

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, December 20, 1946.

PRESENT: Mr. Draper  
Mr. Evans  
Mr. Vardaman

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

Telegrams to Mr. Whittemore, President of the Federal Reserve Bank of Boston; 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; Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City; 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 San Francisco on December 17, by the Federal Reserve Bank of St. Louis on December 18, by the Federal Reserve Banks of New York, Philadelphia, Kansas City, and San Francisco on December 19; and by the Federal Reserve Banks of Boston and Chicago today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated December 13, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Harry Arthur Gillis, Jr., be appointed as a research assistant in the Division of Research and Statistics, on a temporary indefinite basis, with

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basic salary at the rate of \$2,770.20 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination. The memorandum also stated that it was contemplated that Mr. Gillis would become a member of the Federal Reserve retirement system.

Approved unanimously.

Telegram to Mr. Harold D. Hodgkinson, Wm. Filene's Sons Company, Boston, Massachusetts, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you Class C director of the Federal Reserve Bank of Boston for three-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. L. Vinton Hershey, Hagerstown Shoe Company, Hagerstown, Maryland, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of Baltimore Branch of Federal Reserve Bank of Richmond for three-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. W. A. L. Sibley, Monarch Mills, Union, South Carolina, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of Charlotte Branch of Federal Reserve Bank of Richmond for three-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

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Telegram to Mr. Ralph E. Plunkett, Plunkett-Jarrell Wholesale Grocer Company, Little Rock, Arkansas, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of Little Rock Branch of Federal Reserve Bank of St. Louis for three-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. Hugh M. Brinkley, Hughes, Arkansas, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of the Memphis Branch of the Federal Reserve Bank of St. Louis for three-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. Rufus Green, Duncan, Oklahoma, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of Oklahoma City Branch of Federal Reserve Bank of Kansas City for two-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. Hiram S. Corbett, J. Knox Corbett Lumber and Hardware Company, Tucson, Arizona, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of El Paso Branch of Federal Reserve Bank of Dallas for three-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

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Telegram to Mr. Merle G. Hyer, Lewiston, Utah, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of Salt Lake City Branch of Federal Reserve Bank of San Francisco for two-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. R. B. Taylor, Adams, Oregon, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of Portland Branch of Federal Reserve Bank of San Francisco for two-year term beginning January 1, 1947, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Letter to Mr. Creighton, Federal Reserve Agent of the Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in Mr. Whittemore's letter of December 16, 1946, the Board of Governors approves, effective January 1, 1947, the payment of salaries to the following members of the Federal Reserve Agent's staff at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Jaspar A. Lane	Alternate Assistant Federal Reserve Agent	\$4,240
John F. Mooney	Alternate Assistant Federal Reserve Agent	5,616
Clifford E. Morrissey	Alternate Assistant Federal Reserve Agent	3,604
Lewis E. Stoye	Alternate Assistant Federal Reserve Agent	4,007"

Approved unanimously.

Letter to Mr. Whittemore, President of the Federal Reserve Bank of Boston, reading as follows:

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"Reference is made to your letter of December 16, 1946, advising of the salary adjustment program approved by the Board of Directors at its meeting held on that day.

"The Board of Governors authorizes the Federal Reserve Bank of Boston, effective January 1, 1947, to exceed maximum annual salaries under its personnel classification plan by 30 per cent of the first \$3,000, provided that any increase granted under this authorization shall not cause the total annual salary of any employee to exceed the rate of \$7,500 per annum.

"This authorization supersedes the authorization to exceed maximum salaries contained in the Board's letter of November 16, 1945, and is granted as a temporary measure for post war adjustments pending revision of your personnel classification plan."

Approved unanimously.

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

"The Board of Governors approves, effective January 1, 1947, changes in the personnel classification plan of the Federal Reserve Bank of Richmond and the Charlotte Branch, as submitted with your letter of December 16, 1946. With respect to your specific question, you are advised that the authorization to exceed maximum annual salaries contained in the Board's letter of June 25, 1946, also applies to the maximums for the positions involved in the approved changes."

Approved unanimously.

