, be appointed as Class C directors of the Federal Reserve Banks of Boston and Richmond, respectively, and stated that reappointment of Mr. Dearmont as Class C director at the Federal Reserve Bank of St. Louis and the appointment of a Class C director at the Federal Reserve Bank of Chicago to succeed Mr. Waymack were to be discussed by the Board. The memorandum also stated that Mr. Creighton, Chairman of the Federal Reserve Bank of Boston, had been authorized informally by the Board to ascertain whether Mr. Hodgkinson would accept the appointment as a Class C director of the Federal Reserve Bank of Boston if tendered by the Board.

The second memorandum with respect to the designation of Chairmen and Federal Reserve Agents and the appointment of Deputy Chairmen at the Federal Reserve Banks for the year 1947 included the recommendation that Mr. Wysor be designated as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Richmond for the year 1947, and that Messrs. Donald K. David and Charles P. McCormick be

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appointed as Deputy Chairmen of the Federal Reserve Banks of Boston and Richmond, respectively, for the coming year. It also stated that recommendations with respect to the designation of Chairmen and appointment of Deputy Chairmen at the Federal Reserve Banks of Chicago and St. Louis would be submitted later.

Mr. Evans stated that Mr. Vardaman as a member of the Personnel Committee joined in the recommendations referred to above as well as the recommendations hereinafter referred to with respect to the appointment of branch directors.

The recommendations of the Personnel Committee were discussed and unanimous actions were taken by the Board as set forth below:

The following were reappointed as Class C directors of the respective Federal Reserve Banks shown each for a term of three years beginning January 1, 1947:

<u>Name</u>	<u>Federal Reserve Bank</u>
Robert D. Calkins	New York
Warren F. Whittier	Philadelphia
George C. Brainard	Cleveland
Rufus C. Harris	Atlanta
Paul G. Hoffman	Chicago
W. D. Cochran	Minneapolis
Robert B. Caldwell	Kansas City
J. R. Parten	Dallas
Brayton Wilbur	San Francisco

Action on the recommendation covering appointment of Mr. Chatham as Class C director of the Federal Reserve Bank of Richmond was deferred it being decided that a vacancy would be left in the Class C directorate of that bank for the present.

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The following were redesignated as Chairmen and Federal Reserve Agents at the respective Federal Reserve Banks shown for the year 1947 and the compensation of each as Chairman and Federal Reserve Agent was fixed on the uniform basis for the same position at all Federal Reserve Banks, i.e. the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee, and other committees of the board of directors:

<u>Name</u>	<u>Federal Reserve Bank</u>
Albert M. Creighton	Boston
Thomas B. McCabe	Philadelphia
George C. Brainard	Cleveland
Frank H. Neely	Atlanta
Roger B. Shepard	Minneapolis
Robert B. Caldwell	Kansas City
J. R. Parten	Dallas
Henry F. Grady	San Francisco

Mr. Ruml was not reappointed as Chairman and Federal Reserve Agent at the Federal Reserve Bank of New York for the reason that under date of December 9, 1946, Chairman Eccles received a letter from him indicating that he would continue as a Class C director but suggesting that he be not redesignated as Chairman and Federal Reserve Agent. It was agreed that, since the remaining Class C directors were educators and should not be designated as Chairman and Federal Reserve Agent, Chairman Eccles would call Mr. Ruml on the telephone and request him to accept redesignation and continue as Chairman and Federal Reserve Agent for sixty or ninety days during which time the Board would find a successor.

The following were appointed as Deputy Chairmen of the respective Federal Reserve Banks shown for the year 1947:

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<u>Name</u>	<u>Federal Reserve Bank</u>
Donald K. David	Boston
William I. Myers*	New York
Warren F. Whittier*	Philadelphia
Reynold E. Klages*	Cleveland
J. F. Porter*	Atlanta
W. D. Cochran*	Minneapolis
Robert L. Mehornay*	Kansas City
R. B. Anderson*	Dallas
Harry R. Wellman*	San Francisco

## \*Reappointment

At Mr. Evans' request, it was understood that the appointment of Chairmen and Federal Reserve Agents and Deputy Chairmen at the Federal Reserve Banks of Richmond, Chicago, and St. Louis would be considered at the meeting of the Board on Tuesday, December 17, 1946.

Mr. Evans then presented a memorandum from the Personnel Committee dated December 10, 1946, with respect to the appointment of directors of branches of the Federal Reserve Banks for terms beginning January 1, 1946.

In accordance with the recommendations contained in the memorandum from the Personnel Committee the following were re-appointed as directors of the respective branches of the Federal Reserve Banks shown, each for a term of three years beginning January 1, 1947:

<u>Name</u>	<u>Federal Reserve Bank Branch</u>
Thomas Robins, Jr.	Buffalo
S. Headley Shouse	Cincinnati
Howard W. Jordan	Pittsburgh
W. Bratten Evans	Nashville
D. P. Cameron	New Orleans
Rosco Stone	Louisville
George A. Slaughter	Houston
Holman M. Cartwright	San Antonio

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The following were reappointed as directors of the respective branches of the Federal Reserve Banks shown, each for a term of two years beginning January 1, 1947:

<u>Name</u>	<u>Federal Reserve Bank Branch</u>
Ernest Gilbert	Detroit
R. B. Richardson	Helena
M. E. Noonan	Denver
Fred S. Wallace	Omaha
Fred G. Sherrill	Los Angeles
John M. McGregor	Seattle

