

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, January 15, 1947.

PRESENT: Mr. Eccles, 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 December 26, 1946, Mr. Vardaman was absent on official business.

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

"In view of the circumstances described in your letter of January 10, 1947, the Board of Governors approves, for a further period of six months beginning January 16, 1947, the continuation of Mr. Moylan Macdonell in an unassigned position in the Purchasing Division of the Planning Department.

"This approval is given with the understanding that the salary paid Mr. Macdonell while serving in the unassigned position will not exceed the salary he would be eligible to receive in the position he occupied at the time he was given this assignment."

Approved unanimously.

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

"The Board of Governors approves the appointments of Messrs. Edward J. Doyle, Walter Harnischfeger, Edwin M. Kerwin, G. Barret Moxley, and James L. Palmer as members of the Industrial Advisory Committee for the Seventh Federal Reserve District to serve for terms of one year each beginning March 1, 1947, in accordance with the action taken by your Board of Directors, as reported in your letter of January 10, 1947."

Approved unanimously.

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

"Reference is made to your letter of January 10, 1947, advising that the Board of Directors, on January 9, formally recommended that Wilford R. Diercks be appointed Vice President in charge of the Bank Examination Department.

"The Board of Governors approves the designation of Vice President Wilford R. Diercks as the officer in charge of the Bank Examination Department and approves the payment of salary to him in his new designation for the period January 9, 1947, through March 31, 1947, at his present rate of \$11,000 per annum."

Approved unanimously.

Under date of January 3, 1947, the Board received a telegram from Mr. Grady, Chairman of the Federal Reserve Bank of San Francisco, stating that at the meeting of the board of directors of the Bank on that day the directors reaffirmed the action taken at the meeting on November 7, 1946, regarding the appointment of Mr. Mangels as first vice president and increases in the salaries of four other officers whose responsibilities had been increased because of the proposed promotion of Mr. Mangels to the position of first vice president. The telegram also stated that early advice of the Board's action on the proposals contained in the letter of November 7 would be appreciated.

In accordance with the understanding at the meeting of the Board on December 13, Mr. Grady called Chairman Eccles by telephone on January 7 and when he learned that Chairman Eccles had not yet returned from the West, Mr. Grady talked with Mr. Draper, and later

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with Mr. Carpenter, stating that he had discussed the proposed appointment of Mr. Mangels with Reese Taylor, a Class B director of the Bank, George M. Wallace, President, Security-First National Bank of Los Angeles, William M. Hale, Executive Vice President of the American Trust Company, of San Francisco, and others in the district, that "there was no difficulty in the slightest", and that the action of the directors in reaffirming the appointment of Mr. Mangels was by unanimous vote. On Tuesday, January 14, 1947, Mr. Grady was in Washington and stated to the Secretary over the telephone that he would appreciate anything that the Board of Governors might do to expedite a decision on the appointment of Mr. Mangels.

At the meeting of the Board on December 17, 1946, Mr. Vardaman stated that he would have no objection to Mr. Mangels if the board of directors of the Federal Reserve Bank of San Francisco unanimously approved his appointment as first vice president and that in the event the appointment were approved the Board of Governors should consider including in its approval a statement to the effect that it must be clearly understood by the board of directors of the Federal Reserve Bank of San Francisco and by Mr. Mangels that the action on the part of the Board of Governors in approving the appointment did not necessarily imply any commitment to approve at a future date the selection of Mr. Mangels as President of the Bank. Mr. Vardaman's suggestion had been inform-

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ally considered by the three members of the Board who were available in Washington and it was felt that, inasmuch as that understanding was implicit in any action the Board might take approving the appointment and because of the resentment on the part of the directors of the Federal Reserve Bank of Atlanta when a similar statement was made in connection with the approval of Mr. Clark as first vice president of that Bank, such a qualification should not be expressly included in the approval of the appointment of Mr. Mangels.

Accordingly, the following letter to Mr. Grady was approved by unanimous vote:

"The Board of Governors approves, effective January 1, 1947, the appointment of Mr. H. N. Mangels as First Vice President of the Federal Reserve Bank of San Francisco for the remaining portion of the term ending February 28, 1951, and the payment of salary to Mr. Mangels at the rate of \$16,000 per annum for the period January 1, 1947, through April 30, 1947, in accordance with the action taken by the Board of Directors as reported in your letter of November 7, 1946.

"The Board of Governors also approves payment of salaries to the following officers of the Federal Reserve Bank of San Francisco for the period January 1, 1947, through April 30, 1947, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 7, 1946, and telegram of January 3, 1947:

| <u>Name</u> | <u>Title</u> | <u>Annual Salary</u> |
|-----------------|----------------------------|----------------------|
| H. F. Slade | Vice President | \$11,000 |
| J. M. Leisner | Vice President and Cashier | 10,000 |
| W. F. Volberg | Vice President | 10,000 |
| Ronald T. Symms | Assistant Vice President | 7,500 |
| W. N. Ambrose | Vice President | 13,000 |
| D. L. Davis | Vice President | 12,000 |
| W. L. Partner | Vice President | 10,000 |
| C. R. Shaw | Vice President | 12,000 |
| O. P. Wheeler | Vice President | 9,500" |

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Letter to the board of directors of the "Cleo State Bank, Cleo Springs", Cleo Springs, Oklahoma, stating that, subject to conditions 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 Kansas City:

"4. At the time of admission to membership such bank shall have a paid-up and unimpaired capital of not less than \$25,000."

