

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, May 26, 1947.

PRESENT: Mr. Eccles, Chairman
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 23, 1947, were approved unanimously.

Letter to Mr. Marsh, Manager, Accounting Department, Federal Reserve Bank of New York, reading as follows:

"This refers further to your letter of March 11, 1947, enclosing a copy of a letter from the United States Trust Company of New York, New York, New York, dated March 5, 1947, regarding an apparent inconsistency in the method of reporting reciprocal balances of private banks and bankers as required by the instructions for reporting interbank demand deposits in the Report of Condition, form F. R. 105, and as required for reserve computation purposes in form F. R. 414.

"In order to rectify the matter and make the call report form and related instructions consistent with the provisions of Regulation D, the report form and instructions will be changed to read as indicated in the attachment hereto. Inasmuch as the forms for the mid-year reports of national banks and insured non-member banks have been printed or are in process of being printed, the changes will not be made until the forthcoming fall call for condition reports. The matter is not, however, of much practical importance because very few member banks have reciprocal accounts with private banks."

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Approved unanimously, with the understanding that a copy would be sent to each Federal Reserve Bank.

Letter to Mr. Peterson, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of May 12, 1947, transmitting the report of examination of The Union Bank, Loogootee, Indiana, made as of April 12, 1947, and calling attention to the acceptance by this bank, without first obtaining permission of the Board, of a guardianship of a minor war veteran.

"It appears that this account was accepted at the request of the U. S. Veterans' Bureau, as a public service, without realizing that a violation of its condition of membership numbered one might be involved, and that the bank does not desire to engage in fiduciary activities generally. It also appears that the bank's duties and responsibilities in this connection are very limited and are closely supervised by the Veterans' Bureau.

"In view of the circumstances, the Board will not object to the bank's continuing to administer the one account it now holds, or to its acceptance of an occasional similar account for the U. S. Veterans' Bureau, with the understanding that it will not acquire any other fiduciary business without first obtaining the permission of the Board. Please advise the bank accordingly."

Approved unanimously.

Letter to Mr. Volberg, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"In view of the recommendation contained in your letter of May 16, 1947, the Board of Governors extends until December 18, 1947, the time within which the American Trust Company, San Francisco, California, may establish the branch in Walnut Creek, California, as approved by the Board under date of October 15, 1946.

Approved unanimously.

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Letter to the Honorable Walter H. Judd, United States House of Representatives, reading as follows:

"It was good of you to give us opportunity to read the letter respecting consumer credit regulation that you have received recently from the Secretary of the Minneapolis Anti-inflation Council, Mrs. Magnus Olson, which places this representative organization of civic minded women on record in support of the present restrictions on instalment buying.

"The Board's Consumer Credit Regulation -- Regulation W -- has been in effect, as one of the Government's anti-inflation measures, since 1941. It rests, however, not on specific legislation but on an Executive Order which could be revoked by the President at any time and is limited by its terms to the duration of the Emergency declared by the President on May 27, 1941 and will at some time be terminated. The Board has taken the position that its Regulation W is still serving a useful purpose, and also that permanent regulation of consumer credit -- which would require legislation -- would be in the interest of national economic stability. It is expected that one or more of the appropriate committees of the Congress will give consideration at this session to whether or not there should be permanent legislation on this matter.

"The position taken by the Minneapolis Anti-inflation Council seems to us to be sound and sensible. Mrs. Magnuson's letter, which is returned herewith, is factually correct and shows an accurate appreciation of the issues involved.

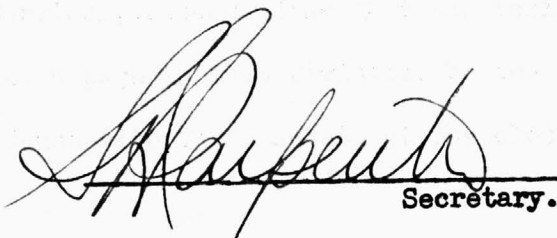
"We should be happy to answer at any time any further questions on this matter that you may care to put to us."

Approved unanimously.

Approved:



Chairman.



Secretary.