

3/13/47  
 Division  
 Minutes of actions taken by the Board of Governors of the  
 Federal Reserve System on Thursday, March 13, 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

Bank of  
 As stated in the minutes of March 12, 1947, Mr. Vardaman  
 was absent on official business.

Minutes of actions taken by the Board of Governors of the  
 Federal Reserve System on March 12, 1947, were approved unanimously.

Memorandum dated March 4, 1947, from Mr. Thomas, Director  
 of the Division of Research and Statistics, recommending the appoint-  
 ment of Miss Cornelia B. Rose, Jr. (Mrs. Laszlo Ecker-Racz) as an  
 economist in that Division, on a temporary basis for a period of  
 one year, with basic salary at the rate of \$5,403.60 per annum,  
 effective as of the date upon which she enters upon the performance  
 of her duties after having passed the usual physical examination.  
 The memorandum also stated that it was contemplated that Miss Rose  
 would become a member of the Federal Reserve retirement system.

Approved unanimously.

Memorandum dated March 10, 1947, from Mr. Leonard, Director  
 of the Division of Examinations, recommending that the resignation  
 of V. P. Schumacher, an Assistant Federal Reserve Examiner in that

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Division, be accepted to be effective, in accordance with his request, at the close of business March 31, 1947, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

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

"In accordance with the request contained in your letter of March 5, 1947, the Board approves the appointment of Victor Peter Schumacher, at present an Assistant Federal Reserve Examiner on the Board's field examining staff, as an examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to "The First Citizens National Bank of Upper Sandusky", Upper Sandusky, Ohio, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee for local municipal bond issues, the exercise of such authority 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 power 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, together with a letter to Mr. Fletcher, First Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

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"The Board has given consideration to the application for fiduciary powers of The First Citizens National Bank of Upper Sandusky, Upper Sandusky, Ohio, which was forwarded with your letter of February 15, 1947.

"The information submitted would seem to indicate that the applicant has no real need for unlimited trust powers and that it is not equipped or prepared to engage in the administration of trust accounts generally.

"Accordingly, the Board does not, at this time, grant the applicant all of the powers applied for, but does grant it authority to act as trustee for local municipal bond issues. Such authority will eliminate the criticism of the national bank examiners of unauthorized exercise of trust powers, and enable the bank to accept any other similar bond issues, which it is assumed would be administered largely as a matter of public service, but would not permit it to engage generally in fiduciary activities.

"There is transmitted herewith a letter to the applicant bank, evidencing the fiduciary authority granted it, which you are requested to forward to such bank with an appropriate explanation of the Board's action in the premises.

"The Board will, of course, be glad to consider another application for additional powers at such time as the bank may be able to show that it has a real need therefor, and that it has available trained or experienced personnel qualified to handle properly the various types of trust business it may expect to receive."

Letter to Mr. C. F. Burton, President, The City Bank,  
9th Street & Massachusetts Avenue, N. W., Washington, D. C.,  
reading as follows:

"This letter refers to yours of February 10 with regard to the reserve requirements of member banks located in reserve cities in which there are no Federal Reserve Banks or branches.

"As stated in your letter, member banks located in such reserve cities were asked for their views on a proposal to terminate the reserve city designations of the cities. For a variety of reasons, the great

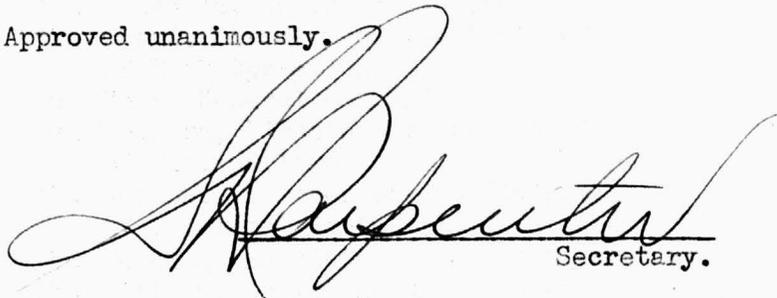
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"majority of these banks in replying to the Board's inquiry expressed themselves as opposed to the proposal. The Federal Reserve Banks and the Federal Advisory Council were of the same general opinion. In the circumstances the Board decided that, even though it is generally recognized that the present classification of reserve cities and nonreserve cities is not satisfactory, it would be highly desirable to withhold any action on the proposal until present studies are completed.

"Your views on the reserve city status of Washington will, of course, be taken into account in connection with studies of reserve requirements."

Approved unanimously.

  
Secretary.

Approved:

  
Chairman.