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

"The Board of Governors approves the payment of salary to Mr. N. L. Armistead, Chief Examiner, Federal Reserve Bank of Richmond, for the period from January 1, 1947, through May 31, 1947, at the rate of \$7,500 per annum, which is the rate fixed by the Board of Directors as reported in your letter of December 13, 1946."

Approved unanimously.

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

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond for the period from January 1, 1947, through May 31, 1947, at the rates shown, which are the rates fixed by your Board of Directors as reported in your letter of December 13, 1946:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. R. Milford	<u>Baltimore Branch</u> Vice President	\$14,000
R. L. Cherry	<u>Charlotte Branch</u> Vice President	9,000
S. A. Ligon	Cashier	7,000"

Approved unanimously.

Letter to Mr. Powell, Secretary of the Board of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Minneapolis for the period from January 1, 1947, through May 31, 1947, at the rates shown, which are the rates fixed by your Board of Directors as reported in your letter of December 13, 1946:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
A. W. Mills	<u>Head Office</u> Vice President and Cashier	\$9,000
R. E. Towle	<u>Helena Branch</u> Vice President	8,500
C. J. Larson	Assistant Cashier	5,500"

Approved unanimously.

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

"Reference is made to your letter of December 14, 1946, and telegram of December 19, with reference to the salary program approved by your Board of Directors, providing for an increase of 10 per cent in the salaries of all employees.

"The Board of Governors authorizes the Federal Reserve Bank of Kansas City, effective January 1, 1947, to exceed maximum annual salaries under its personnel classification plan and that of its Branches by 30 per cent, plus such additional amount as may be necessary to permit an increase in the salary of each employee, other than an officer, in an amount equal to 10 per cent of his annual salary on December 31, 1946, provided that any increase granted under this authorization shall not cause the total annual salary of any employee to exceed the rate of \$7,500 per annum.

"This authorization supersedes the authorization to exceed maximum salaries contained in the Board's letter of July 3, 1946, and is granted as a temporary measure for post war adjustments pending revision of your personnel classification plan.

"Please furnish the Board with a list of employees who will receive salaries greater than 30 per cent in excess of their respective maximum annual salaries under your personnel classification plan."

Approved unanimously.

Letter to Mr. Parten, Federal Reserve Agent of the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of December 12, 1946, the Board of Governors approves the appointment of Mr. W. B. Kidd as Alternate Assistant Federal Reserve Agent at his present salary of \$2,788.98.

"This approval is given with the understanding that Mr. Kidd will be placed upon the Federal Reserve Agent's pay roll and will be solely responsible to him or, during a vacancy in the office of the Federal Reserve Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of his duties.



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"When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent he may, with the approval of the Federal Reserve Agent or, during a vacancy in the office of the Federal Reserve Agent, of the Assistant Federal Reserve Agent, and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

"It is noted from your letter that Mr. Kidd will execute the usual oath of office which will be forwarded to the Board together with advice as to the date upon which he assumes his duties as Alternate Assistant Federal Reserve Agent."

Approved unanimously.

Letter to the board of directors of the "First State Bank of Warner, S. Dak.", Warner, South Dakota, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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 Minneapolis:

"4. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital stock of not less than \$30,000."

Approved unanimously, together with a letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the First State Bank of Warner, S. Dak., Warner, South Dakota, 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



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"and the other of which you are requested to forward to the Superintendent of Banks for the State of South Dakota, for his information.

"Since the amount of estimated losses shown in the report of examination for membership is relatively small, the usual condition of membership requiring elimination of losses has not been prescribed. However, it is noted that such losses are to be collected or charged off prior to the end of the current year."

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

"Reference is made to your letter of December 13, 1946, submitting the request of the Girard Trust Company, Philadelphia, Pennsylvania, for approval, under the provisions of Section 24A of the Federal Reserve Act, of an additional expenditure of \$500,000 for alteration and improvement of bank premises.

"It is noted that the institution has expended only \$40,000 of the \$500,000 approved by the Board of Governors on February 7, 1946, but now feels that the entire improvement program contemplated at that time may be undertaken during the next few months.

