

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, February 5, 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 February 4, 1947, Mr. Vardaman was absent on official business.

Letter to Mr. Clark, First Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in your letter of January 29, 1947, the Board approves the appointment of Thomas E. Doss, Jr. as an assistant examiner for the Federal Reserve Bank of Atlanta. If the appointment is not made effective March 1, 1947, as planned, please advise us.

"It has been noted that Mr. Doss is indebted to Third National Bank, Nashville, Tennessee, in the amount of \$650. You indicate that the loan will be removed from the member bank before the appointment becomes effective. Accordingly, the Board's approval of his appointment is given with the understanding that this indebtedness will be eliminated or financed through sources other than banks."

Approved unanimously.

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

"Reference is made to your letter of January 29, 1947, submitting the request of the Jasper County Savings Bank, Newton, Iowa, for approval of the expenditure of approximately \$104,000 for the purpose of remodeling its banking premises.

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"In view of your recommendation, the Board of Governors approves the expenditure of approximately \$104,000 for the purpose of remodeling banking premises by the Jasper County Savings Bank, substantially in accordance with the plan as submitted."

Approved unanimously.

Letter to Mr. A. Devitt Vanech, Acting The Assistant to the Attorney General, Department of Justice, reading as follows:

"In connection with a regular examination of the Farmers and Merchants Bank of Long Beach, Long Beach, California, as of January 7, 1947, and in accordance with arrangements made pursuant to the request contained in your letter of December 23, 1946, examiners for the Federal Reserve Bank of San Francisco investigated the books and records of the bank relating to certain transactions with the Long Beach Federal Savings and Loan Association, particularly the transactions mentioned in an affidavit made by Gus A. Walker, President of the bank, dated December 2, 1946, in the matter of John H. Fahey, et al, Appellants, vs. Paul Mallonee, et al, Appellees, in the Supreme Court of the United States, No. 687, October Term 1946.

"Before making the investigation, the examiners in charge, together with a Vice President and Counsel for the Reserve Bank, discussed the matter with Mr. John M. Carter, United States District Attorney, and Mr. Ronald Walker, Deputy United States District Attorney. Mr. Ray E. Dougherty, Associate General Counsel, Federal Home Loan Bank Administration, was to have participated in this discussion but was prevented because of delays in transportation.

"At a conference held in the office of the United States District Attorney in Los Angeles on January 9, 1947, Examiners Weigand and Wilson, with Vice President Volberg of the Reserve Bank, reported the results of the investigation verbally to Deputy United States District Attorney Walker. It appears that the loans which were the subject of the investigation were duly made by the bank and entered in its records, that all such loans were secured by pass books and assignment of the borrowers' accounts in the Long Beach Federal

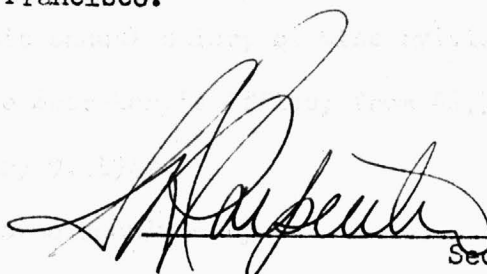
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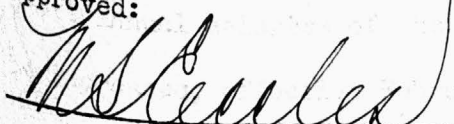
"Savings and Loan Association, and that some of the loans were additionally secured by notes, deeds of trust and other collateral. Deputy United States District Attorney Walker, after hearing the report, stated that he believed nothing illegal had transpired and that he would not consider any further investigation necessary.

"The Board of Governors has received a report of the investigation, signed by the examiners engaged therein, which will be made available for your inspection if you so desire."

Approved unanimously, with the understanding that a copy would be forwarded to Mr. Volberg, Vice President of the Federal Reserve Bank of San Francisco.


Secretary.

Approved:


Chairman.