

3/22/47 Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, May 22, 1947.

PRESENT: Mr. Eccles, Chairman
 Mr. Szymczak
 Mr. Draper
 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 May 21, 1947, were approved unanimously.

Memorandum dated May 20, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the official leave of Miss Eleanor Wirth, a clerk-stenographer in that Division, be extended for such time as may be necessary for a period not to exceed one month and that the same arrangements remain in force regarding her salary and travel as were originally approved by the Board. The memorandum stated that Miss Wirth had been on duty with the joint American-Philippine Financial Commission, and that her return had been delayed beyond the expected termination of such duty.

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation reading as follows:

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"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 Gallatin County State Bank, Ridgway, Illinois, became a member of the Federal Reserve System on May 19, 1947, and is now a member of the System. The Board of Governors 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.

Memorandum dated May 19, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, stating that the Board had been invited to send a delegation to the meeting of the Inter American Statistical Institute to be held in Washington September 6-18, 1947, and recommending that he, Mr. Knapp, Mr. Gerschenkron, and Mr. Grove be named as delegates, with Mr. Thomas to act as head of the delegation.

Approved unanimously.

Letter prepared for Chairman Eccles' signature to the Honorable John W. Snyder, Secretary of the Treasury, reading as follows:

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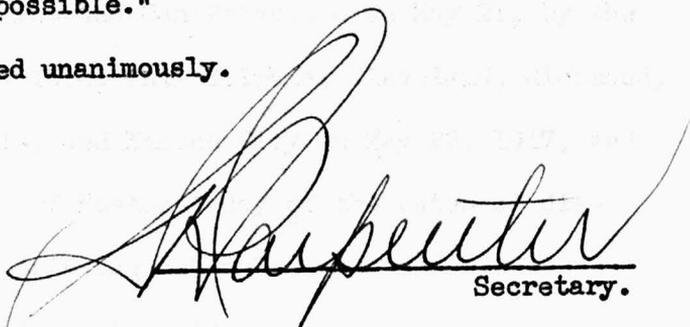
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"As you know, hearings on the Board's bill to provide for control and regulation of bank holding companies (S. 829) are scheduled for Monday, May 26th. In connection with this matter I have had a number of conferences with representatives of the bank holding companies which are today subject to some measure of regulation by the Board. At all of these conferences the holding company representatives have stressed the fact that, in their judgment, it would be inequitable to require bank holding companies to divest themselves of their nonbanking securities, as provided in Section 5 of the Board's bill, without at the same time exempting distributees of such securities from otherwise applicable provisions of the Internal Revenue laws. I have this morning received a communication from J. C. Thomson, President of the Northwest Bancorporation, on this matter, a copy of which is enclosed for your information.

"The Board is in sympathy with the position thus taken by the bank holding company representatives and approves in principle the suggestion contained in Mr. Thomson's letter for dealing with the situation. Both the Reserve City Bankers and the Federal Advisory Council have by formal resolution also endorsed this suggestion. The Board hopes that the Treasury Department may similarly approve such exemptions or, in the alternative, indicate that it has no objection to the Board's offering an amendment to S. 829 along the lines suggested in Mr. Thomson's letter.

"I would appreciate it if you would advise me on this matter as promptly as possible."

Approved unanimously.


Secretary.

Approved:


Chairman.