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Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, May 16, 1947.

PRESENT: Mr. Eccles, Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Evans
 Mr. Vardaman

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 May 15, 1947, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Chicago, St. Louis, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on May 14, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on May 15, 1947, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated May 13, 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 18, 1947:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
George H. Cleaver	Economist	\$3,397.20	\$3,522.60
Florence Jaffy	Economist	3,397.20	3,648.00
Saul B. Klamann	Economist	3,397.20	3,648.00
Wilellyn Morelle	Economist	3,397.20	3,522.60

Approved unanimously.

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

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond and its Branches for the period June 1, 1947, through May 31, 1948, at the rates indicated, which are the rates fixed by the Board of Directors, as reported in your letter of May 12, 1947:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Hugh Leach	President	\$25,000
John S. Walden, Jr.	First Vice President	18,000
Edward A. Wayne	Vice President	14,000
Roger W. Mercer	Vice President	10,000
Claude L. Guthrie	Vice President and Cashier	10,000
Elbert A. Kincaid	Vice President	10,000
Clair B. Strathy	Vice President and Secretary	9,000
K. Brantley Watson	Director of Personnel	9,000
Edward Waller, Jr.	Assistant Cashier	7,800
Albert S. Johnstone	Assistant Cashier	6,600
Joseph M. Nowlan	Assistant Cashier	6,900
Upton S. Martin	Assistant Cashier	6,900
Wythe B. Wakeham	Assistant Cashier	6,600
R. S. Brock, Jr.	Auditor	8,000
Maxwell G. Wallace	Counsel	10,000
N. L. Armistead	Chief Examiner	7,500
	<u>Baltimore Branch</u>	
W. R. Milford	Vice President	14,000
John R. Cupit	Cashier	8,400
John A. Johnston	Assistant Cashier	6,600
Donald F. Hagner	Assistant Cashier	6,600
Adolph C. Wienert	Assistant Cashier	6,000

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Charlotte Branch</u>	
Robert L. Cherry	Vice President	\$9,000
Stanhope A. Ligon	Cashier	7,000
Robert L. Honeycutt	Assistant Cashier	6,000"

Approved unanimously.

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

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Atlanta and its Branches for the period June 1, 1947, through May 31, 1948, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of May 9, 1947:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. S. McLarin, Jr.	President	\$25,000
L. M. Clark	First Vice President	16,000
V. K. Bowman	Vice President	10,000
H. F. Conniff	Vice President	8,000
J. E. Denmark	Vice President	8,000
S. P. Schuessler	Vice President	8,000
J. H. Bowden	Assistant Vice President	6,500
C. R. Camp	Assistant Vice President	7,100
F. H. Martin	Assistant Vice President	5,500
I. H. Martin	Assistant Vice President	5,000
J. R. McCravey, Jr.	Assistant Vice President	7,200
E. C. Rainey	Assistant Vice President	5,000
W. E. Pike	General Auditor	7,200
E. L. Rauber	Director of Research	8,500
Harold T. Patterson	Counsel	8,000
	<u>Birmingham Branch</u>	
P. L. T. Beavers	Vice President	9,000
H. C. Frazer	Assistant Manager	6,300
H. J. Urquhart	Cashier	6,000
Leo W. Starr	Assistant Cashier	4,800
	<u>Jacksonville Branch</u>	
T. A. Lanford	Vice President	8,500
T. C. Clark	Cashier	6,000
C. Mason Ford	Assistant Cashier	4,000
J. W. Snyder	Assistant Cashier	4,800

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Nashville Branch</u>	
Joel B. Fort, Jr.	Vice President	\$ 8,000
E. R. Harrison	Cashier	6,000
Robert E. Moody	Assistant Cashier	4,800
	<u>New Orleans Branch</u>	
E. P. Paris	Vice President	12,500
M. L. Shaw	Assistant Manager	7,500
W. H. Sewell	Cashier	6,000
L. Y. Chapman	Assistant Cashier	5,100
F. C. Vasterling	Assistant Cashier	4,800

"The Board of Governors also approves the appointment of Vice President J. E. Denmark as an Examiner for the Federal Reserve Bank of Atlanta and his designation as the officer in charge of the Bank Examinations Department, effective June 1, 1947"

Approved unanimously, together with another letter to Mr. McLarin reading as follows:

"In a separate letter of this same date, you are being advised that the Board has approved (1) the payment of salaries to the officers of your Bank as reported in your letter of May 9, 1947 and (2) the appointment of Vice President J. E. Denmark as an examiner for the Federal Reserve Bank of Atlanta and his designation as the officer in charge of the Bank Examinations Department, effective June 1, 1947.

"It has been noted from your letter of April 28, 1947 to Governor Evans that, although the program included the transfer of Mr. Denmark from General Auditor to Vice President in Charge of Examinations, you contemplated that First Vice President Clark would be responsible to the President for the bank examinations function, among other functions.