It was voted to request the Chairmen of the Federal Reserve Banks concerned to ascertain informally whether the following would accept appointments as directors of the respective branches shown for terms beginning January 1, 1947:

<u>Name</u>	<u>Business</u>	<u>Federal Reserve Bank Branch</u>
L. Vinton Hershey	President and General Manager of Hagerstown Shoe Company, Hagerstown, Maryland	Baltimore
W. A. L. Sibley	Treasurer, Monarch Mills, Union, South Carolina	Charlotte
Robert Gregg	President, Tennessee Coal, Iron and R. R. Company, Birmingham, Alabama	Birmingham
Ralph E. Plunkett	President, Plunkett-Jarrell Wholesale Grocer Company, Little Rock, Arkansas	Little Rock
Hugh M. Brinkley	Farmer, Hughes, Arkansas	Memphis
Rufus Green	Rancher and cattleman, Duncan, Oklahoma	Oklahoma City
Harold A. Steinfeld	President, Albert Steinfeld and Company, Tucson, Arizona	El Paso
Merle G. Hyer	Farmer - Livestock feeder of sheep and cattle, Lewiston, Utah	Salt Lake City



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In the discussion of the above appointments it was agreed that the Personnel Committee should be on the watch for forward looking educators and that care should be taken to see that Board appointments to the head office and branch boards included an adequate representation from this source as well as a balanced representation from business, industry, and agriculture.

Mr. Evans stated that recommendations regarding the appointments of directors at Jacksonville and Portland branches would be submitted later.

Chairman Eccles then referred to the understanding that the Board would not designate Mr. Leland as Chairman of the Federal Reserve Bank of Chicago after this year.

It was agreed that Chairman Eccles should talk with Mr. Leland by telephone and inform him that the Board's position had not changed.

At this point Messrs. Vest and Nelson withdrew from the meeting and the action stated with respect to each of the matters herein after set forth was then taken by the Board:

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

"In accordance with the request contained in your letter of December 5, 1946, the Board approves the appointment of Thomas Royce Sullivan as assistant examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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Letter to Mr. Blair, Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"Receipt is acknowledged of your letter of December 7, 1946, enclosing advertising material and a photograph of a unit which has the trade name 'Perfect-O-Mistor' as to which you have been requested to obtain a ruling whether it is included in the classification 'air conditioners' under Regulation W.

"The material which you enclosed indicates that the unit is designed only to eliminate germs from the air. On the other hand, 'air conditioners' are commonly understood to be devices intended to control the temperature and humidity of the air. Some air conditioners likewise filter dust and other impurities out of the air, but many room units do not have this feature.

"In the circumstances, it seems clear that 'Perfect-O-Mistor' is not a listed article under Regulation W."

Approved unanimously.

Letter to Mr. Blair, Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of December 4 and to your telegram of December 6 inquiring, in effect, whether the Board, in connection with its recent revision of Regulation W intends to prescribe new Statement of Borrower and Statement of Changed Conditions forms.

"The Board does not intend to prescribe forms to meet the requirements of the statements to which reference has been made. At his option, a registrant may make use, to the extent appropriate, of prescribed or suggested forms developed for use in connection with corresponding provisions in the old regulation or he may use his own forms."

Approved unanimously.

Letter to the Secretary of State reading as follows:

"This will acknowledge your note of December 6, 1946, informing the Chairman of the Board of Governors that the Charge d'Affaires ad interim of India had inquired whether it would meet with the approval of the

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"Board of Governors for Mr. M. L. Tannan of the Department of Commerce, Government of India, to establish contact with the Board's Division of Examinations and Division of Bank Operations for the purpose of studying the method of Government inspection of banks and recruitment, promotion, et cetera.

"On Friday, December 6, prior to the receipt of your note on December 9, Mr. Tannan called at the Board's offices and discussed matters of interest with members of the Board's Division of Examinations and Division of Research and Statistics. We endeavored to be of assistance to Mr. Tannan and, although we understood that he was to leave Washington on Sunday, December 8, we shall be glad to make arrangements for his further study of matters mentioned should he plan to return to Washington.

"We shall be pleased to have you advise the Charge d'Affaires accordingly."

Approved unanimously.

Letter to the Comptroller of the Currency reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 13, 1946, for printing Federal Reserve notes of the 1934 Series in the amounts and denominations stated for the Federal Reserve Bank of St. Louis:

<u>Denomi- nation</u>	<u>Number of sheets</u>	<u>Amount</u>
\$ 10	400,000	\$48,000,000
50	25,000	15,000,000
100	40,000	48,000,000"

Approved unanimously.

Memorandum dated November 29, 1946, from Messrs. Young and Horbett, Assistant Directors of the Divisions of Research and Statistics and Bank Operations, respectively, recommending that an additional expenditure of \$31.20 per month in connection with the temporary installation of IBM equipment to tabulate the commercial and indus-

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trial loan survey results be authorized to cover a 10 per cent Federal Excise tax on bills rendered for the use of machines. The memorandum also stated that this would bring the total estimate for the cost of the machines for three months from \$1,836.00 to \$1,929.60.

Approved unanimously.

Memorandum dated December 12, 1946, from Mr. Carpenter, recommending that R. E. Sherfy, Division of Bank Operations, be designated as a witness to the mutilation of signature plates bearing the names of officers of the Federal Reserve Banks which had been used in signing checks drawn in their capacity as Fiscal Agents of the United States, and that Mr. F. A. Walker, of the same Division, be designated as his alternate, with the understanding that these designations would continue until further action is taken by the Board.

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.