"It is understood that the proposed expenditure of approximately \$1,000,000 is not to be capitalized, and in view of your recommendation, the Board approves the proposed additional investment substantially in accordance with the plan as submitted."

Approved unanimously.

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

"This refers to your letter of December 12, 1946, with regard to the application of the South Main State Bank, Houston, Texas, for permission to exercise fiduciary powers.

"In view of the information submitted, and of your favorable recommendation, the Board of Governors of the Federal Reserve System grants the applicant bank permission, under the provisions of its condition of membership numbered 1,

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"to exercise the fiduciary powers now or hereafter authorized under its articles of association and the laws of the State of Texas. The Board's approval is given subject to acceptance by the bank of the following standard conditions prescribed in connection with the admission to membership of State banks exercising fiduciary powers:

1. Such bank shall not invest funds held by it as fiduciary in stock or obligations of, or property acquired from, the bank or its directors, officers, or employees, or their interests, or in stock or obligations of, or property acquired from, affiliates of the bank.
2. Such bank, except as permitted in the case of national banks exercising fiduciary powers, shall not invest collectively funds held by the bank as fiduciary and shall keep the securities and investments of each trust separate from those of all other trusts and separate also from the properties of the bank itself.
3. If funds held by such bank as fiduciary are deposited in its commercial or savings department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers.

"You are requested to advise the South Main State Bank, Houston, Texas, of the Board's action, and to obtain an appropriate resolution of the board of directors of the bank accepting the conditions listed above and forward a certified copy thereof to the Board."

Approved unanimously.

Telegram to Mr. Shepard, Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, stating that, subject to the conditions set forth in the telegram, the Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Northwest Bancorporation", Minneapolis, Minnesota, entitling

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such organization to vote the stock which it owns or controls of "The Union National Bank of Rochester", Rochester, Minnesota, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram is limited to 30 days unless an extension of time is granted by the Board. The condition contained in the telegram upon which the permit was authorized was as follows:

"That, prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in same form as that which applicant executed on June 13, 1946, as a condition to issuance of permit dated June 18, 1946."

Approved unanimously.

Letter to Mr. J. W. Slaughter, President of the First Columbus National Bank, Columbus, Mississippi, reading as follows:

"This refers to your letter of December 10, 1946, addressed to Governor Vardaman, regarding the absorption of exchange charges by your bank with respect to an account carried with you by the Mississippi State College for Women.

"The Board's Regulation Q, relating to the payment of interest on deposits by member banks, is based upon provisions of section 19 of the Federal Reserve Act. Among other things, this section provides that no member banks of the Federal Reserve System shall 'directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand'. The prohibition is applicable to all member banks and therefore, of course, applies to your bank. For the purposes of the law, the Board's Regulation defines the term 'interest' as 'any payment to or for the account of any depositor as compensation for the use of funds constituting a deposit'; and the Board has taken the position that the absorption of exchange charges by a member bank for the purpose of compensating a depositor for the use of his funds constitutes a payment of interest in violation of the law and the Regulation.

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"There is no exception to this prohibition which would be applicable in the case described in your letter. The Board's letter to all member banks of June 22, 1945, to which you make reference, stated that the absorption of exchange charges in amounts aggregating not more than \$2 for any one depositor in any calendar month would be considered as trivial and would be disregarded. If such charges are absorbed by a member bank in greater amounts as a device for compensating depositors for the use of their funds, the practice would not be in accordance with the law and the Board's Regulation.

"In connection with this matter, it may be noted that a bill known as the Brown-Maybank Bill was introduced in Congress in 1944 which would have amended the law so as to provide expressly that the absorption of exchange charges by member banks should not be deemed to be a payment of interest. While that bill was passed by the House of Representatives, it was defeated in the Senate. Thus, while Congress had an opportunity to review and modify the Board's interpretation of the law, it did not see fit to do so.

"In answer to your question with respect to the applicable penalty, there is no penalty specifically provided for violations of the provision of law in question; but, as you know, violations of the Federal banking laws by a national bank render its directors and officers subject to removal under section 30 of the Banking Act of 1933, and render the bank subject to forfeiture of its franchise under section 5239 of the United States Revised Statutes or under section 2 of the Federal Reserve Act.

