

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, July 10, 1947.

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

Mr. Carpenter, Secretary  
 Mr. Sherman, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 9, 1947, were approved unanimously.

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

"This refers to Mr. McRae's letter of April 17, 1947, and the subsequent conversation of our Division of Examinations with you, regarding examinations of holding company affiliates by the Commissioner of Banks of Massachusetts. The letter states that in 1946 the Massachusetts Legislature authorized the Commissioner of Banks to examine holding company affiliates, that you have been approached by the Commissioner with respect to joint examinations of Baystate Corporation and Shawmut Association, and that the Commissioner has requested copies of the most recent reports of examination of the holding company affiliates in order to give his office a background for an examination this year as well as to supply data on earnings and assets for comparative purposes.

"In view of the fact that a significant proportion of the subsidiary banks in each of the two bank groups under consideration comprises State banks, and the Commissioner has an interest accordingly in the affairs of the respective holding company affiliates, it is suggested that you give him the benefit of the Federal Reserve Bank's experience with respect to general matters regarding the scope and procedure of examination of holding company affiliates. Moreover, the Board authorizes you to furnish to him, to the extent that, in your judgment, his interest warrants, such of the information contained in your most recent reports of examination of the two holding company affiliates as was obtained by examiners for your Bank from the books, records, files, and personnel of Baystate Corporation and

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"Shawmut Association. However, it is felt that any information contained in the reports of examination of the holding company affiliates which was obtained from reports of examination of national banks made by national bank examiners should be obtained by the Commissioner from the Comptroller of the Currency or from the District Chief National Bank Examiner in Boston.

"We see no objection to your joining with the Commissioner in examinations of the holding company affiliates, nor to the interchange between your respective examiners during such joint examinations, to the extent considered advisable, of information obtained by examination of the holding company affiliates. However, as in the case of furnishing the Commissioner information from your latest reports of examination, it is felt that the Commissioner should make necessary arrangements with the Comptroller's Office or the District Chief National Bank Examiner with respect to the interchange of information regarding national banks obtained from the reports of examination of such banks made by national bank examiners."

Approved unanimously.

Letter to Mr. Ross, Assistant Cashier of the Federal Reserve Bank of Cleveland, reading as follows:

"This refers to your letter of June 30, 1947, regarding the Board's letter S-970, dated April 15, 1947, which removed the \$50,000 limit on the amount for which a Federal Reserve exchange draft could be issued. You ask whether another Reserve Bank is correct in suggesting that the Board's letter was intended to discontinue the procedure implied in X-4362 of June 19, 1925, by which Federal Reserve Banks notify other Federal Reserve Banks whenever a member bank has received permission to issue such drafts or such permission has been withdrawn.

"As you indicate, the Board's letter does not mention the discontinuance of such notification, and it was not intended to make any change except to remove the \$50,000 limit.

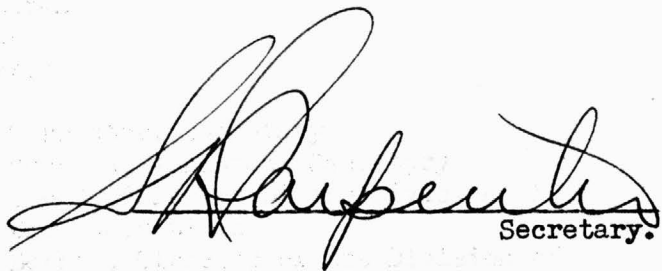
"For your information however, the Board recently had occasion to refer to the Committee on Operations for its consideration, a suggestion by a Reserve Bank that these drafts should state on their face that they are subject to final payment at the drawee Federal Reserve Bank. In referring the matter to the Committee, the Board also requested it to consider the desirability of any other changes in connection with the

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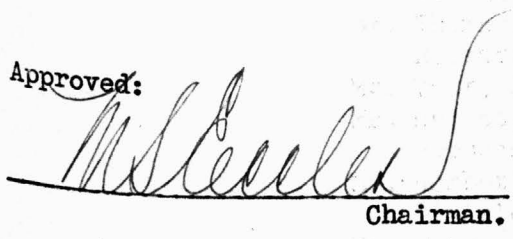
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"issuance and handling of these drafts. A copy of this letter is being sent to the Chairman of the Committee for his information."

Approved unanimously.

  
Secretary.

Approved:

  
Chairman.