Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, August 14, 1947.

PRESENT: Mr. Szymczak, Chairman pro tem
Mr. Draper
Mr. Evans
Mr. Clayton

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 August 13, 1947, were approved unanimously.

Memorandum dated August 5, 1947, from Mr. Young, Assistant Director of the Division of Research and Statistics, recommending the appointment of Louis Weiner as an economist in that Division, on a temporary indefinite basis, with basic salary at the rate of $5,905.20 per annum, effective as of the date upon which he enters upon the performance of his duties. The memorandum stated that Mr. Weiner had not passed the usual physical examination, but noted that in the opinion of the examining physician his condition would not impair his efficiency in the position for which he was employed, that his condition would not be aggravated by this employment, that his condition would not represent a hazard to the health of other employees, and that his employment did not involve a financial responsibility on the part of the Board, in connection with retirement or disability provisions, since Mr. Weiner was a member of the Civil Service retirement system and would remain in that system.

Approved unanimously.
Memorandum dated August 6, 1947, from Mr. Young, Assistant Director of the Division of Research and Statistics, recommending the appointment of Miss Caroline Lichtenberg as a research assistant in that Division, on a temporary indefinite basis, with basic salary at the rate of $2,644.80 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that Miss Lichtenberg was a member of the Civil Service retirement system and would remain in that system.

Approved unanimously.

Memorandum dated August 13, 1947, from Mr. Young, Assistant Director of the Division of Research and Statistics, recommending that the resignation of Miss Nancy Schelling, a research assistant in that Division, be accepted to be effective, in accordance with her request, at the close of business September 5, 1947, with the understanding that a lump sum payment would be made for annual leave remaining to her credit as of that date.

Approved unanimously.

Memorandum dated August 12, 1947, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the resignation of Albert J. Sadler, a general mechanic in that Division, be accepted to be effective, in accordance with his request,
at the close of business August 22, 1947, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

Letter to the Mellon National Bank and Trust Company, Pittsburgh 30, Pennsylvania, reading as follows:

"This refers to Mr. Denton's letter of April 28, 1947, to the Federal Reserve Bank of Cleveland, and prior correspondence, concerning the holding company affiliate status of Mellon National Bank and Trust Company.

"The Board understands that Mellon National Bank and Trust Company is engaged in the general banking and trust business; that it is a holding company affiliate of The Farmers Deposit National Bank of Pittsburgh, Pittsburgh, Pennsylvania, by reason of the fact that it owns 54,276 of the 60,000 outstanding shares of stock of that bank; that it owns less than 7 per cent of the outstanding shares of stock of Allegheny Trust Company, Pittsburgh, Pennsylvania, and controls, through a subsidiary, less than one-tenth of one per cent of the outstanding shares of stock of Guaranty Trust Company of New York, New York, New York; that it does not own or control, directly or indirectly, any other bank stock except stock held in fiduciary capacities in the normal course of its trust business; and that it does not manage or control, directly or indirectly, any banking institution other than The Farmers Deposit National Bank of Pittsburgh.

"In view of these facts, the Board has determined that Mellon National Bank and Trust Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, Mellon National Bank and Trust Company is not a holding company affiliate for any
purposes other than those of section 23A of the Federal Reserve Act.

"However, the Board reserves the right to make a further determination at any time on the basis of the then existing facts, and if there should be such a change in the facts as to indicate that Mellon National Bank and Trust Company might be deemed to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, this matter should again be submitted to the Board."

Approved unanimously.

Letter to Mr. W. L. Hemingway, Chairman of the Board, Mercantile-Commerce Bank and Trust Company, Locust-Eighth-St. Charles, St. Louis 1, Missouri, reading as follows:

"This refers to your letter of July 24, 1947, requesting permission for your bank to purchase shares of the capital stock of the Mercantile-Commerce National Bank in St. Louis from certain trustees who now hold such shares.

"From a review of the Board’s records on this subject it appears that these shares have previously been the subject of extensive correspondence and discussion between the Board and your bank, both before and after the shares were transferred to the trust. It also appears from our records that on March 27, 1935, the Board wrote to your bank stating, among other things, that in view of the provisions of the Banking Act of 1933, the Board cannot give permission for the purchase of these shares of stock by your bank.

"The provisions of the Banking Act of 1933 which prevent the purchase of stock by a member bank are still in effect. In the circumstances, we believe you will recognize that the Board is not in a position to grant your request."

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 August 5, 1947, the Board of Governors extends until March 15, 1948, the time within which the American Trust Company, San Francisco, California, may establish the branch in San Bruno, California, as approved by the Board under date of April 4, 1947."

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 August 5, 1947, the Board of Governors extends until March 20, 1948, the time within which the American Trust Company, San Francisco, California, may establish the branch in San Pablo, California, as approved by the Board under date of April 25, 1947."

Approved unanimously.

Letter to Mr. Fletcher, First Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"This will acknowledge receipt of your letter of August 11, 1947, with reference to the purchase by your bank of the 99-year leasehold estate held by the Cincinnati Chamber of Commerce and Merchants Exchange in the Chamber of Commerce Building at Cincinnati.

"The Board notes that, in view of the enactment of the amendment to section 10 of the Federal Reserve Act as contained in Public Law 262 (approved by the President on July 30, 1947), and in view of the previous approval by the Board of Governors of the purchase agreement, you anticipate that your board of directors at its August 14 meeting will authorize a request for a deed pursuant to the agreement of June 23, 1947, between your bank and the Chamber of Commerce. We assume
that the purchase will be consummated within sixty days after July 30th, as provided by the terms of the agreement.

"The Board also notes that your directors will consider on August 14 the desirability of calling for redemption, prior to maturity, the bonds in the principal amount of $1,029,000 that are now outstanding and that are secured by mortgage on the leasehold estate of the Cincinnati Chamber of Commerce."

Approved unanimously.

Approved:

Chairman pro tem.