"It would seem that the situation involved in this case is somewhat similar to that with respect to the collection of checks payable to the United States. It is a practice of the United States Treasury to require that any check payable to the Government shall be stamped by the depositing Government agency with a legend to the effect that the check is in payment of an obligation to the United States and must be paid at par; and if the bank on which such check is drawn for any reason does not pay it at par, it will be returned to the depositor in the same manner as any check which is not paid. We mention this fact with the thought that, since funds of the Mississippi State College for Women are State funds and since the College states that it may not lawfully pay exchange charges, you may wish to give consideration to the question whether a similar practice might be feasible with respect to checks deposited by the College.

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"You of course will understand that what has been said here applies only to demand deposits and does not apply to time funds upon which the payment of interest is not prohibited but only limited."

Approved unanimously.

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

"Question No. 2 of your letter of November 30, 1946, requests advice regarding the preservation of records under section 8(a) of Regulation W. Specifically, you asked whether the 'Statement of the Borrower' required under section 4(d) of the Regulation need be preserved after a credit has been revised in accordance with the Regulation.

"Briefly, section 8(a) requires a registrant to preserve relevant documents for the 'life of the obligation to which they relate'. This, of course, includes the 'Statement of the Borrower'.

"The Board's view is that 'the obligation', as that term is used in section 8(a), means the original obligation with respect to which the Statement was procured, and, therefore, does not require the preservation of the Statement executed in connection with any such original obligation after a new obligation has arisen by virtue of a revision of the old credit.

"The enforcement problems that may arise under the foregoing and which you mention are recognized and have been considered. Should such problems prove to be substantial, future consideration of the matter, of course, would be desirable."

Approved unanimously.

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

"The consensus of replies received from the Federal Reserve Banks to the Board's letter of August 12, 1946, was definitely in favor of the proposal to collect monthly figures of loans, United States Government securities, and other securities from member banks. However, a number of the Reserve Banks indicated a preference for a separate

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"report form for reporting the three items instead of the addition of the items to the reports of deposits submitted for reserve computation purposes as was outlined in the Board's letter.

"After further consideration the Board has approved a new form, F. R. , 'Loans and Securities of Member Banks', a copy of which is enclosed and a supply of which will be sent you under separate cover. Reports on this form should be obtained by your Bank from all member banks in your district, other than those that submit weekly condition reports, as of the last Wednesday in each month beginning with January 1947.

"Although the report form calls for only three items readily available on the books of all banks, it will provide, together with the weekly reporting member bank series, monthly figures showing changes in loans and securities of all member banks, which will be a very useful current supplement to the more detailed call report figures. It will also provide, in conjunction with the deposit figures already available, statistics of all of the principal assets and liabilities of member banks. It is planned to publish the results in the Federal Reserve Bulletin.

"The Board's form F. R. 635, on which the Federal Reserve Banks now report end-of-month summary figures of deposits, reserves, and borrowings, has been revised to include the items to be reported by member banks on the new form F. R. . Provision has also been made for showing estimates of non-reported assets, liabilities, and capital accounts; the summary report form, in other words, is in condensed balance-sheet form. A copy of the revised form F. R. 635 is enclosed and a supply thereof will be sent to you under separate cover. It will be appreciated if you will furnish the Board with reports on the revised form F. R. 635 beginning with the last Wednesday of January 1947. If the underlying reports of some of the smaller member banks are unduly delayed, estimates should be made by your Bank so that your summary report may be forwarded to the Board as soon as practicable. It is hoped that after the first month or two these summaries can be completed in time to reach the Board within three weeks after the date to which they relate."

Approved unanimously.

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



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"It is desired that the regular annual reports of holding company affiliates on Form F. R. 437 be obtained for the year ending December 31, 1946, or for the holding company affiliate's latest fiscal year if it differs from the calendar year. Accordingly, please request each holding company affiliate which has its principal executive office in your district, and which holds a general voting permit, to file such a report in duplicate with your Bank not later than February 1, 1947.

"Please inform us as to the number of copies of Form F. R. 437 which your Bank will need, in excess of its present stock, in obtaining the reports of holding company affiliates in your district. The form has not been revised.

