

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, August 1, 1947.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

Telegrams to the Federal Reserve Banks of Boston, New York, Atlanta, Chicago, St. Louis, Kansas City, and San Francisco stating that the Board approves the establishment by the Federal Reserve Bank of Kansas City on July 25, by the Federal Reserve Banks of St. Louis and San Francisco on July 30, by the Federal Reserve Banks of New York, Atlanta, Chicago, and Kansas City on July 31, 1947, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated July 25, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of Merton Howard Miller as an economist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$3,522.60 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination. The memorandum also stated that Mr. Miller was a member of

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the Civil Service retirement system and would remain in that system.

Approved unanimously.

Memorandum dated July 31, 1947, from Mr. Leonard, Director of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties after passing the usual physical examination, Louis W. Zidek be appointed as an Assistant Federal Reserve Examiner, with basic salary at the rate of \$3,522.60 per annum, and with official headquarters at Denver, Colorado. The memorandum also stated that Mr. Zidek was a member of the Federal Reserve retirement system and would remain in that system.

By unanimous vote, Louis W. Zidek was appointed an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System and corporations operating under the provisions of section 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Denver, Colorado, and with basic salary at the rate of \$3,522.60 per annum, all effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

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

"This is to acknowledge your letter of July 29 informing the Board of the plan to have Mr. Sanford and Mr. Moore make a trip this fall to visit the central banks of Venezuela, Colombia, Ecuador, Costa Rica, Nicaragua, El Salvador, Guatemala, and possibly Mexico. The Board approves the trip proposed for Mr. Sanford and Mr. Moore.

"The Board's representatives on the Staff and Policy Groups on Foreign Interests have been advised of the proposed visit. There will doubtless be further informal consultations regarding the subjects to be covered in these visits. We shall be glad, of course, to help Mr. Sanford and Mr. Moore obtain the necessary passports and to be of such other assistance as we can."

Approved unanimously.

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"This refers to your letter of July 17, 1947, regarding the affiliation of the Lewis Investment Company and its nine subsidiaries with the Mercantile Home Bank and Trust Company, Kansas City, Missouri, and requesting the Board to waive the requirement for the submission and publication of a report of Lewis Investment Company and the listing of the affiliates on Schedule 'O', form F. R. 105b.

"It is noted from your letter that the affiliations were accidental and unintentional; that they were discovered during the examination of the bank as of June 10; that they occurred through ownership by Mr. George S. Lewis of 10 shares of stock in the bank because he and Messrs. Nathan and Jack Rieger control Lewis Investment Company (and its subsidiaries) and he and the Riegers then were shareholders of the bank who owned or controlled a majority of the bank's shares; and that the affiliation

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"has since been terminated by Mr. Lewis' disposition of the stock in the member bank, although this termination did not take place until after June 30, at which time Lewis Investment Company was borrowing from the member bank. It is assumed that you are satisfied that the sale of the bank stock by Mr. Lewis was bonafide and to others than members of the Lewis family who also own stock in the Lewis Investment Company.

"In the circumstances set forth in your letter, the Board will not insist at this time upon the submission and publication of a report of Lewis Investment Company or the listing of the affiliates on Schedule 'O'."

Approved unanimously.

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

"This is to inform you that Chairman Eccles has been unable to accept an invitation to join the United States Delegation to the London Meeting of the Boards of Governors of the International Fund and Bank, but that he will be represented there by his alternate on the National Advisory Council, Mr. J. Burke Knapp. Mr. Knapp plans to sail on the Queen Elizabeth on August 16 and will spend two and a half weeks prior to the opening of the London Meeting in travel on the Continent. He plans to call upon the central banks in France, Belgium, and the Netherlands, and to spend some ten days in Germany.

"Mr. Knapp would be very happy to undertake any missions which you might desire him to perform in the course of his trip."

Approved unanimously.

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

"Reference is made to your letter of July 3, 1947

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"enclosing a copy of Governor Frere's letter of June 21, 1947 to Mr. Sproul and suggesting the lines upon which you plan to make a reply.

"In general, the sort of reply which you have in mind appears to be appropriate but we are somewhat concerned about your venturing any comments on the political aspects of the Bank's operations. With regard to the delicate questions of Eastern Europe, it might be preferable merely to note, as you suggest, Mr. Frere's recognition of the existence of unsolved problems, rather than to add that you know of no reasons why the authorities here should object to credit operations with central banks in that area. It is not clear to us to what extent this Government, through the State Department, would desire to express any views with respect to B.I.S. activities, even if these were solicited. However, if the B.I.S. should at any time ask you, as its correspondent in the United States, for formal advice as to the attitude of this country toward a proposed transaction, it would seem appropriate for you to present the matter through us to the Department of State."

Approved unanimously.

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

"Replies to the letter from the Board's Division of Examinations to the officers in charge of examinations at the several Reserve Banks indicate that the dates proposed for holding a conference of representatives of the Bank Examination Departments of the Reserve Banks in Washington during the week of September 21, preceding and following the sessions of the National Association of Supervisors of State Banks, would be satisfactory.

"Accordingly, the conference will be held in the Board's offices in Washington September 22, 23, and 26. General sessions of the National Association of Supervisors of State Banks are scheduled for September 24 and 25.

"It has been suggested that the emphasis of the

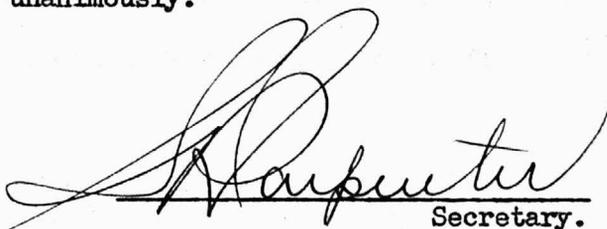
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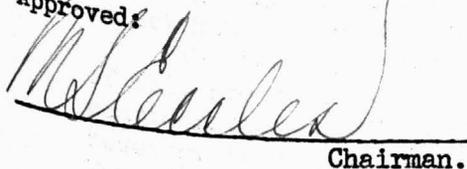
"conference this year be placed on the supervisory aspects of the work rather than on the more detailed aspects of examination procedure. The Banks have been requested to forward any suggestions they may have for the agenda and a copy of the agenda will be forwarded to you when it is prepared.

"It will be appreciated if you will advise us as to the names of the representatives of your Bank who will attend the conference."

Approved unanimously.


Secretary.

Approved:


Chairman.