

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, April 30, 1947.

PRESENT: Mr. Draper, Chairman pro tem
Mr. Evans
Mr. Vardaman
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 April 28, 1947, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 29, 1947, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated April 25, 1947, from Mr. Vest, General Counsel, recommending that increases in the basic annual salaries of the following employees in the Legal Division be approved effective May 4, 1947:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Lucy I. McColloch	Secretary to Mr. Vest	\$3,397.20	\$3,648.00
Jean Crosby	Stenographer	2,694.96	2,845.44

Approved unanimously.

Memorandum dated April 24, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that increases in the basic annual salaries of the following employees in that Division be approved effective May 4, 1947:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Ramsay Wood	Economist	\$5,905.20	\$6,384.00
Lorman C. Trueblood	Economist	5,403.60	5,905.20

Approved unanimously.

Letter to Mr. Wayne, Vice President of the Federal Reserve

Bank of Richmond, reading as follows:

"In accordance with the request contained in your letter of April 24, 1947, the Board approves the designation of the following employees of the Charlotte Branch as special assistant examiners for the Federal Reserve Bank of Richmond:

T. Wesley Bagby
 Winfred W. Keller
 Fred C. Krueger, Jr.
 Harry J. Otten
 Joseph G. Parks
 Raymond R. Smith
 Franklin S. Clark
 William B. Drumheller
 Paul D. Gilliam
 Herman C. Yeager"

Approved unanimously.

Letter to Mr. Wood, Secretary of the Board of Directors, Little

Rock Branch, Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors has received your letter of April 26, 1947, with which you enclosed a copy of the resolution adopted by your Directors upon the retirement of Mr. Bailey after 27 years of service to the Federal Reserve System.

"It is a source of genuine satisfaction to the Board to know that one who has 'been in the harness' for that long a period should receive such commendation from the group of outstanding business leaders in the area who have been most closely associated with him in his work.

"The Board of Governors will be glad if you will express to your Directors its appreciation and

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"if you will extend to Mr. Bailey the best wishes of the individual members of the Board."

Approved unanimously.

Letter to the board of directors of the "Bank of Commerce", Newark, New Jersey, stating that, subject to conditions of membership 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 New York:

- "4. At the time of admission to membership, such bank shall have a paid up and unimpaired capital stock of not less than \$200,000."

Approved unanimously, together with a letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the Bank of Commerce, Newark, New Jersey, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Commissioner of Banking and Insurance for the State of New Jersey, for his information.

"It is noted that the amount of estimated losses shown in the report of examination for membership was covered by valuation reserves established during the examination.

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"In view of the fact that the applicant is not and has no present intention of exercising trust powers, standard conditions of membership numbered 4 through 6 have not been prescribed. It is understood that the applicant has been advised that permission of the Board of Governors must be obtained if it should wish to resume the exercise of such powers."

Letter to "The Nebraska City National Bank", Nebraska City, Nebraska, reading as follows:

"This refers to the resolution adopted on January 14, 1947, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, and (3) shall not exercise hereafter any of the powers granted by section 11(k) without first applying for and obtaining a new permit to exercise such powers pursuant to the provisions of section 11(k).

"A certified copy of the Board's certificate is enclosed herewith for filing with the State authorities in connection with the release of the securities which you have deposited with them."

Approved unanimously.

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Letter to the Honorable William E. Hess, United States
House of Representatives, reading as follows:

"We have received the letter of April 16, 1947, from Mr. M. J. Bachrach, Cincinnati, Ohio, which you sent us, and a copy of your reply to him dated April 18, 1947, regarding the question whether, in time of peace, the Federal Government is authorized to regulate transactions of the kind which are covered by Regulation W.

"The Executive Order of the President which is the authority for Regulation W, was issued pursuant to section 5(b) of the Act of October 6, 1917, as amended. That statute authorizes such action by the President 'During the time of war or during any other period of national emergency declared by the President'. The Executive Order recites that it is issued 'in the national emergency declared by me on May 27, 1941". The President has not declared the end of that emergency. Accordingly, it is clear that the authority still exists.

"We are not in agreement with the suggestion that, because some intrastate transactions as well as interstate transactions are affected, the exercise of this authority is unconstitutional. Under the President's Proclamation declaring the banking holiday on March 6, 1933, all domestic banking transactions (including, of course, many that were purely intrastate) were suspended for a time and then regulated. This action was ratified by Congress, 48 Stat. 1. Subsequently Congress ratified the Executive Orders issued just prior to our entry into World War II, including the one on which Regulation W is based, 55 Stat. 838. The effect of such ratification has been judicially construed. *United States v. Von Clemm*, 136 F.(2d) 968.

"Mr. Bachrach's letter is returned to you herewith."