Approved unanimously, for transmission through the Federal Reserve Bank of Kansas City.

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

"This refers to your letter of August 20, 1946, concerning the applicability of section 32 of the Banking Act of 1933 to Mr. John D. Babbage, a director of the Bank of Lancaster, Kilmarnock, Virginia, who is also a salesman for the firm of W. H. Bell & Co., Inc., Washington, D. C. You will recall that this matter was held in abeyance pending the decision of the Supreme Court of the United States in the Agnew-Fayerweather case.

"It is noted that Counsel for your Bank, in an opinion which you enclosed with your letter of August 20, 1946, reaches the conclusion that Mr. Babbage is an employee of W. H. Bell & Co., Inc.; that since approximately 50 per cent of the business of such Company involves the issue, flotation and underwriting of stocks, bonds and other securities, such Company is 'primarily engaged' in the business described in section 32 of the Banking Act of 1933; and, in the circumstances, Mr. Babbage is ineligible to serve on the board of directors of the Bank of Lancaster.

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"We know of no reason to differ with the views expressed by Counsel for your Bank, and suggest that you bring the matter to the attention of the member bank with the request that appropriate steps be taken by Mr. Babbage to conform to the applicable provisions of the law."

Approved unanimously.

Telegram to Mr. Stryker, Assistant Federal Reserve Agent of the Federal Reserve Bank of New York, authorizing the issuance of a limited voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to "Financial Institutions, Inc.", Warsaw, New York, entitling that organization to vote the stock which it owns or controls of the "Wyoming County Bank and Trust Company", Warsaw, New York, at any time prior to April 1, 1947, to act upon a proposal to increase the authorized common capital stock of such bank from \$300,000 to \$500,000.

Approved unanimously.

Letter to the National Affairs Committee, Vacuum Cleaner Manufacturers Association, 1070 East 152nd Street, Cleveland 10, Ohio, reading as follows:

"This is with reference to your petition dated December 10, 1946, for the removal of the credit restrictions on vacuum cleaners under Regulation W.

"The list of articles in the revision of Regulation W effective December 1, 1946, is considered by us to include items for which, at the present time, continuing credit regulation is desirable in the public interest. Like the other items now on the list, the vacuum cleaner has been retained because of the substantial amount of instalment credit generated in its sale.

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"We do have in mind, however, that the time will come when some relaxation in the terms now prescribed by the regulation, not only for vacuum cleaners but also for other items, will be appropriate. In this connection, data on the market for vacuum cleaners will be of interest and we would welcome at all times any information on the subject you would care to present to us.

"You will observe that in our view the question which you present is part of the larger question of whether or not the regulation of consumer credit should be continued. This larger question is one which, as you will note from the enclosed copy of a press release dated November 15, the Board believes should be determined by the Congress. We have no doubt that the appropriate committees of the Congress will give consideration in due course to many of the arguments developed in your letter."

Approved unanimously.

Letter to Mr. Grady, Chairman of the Federal Reserve Bank of San Francisco, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of San Francisco, made as of October 9, 1946, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President Earhart.

"The Board will appreciate advice that the report has been considered by the board of directors. Any comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.

Memorandum dated January 13, 1947, from Mr. Sherman, recommending the destruction of records in the Board's files in accordance with a list approved by all interested divisions:

"Attached is a list of records in the Board's files which, with the approval of the interested divisions, it is recommended be destroyed by incineration. All of this material for earlier years has been on destruction lists previously approved by the Board.

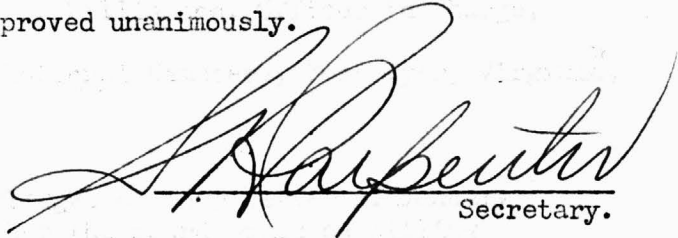
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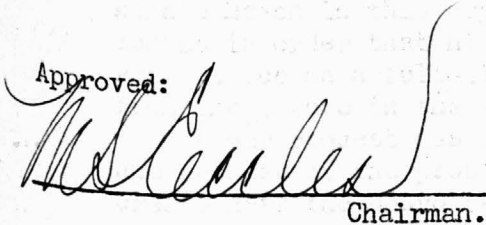
"The list is divided according to the divisions of the Board's organization and according to groups 1 and 11. Group 1 consists of material which the Archivist of the United States, pursuant to the act of Congress approved July 7, 1943, has authorized the Board to dispose of after the respective items have been in existence for the period of time specified. All of these items shown on the list have been retained for the required period.

"Group 11 items consist of duplicated material from other organizations and statements prepared for the current information of the Board and not regarded as essential record material so far as the Board is concerned. The National Archives has taken the position that this material can be disposed of by the Board without obtaining approval of the Archivist or of Congress"

Approved unanimously.


Secretary.

Approved:


Chairman.