"It is requested that the annual reports of the holding company affiliates for 1946 be obtained and processed by your Bank in the same manner as that set forth in the Board's letter of December 19, 1945, regarding the annual reports for 1945.

"The possibility of consideration of bank holding company legislation by the Congress at an early date emphasizes the desirability of having the information contained in the reports available in the Board's files as promptly as practicable after the end of the year. Accordingly, it is important that one copy of each report be forwarded to the Board immediately upon receipt by your Bank. There should follow, of course, as soon as practicable, the processing of the reports by your Bank in the manner described in the Board's letter of December 19, 1945."

Approved unanimously.

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

"Your telegram December 19. Board approves extension of 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. 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 per cent 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.



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"It is further understood that it is not the present intention of your Bank to consider favorably any request for a further extension beyond March 1947. It is also understood that the usual participation will be offered to the other Federal Reserve Banks."

Approved unanimously.

Letter to Mr. Peterson, Assistant Cashier of the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of November 20 regarding the provisions of the 'Rules for Uniform Application by Federal Reserve Banks in Waiving Penalties for Deficiencies in Reserves for Member Banks', enclosed with the Board's letter S-902 of March 5, 1946.

"Under the provisions of paragraph D penalties for deficiencies in reserves which do not exceed 2 per cent of the required reserves may be waived once in any two-year period regardless of any penalties the Federal Reserve Bank may have waived under paragraphs A, B, or C of the Board's letter. The authority granted in any one of the paragraphs A to E may be exercised by the Reserve Bank without reference to any penalties that may have been waived under any of the other paragraphs. There seems to be no reason, therefore, for a deficiency in reserves of the kind described in paragraph C, with respect to which no penalty is assessed, to be handled as an adjustment of required reserves rather than as a waiver of penalties."

Approved unanimously.

Memorandum dated December 18, 1946, from Mr. Smead, Director of the Division of Bank Operations, submitting requests from the Federal Reserve Banks for authority to pay the regular semiannual dividend at the end of 1946, and to make charge-offs or other year-end adjustments.

The memorandum stated that current earnings for 1946 would be approximately \$150,400,000 and current expenses would amount to about

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\$57,100,000, leaving current net earnings of \$93,300,000; that additions to current net earnings, including \$1,800,000 profits on sales of Government securities, would amount to about \$2,000,000; that deductions from current net earnings would approximate about \$2,700,000, including \$2,100,000 covering special payments to the Retirement System and \$400,000 for additions to the reserve for registered mail losses. The payments to the Retirement System were made to cover the accrued liability created by the amendments to the rules and regulations approved by the Board on June 26, 1946, and are due primarily to the change in the method of computing average annual salaries for purposes of retirement allowances. Net earnings for the year were estimated at \$92,600,000. Payments to the Treasury under the provision of Section 13b of the Federal Reserve Act were expected to be about \$69,000 and member bank dividends \$10,975,000, leaving net earnings available for transfer to surplus (Section 7) of about \$81,610,000, and transfer to surplus (Section 13b) of about \$10,000.

The memorandum further stated that additions to the reserve for registered mail losses under the Loss Sharing Agreement of the Federal Reserve Banks will amount to about \$375,000 which, under the Board's Instructions Governing the Preparation of Earnings and Expense Reports and Profit and Loss Statements, are to be charged to profit and loss.

Recommendations contained in the memorandum with respect to the requests of the Federal Reserve Banks were approved unanimously as follows:

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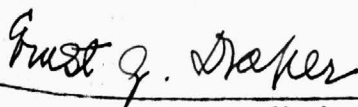
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1. Each Federal Reserve Bank was authorized to pay the regular semiannual dividend on December 31, 1946, estimated to amount to a total, for the twelve Banks of \$5,549,000.
2. The Federal Reserve Bank of Cleveland was authorized to make charge-offs of \$122,901.32 on its bank premises and the carrying value of the building site recently acquired in Pittsburgh.
3. The Federal Reserve Bank of Minneapolis was authorized to write down the carrying value of the addition to the Helena Branch building by \$27,314.40.



Secretary.

Approved:



Member.