

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, February 18, 1947.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 17, 1947, were approved unanimously.

Memorandum dated February 14, 1947, from Mr. Vest, General Counsel, recommending the loan of the services of Mr. Solomon, Assistant Counsel in the Legal Division, to the Bureau of the Budget for a period of one month, beginning on or about February 17, 1947, for purposes stated in the memorandum. The memorandum also recommended that Mr. Solomon's salary be paid by the Board during the period of the loan, and stated that Mr. Solomon would be able to devote at least some time on occasions to Board work when it was important from the Board's standpoint that he do so.

Approved unanimously.

Letter to Mrs. Valerie R. Frank, Secretary of the Retirement Committee, Retirement System of the Federal Reserve Banks, Federal Reserve Bank of New York, reading as follows:

"Charles T. Malone, a member of the Division of Examinations of the Board's staff, went on military leave on May 20, 1942, under the policy then in effect

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"with respect to employees called into military service. In February 1943, he withdrew his contributions to the Retirement System and pursuant to the rules and regulations ceased to be a member of the Retirement System.

"Upon Mr. Malone's return to the Board in February 1946, he was automatically included under the Board Plan of the Retirement System and it appears that technically he may be charged interest for service prior to January 1, 1944, the date on which the Board of Governors Plan became effective.

"After reviewing all of the circumstances, the Board has concluded that an exception is warranted in this case and that Mr. Malone should not be charged interest under the Board Plan for service prior to January 1, 1944, and that the interest withheld at the time he withdrew his funds should be restored to his account provided he deposits his own contributions."

Approved unanimously.

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

"The Board of Governors approves the reappointments of Messrs. Sam W. Emerson, C. F. Hood, H. P. Ladds, Herman R. Neff, and W. Withington as members of the Industrial Advisory Committee for the Fourth Federal Reserve District to serve for terms of one year each, beginning March 1, 1947, in accordance with the action taken by the Board of Directors as reported in your letter of February 14, 1947."

Approved unanimously.

Letter to Mr. Strathy, Secretary of the Federal Reserve Bank of Richmond, reading as follows:

"The Board of Governors approves the reappointments of Messrs. J. G. Holtzclaw, Walker D. Stuart, Overton D. Dennis, William L. Manning, and John L. Whitehurst as members of the Industrial Advisory Committee for the Fifth Federal Reserve District to serve for terms of one year each, beginning March 1, 1947, in accordance with the action taken by the Board of Directors of the Federal Reserve Bank of Richmond, as reported in your letter of February 14, 1947."

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Approved unanimously.

Letter to Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors approves the reappointments of Messrs. Wm. K. Norris, Jacob VanDyke, M. E. Finch, and G. A. Heuser as members of the Industrial Advisory Committee for the Eighth Federal Reserve District to serve for terms of one year each, beginning March 1, 1947, in accordance with the action taken by the Board of Directors of the Federal Reserve Bank of St. Louis, as reported in your letter of February 13, 1947.

"It is noted from your letter that, after the Committee has elected its officers for the ensuing year, the Board will be advised."

Approved unanimously.

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

"The Board of Governors approves the reappointments of Messrs. Charles R. Moore, E. P. Simmons, Lawrence S. Pollock, Ira T. Moore, and Jake L. Hamon as members of the Industrial Advisory Committee for the Eleventh Federal Reserve District to serve for terms of one year each, beginning March 1, 1947, in accordance with the action taken by the Board of Directors of the Federal Reserve Bank of Dallas, as reported in your letter of February 14, 1947."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the Hampton Oaks State Bank, Houston, Texas, became a member of the Federal Reserve System on February 14, 1947, and is now a member of the System. The Board of Governors

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"of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to the Norway National Bank, Norway, Maine, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, and administrator, grants you authority to act, when not in contravention of State or local law, as registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Maine, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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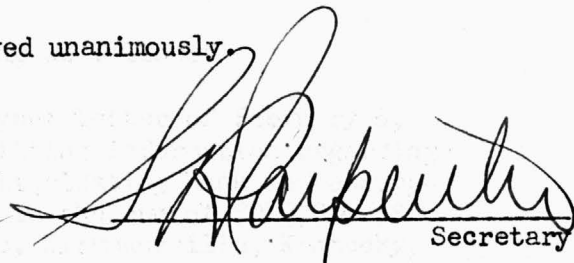
Letter to Mr. Peyton, President of the Federal Reserve Bank  
of Minneapolis, reading as follows:

"This refers to your letter of January 8, 1947, with its enclosure, regarding the procedure followed by your Bank in handling penalties for deficiencies in reserves of member banks.

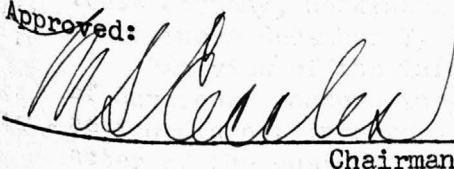
"It is understood that, since receipt of the Board's letter of March 5, 1946, enclosing rules for uniform application in waiving penalties for deficiencies in reserves, you have followed the practice of handling such penalties on a current instead of a monthly basis, that is, at the end of a reserve computation period. The memorandum enclosed with your letter indicates that, since those rules authorize the waiver of a penalty of not more than \$2.00 incurred in any reserve computation period, it was felt that there was no reason for withholding the assessment of penalties until the following month and also that there were certain advantages in assessing them currently since automatically member banks would be promptly placed on notice as to their reserve positions.

"While Regulation D contemplates monthly assessment of penalties, the Board will offer no objection, for the reasons above indicated, to the continuance of the procedure followed by your Bank with respect to the handling of penalties for deficiencies in reserves."

Approved unanimously.

  
Secretary

Approved:

  
Chairman