

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, December 27, 1946.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Evans

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

As stated in the minutes of December 26, 1946, Mr. Vardaman was absent on official business.

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. Powell, First Vice President of the Federal Reserve Bank of Minneapolis; 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 Banks of Atlanta and San Francisco on December 24, and by the Federal Reserve Banks of Cleveland, Richmond, Chicago, Minneapolis, and Dallas on December 26, 1946, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter prepared for Mr. Ransom's signature in accordance with the action taken at the meeting of the Board on December 19, 1946, to Mr. Ruml, Chairman of the Federal Reserve Bank of New York, reading as follows:

"As the Chairman is spending the holidays with his family in Utah, I am acknowledging receipt of your letter of December 23 relinquishing your place as Chairman

12/27/46

-2-

"and Class C Director of the Federal Reserve Bank of New York in order to create a vacancy for the appointment of a successor. The Board has redesignated Mr. William I. Myers as Deputy Chairman so that he will be able to carry on until your successor is appointed.

"The Board has reluctantly acquiesced in your request and I am writing this merely to advise you of that action. On his return, the Chairman will send you a letter on behalf of all of us which will express the appreciation that you know we all feel for the outstanding public service you have rendered in the decade that you have served, first as a Class C Director at New York and then as our Chairman."

Mr. Ruml's resignation was accepted effective December 31, 1946, and the foregoing letter was approved unanimously.

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

"Relet December 21. Board approves appointment Stewart Beckley Evans, at present an assistant examiner, as examiner for Federal Reserve Bank of Dallas. Please advise effective date of appointment."

Approved unanimously.

Letter to Mr. Volberg, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"In accordance with the request contained in your letter of December 23, 1946, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of San Francisco, effective January 1, 1947:

<u>Head Office</u>	<u>Portland Branch</u>	<u>Salt Lake City Branch</u>
W. A. Craig	William M. Brown	Craig W. McDonald
R. E. McKendry	A. Bryce Schriber	
L. P. Smith		
D. S. Booth		
T. W. Barrett		
W. G. DeVries		
W. G. Meyer		

"Appropriate notations have been made in our records of the names reported as deletions.

12/27/46

-3-

"It is noted that Charles Lind, whose designation as a special assistant examiner has heretofore been approved, has now returned from military leave.

"Upon checking the list of examining personnel enclosed with your letter, it is noted that the following are not included: Assistant Examiner William H. Nichols (appointment approved February 17, 1945) and Special Assistant Examiner Robert P. Glascock of the Spokane Office (designation approved July 19, 1946). We do not appear to have been informed that the appointment of Mr. Nichols and the designation of Mr. Glascock have been terminated and will appreciate your advising as to the dates of termination."

Approved unanimously.

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

"Reference is made to your letter of December 19, 1946, submitting the request of the Marine Midland Trust Company of Binghamton, Binghamton, New York, for approval of the establishment of a branch in Endicott, New York, in connection with the proposed merger with the Union Trust Company of Endicott, Endicott, New York.

"The Board of Governors concurs in your opinion that the proposed merger will not result in a change in the character of the assets of the Marine Midland Trust Company of Binghamton or a broadening of its functions within the meaning of condition of membership numbered 4 to which it is subject.

"In view of your recommendation, the Board approves the establishment and operation of a branch in Endicott, New York, by the Marine Midland Trust Company of Binghamton, Binghamton, New York, provided the proposed merger is effected substantially in accordance with the merger agreement as submitted and the prior approval of the appropriate State authorities is obtained; and with the understanding that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to effect the merger and establish the branch."

Approved unanimously.

Letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, prepared in accordance with the action taken at the meeting of the Board on December 19, 1946, and reading as follows:

12/27/46

-4-

"This will confirm the advice already given you by telephone that the Board believes that a general examination should be made of Farmers and Merchants Bank of Long Beach, California, beginning during the week of January 6, 1947, in the course of which the transactions of the bank relative to the Long Beach Federal Savings and Loan Association should be carefully reviewed so as to develop (1) the information desired by the Department of Justice and the Federal Home Loan Bank Administration and (2) the part which the bank itself played in such transactions. The Board believes further, that it would be desirable that the examiners review these transactions at the very opening of the examination, that during the course of examination they should discuss their findings relative to these transactions freely with Mr. Ray E. Dougherty, Associate General Counsel, Federal Home Loan Bank Administration, and Mr. Ronald Walker, Assistant United States Attorney, without, however, furnishing them any written report, and that the written report of the examination should be forwarded to the Board of Governors as soon as possible.

"To this end, and in view of section 22(b) of the Federal Reserve Act, the Board of Governors hereby expressly permits the examiners making this examination to disclose information regarding these transactions to Mr. Dougherty and Mr. Walker as aforesaid, for their official and confidential use, with the understanding that the Department of Justice and the Federal Home Loan Bank Administration will use the information merely as a lead and will be careful not to reveal the source of their information or leads.

"There is enclosed herewith a copy of all of the affidavits filed in the United States Supreme Court in the Home Loan Bank matter."

Approved unanimously.

Telegram to Mr. Brainard, Federal Reserve Agent of the Federal Reserve Bank of Cleveland, authorizing the issuance of a limited voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Mellon National Bank and Trust Company", Pittsburgh, Pennsylvania, entitling such organization to vote the stock which it owns or controls of "The Farmers Deposit National Bank of Pittsburgh", Pittsburgh, Pennsylvania, at any time prior to April 1, 1947, to elect directors of such bank at the annual meeting of shareholders, or any adjournments thereof, and to act

12/27/46

-5-

thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such bank.

Approved unanimously.

Letter to Mr. D. W. Woolley, Vice President and Cashier of the Federal Reserve Bank of Kansas City, reading as follows:

"This refers to your letter of December 21, 1946, with regard to the application of The Hutchinson State Bank, Hutchinson, Kansas, 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, to exercise the fiduciary powers now or hereafter authorized under its articles of incorporation and the laws of the State of Kansas. 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 Hutchinson State Bank, Hutchinson, Kansas, 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.


12/27/46

-6-

Memorandum dated December 27, 1946, from Mr. Hooff, Assistant Counsel, recommending that there be published in the law department of the January issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Consumer Credit  
Preservation of Records  
Automobile Appraisal Guides

Approved unanimously.

  
Assistant Secretary.

Approved:



Member.