Approved unanimously.

Letter to the Honorable Alexander Wiley, United States
Senate, reading as follows:

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"This is to acknowledge receipt of your letter of April 19, 1947, addressed to Chairman Eccles, with respect to your purpose of introducing a series of bills in order to effect the repeal of obsolete provisions of the Federal statutes. In this connection, you are requesting that the various agencies of the Government furnish you with reports indicating any such obsolete provisions which might be repealed by Congress.

"We will be pleased to cooperate in assisting you in connection with the constructive program which you have in mind. A study will be made in the Board's Legal Division of the provisions of Federal law affecting the Federal Reserve System and upon the completion of that study, we will advise you if there are any obsolete provisions which in our opinion might be eliminated from the statute books. As you will understand, a study of this kind may take a little time, but we will expedite it as much as practicable."

Approved unanimously.

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

"Reference is made to your letter of April 24, 1947, concerning a proposal to complete the air conditioning of the Charlotte Branch building. It is noted that the contractor has part of the necessary equipment on hand, that it is believed satisfactory deliveries can be obtained on the remainder of the items, and that in the opinion of the architects the work cannot possibly interfere with G. I. housing or other Federal efforts.

"In view of these considerations and the other information submitted, the Board will interpose no objection to the completion of air conditioning and summer cooling at the Charlotte Branch at a maximum cost of \$36,000 not including architects' fee of 8 per cent of actual cost."

Approved unanimously.

Letter to Mr. Solon J. Buck, Archivist, The National Archives, reading as follows:

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"Attached is a list in duplicate prepared on National Archives Form 108 requesting continuing authority to dispose of the records listed thereon after the lapse of the periods of time indicated. Samples of the material proposed for destruction accompany the list.

"There is also enclosed a list in duplicate prepared on National Archives Form 40 showing records of the Board of Governors of the Federal Reserve System that have been microphotographed, the originals of which have no permanent value or historical interest. A sample of the microfilm showing the manner in which the records have been reproduced accompanies this list. We shall appreciate your returning this film to us after it has served its purpose.

"Some of the records referred to in the attached list are confidential and, inasmuch as the rest of the material listed does not have a sufficient volume to justify its sale as waste paper, it is felt that all of the records should be incinerated.

"It will be appreciated if you will have your examiners review the material as promptly as possible in order that it may be included in the next list submitted by you to the Congress of records to be disposed of."

Approved unanimously.

Memorandum dated April 28, 1947, from the Personnel Committee

reading as follows:

"The revised travel regulations adopted by the Board on March 21, 1947, provide that the allowance of 5¢ per mile for official travel by automobile shall, in all cases, be subject to the approval of the Personnel Committee. It was not the intention that the approval of the Committee would be required in connection with travel by examiners engaged in the examination of the Federal Reserve Banks or the travel by employees engaged in the reviews of functional expenses and personnel classification plans conducted by the Divisions of Bank Operations and Personnel Administration, respectively.

"Accordingly, it is recommended that the travel regulations be further amended by changing the last

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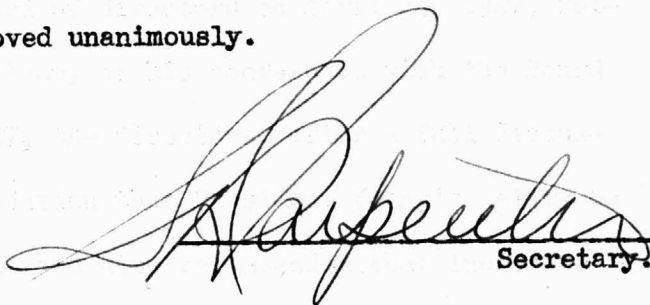
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"sentence of the first paragraph ending on page 3 of the regulations as shown below (omitted language stricken and additional language underscored):

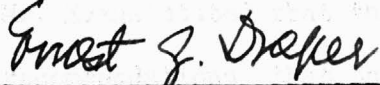
When using his own automobile in official travel ~~with the approval of the Board's Personnel Committee~~, the traveler may be allowed mileage at a rate not to exceed 5¢ per mile in lieu of actual operating expenses, except that (1) persons referred to in paragraph 3 above may be allowed reimbursement on such basis only to the extent that such allowance does not exceed the cost of transportation by common carrier over the shortest usually traveled route between the points of travel, and (2) reimbursement for automobile travel in accordance with the provisions of this paragraph by others than those excepted from the provisions of paragraph 8 of these regulations shall be subject to the approval of the Personnel Committee.

"If this change is adopted by the Board, travel by automobile by the employees referred to in the first paragraph of this memorandum will be approved by the heads of the respective divisions as in the past."

Approved unanimously.


Secretary.

Approved:



Chairman pro tem.