"In the Board's letter of August 20, 1936 to Mr. Newton, in connection with the transfer of the non-statutory duties of the Federal Reserve Agents to the banking departments, it was stated:

'The Vice President in charge of examinations will be designated as an examiner for the Federal reserve bank and the Board would expect that official to be responsible directly

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'to the president of the bank and not to another Vice President or other officer. . . .'

Accordingly, the Board's approval of Mr. Denmark as the officer in charge of the Bank Examinations Department has been given with the understanding that he will be responsible in that function directly to the President of the Bank and not to any other officer."

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

"Reference is made to your letter of May 9, 1947, submitting certified copies of resolutions adopted by the board of directors of the Cranford Trust Company, Cranford, New Jersey, signifying its intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice usually required.

"In view of your recommendation, the Board of Governors waives the usual requirement of six months' notice as requested. Accordingly, upon surrender of the Federal Reserve Bank stock issued to the Cranford Trust Company, the Federal Reserve Bank is authorized to cancel such stock and make appropriate refund thereon. It is noted from previous correspondence that the bank has made application to the Federal Deposit Insurance Corporation for continuation of insurance as a nonmember bank. In this connection, attention is called to the fact that the bank will have four months from the date of this letter to accomplish termination of its membership (F.R. L.S. #3548).

"Please advise the Board of Governors when cancellation is effective and refund is made. The Certificate of Membership issued to the bank should also be obtained, if possible, and forwarded to the Board. The State Commissioner of Banking and Insurance should be advised promptly when the bank's withdrawal from membership has been effected and given the reasons therefor, if desired."

Approved unanimously.

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Letter to Mr. Sproul, Chairman of the Conference of Presidents, reading as follows:

"The Board has recently had occasion to review the outstanding authorization as to the proportion of expense of operating a cafeteria which may be absorbed by a Federal Reserve Bank, as set forth in its letters of April 6, 1926, and May 14, 1946 (F.R.L.S. #3181).

"As a result of this review the Board has decided to make no change at this time in the authorization permitting absorption of up to 50 per cent of the cost of operating a cafeteria, as shown by the functional expense report (Form F. R. 634). The question has been raised as to whether the practice of furnishing free meals to certain classes of employees and also of charging employees for meals whether or not they eat in the dining room or cafeteria should be discontinued. Consideration has been given to the practicability of a procedure at all Federal Reserve Banks whereby (1) all employees, including cafeteria employees, are charged for meals served them in the Bank's dining room or cafeteria, except for meals that are chargeable to the 'Educational and welfare,' and 'Bank and public relations' expense units in the functional expense report (Form F. R. 634), and (2) each meal is paid for or charged to an account when served, except that cafeteria employees may be charged a flat rate for meals. It would be understood that the standard procedure would not preclude the selling of meal tickets, or, in case the Bank or branch does not operate a regular cafeteria, the furnishing of free coffee, sugar, cream, etc., as is being done at some of the branches.

"Before coming to a decision on the matter the Board would like to have the benefit of the views of the various Federal Reserve Banks, and accordingly it will be appreciated if you will place the matter on the agenda for the forthcoming Presidents' Conference."

Approved unanimously.

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

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"Retel today regarding custody of short-term Government securities for nonmember banks. Board will be glad to consider any views on this subject Presidents may express at their forthcoming Conference. In circumstances your Bank may wish to delay requiring the removal of such securities until after June conference."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks reading as follows:

"There is enclosed a copy of revised form F. R. 414, 'Computation of Reserve to be Carried with the Federal Reserve Bank by Member Banks'. This form gives effect to the termination effective July 1, 1947, of the exemption of war loan deposits from reserve requirements. As you know, the Act of April 13, 1943, provided that such deposits were to be exempt from reserve requirements until six months after the cessation of hostilities of World War II, and the President on December 31, 1946, proclaimed the cessation of hostilities as of noon on that date.

"You will note that the only change in form F. R. 414 (except minor changes in the references to call reports) is the elimination of former item 2(c), 'War loan deposits of United States Government', which appears on the present form under the heading 'Deductions allowed in computing reserves'. A corresponding change should, of course, be made in the forms supplied by your Bank to member banks for their use in submitting weekly and semi-monthly reports of deposits for reserve computation purposes. To avoid confusion in reporting, you may wish to defer distributing the revised report forms to member banks until the close of the last reserve computation periods in which war loan deposits will be exempt from reserve requirements, but you may wish to advise member banks in the near future of the change in the reserve computation formula which will go into effect on July 1, 1947.

"No change is being made for the time being in form F. R. 413 on which the Federal Reserve Banks submit semi-

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"monthly summaries of member bank deposits, reserves, and borrowings from Federal Reserve Bank. However, no figures are to be shown against the caption 'War loan deposits' beginning with the report covering the period ended on July 15, 1947."

Approved unanimously.

[Handwritten signature]
Secretary.

Approved:

[Handwritten signature]
Chairman.