Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, August 18, 1947.

PRESENT: Mr. Szymczak, Chairman pro tem
Mr. Draper
Mr. Evans
Mr. Vardaman
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 15, 1947, were approved unanimously.

Memorandum dated July 31, 1947, from Messrs. Thomas and Knapp, Director and Assistant Director, respectively, of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that the expense account submitted by Mr. Grove, an economist in that Division, in connection with his recent trip to Ecuador, be approved as submitted.

Approved unanimously.

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

"Reference is made to your letter of August 7, 1947, submitting the application of the State Bank of Albany, Albany, New York, for approval of the establishment of a branch in the Village of Menands, Town of Colonie, New York.

"It is understood that establishment of the proposed branch has been approved by the appropriate State authorities and, in view of your recommendation, the Board of Governors approves the establishment and operation of a branch in the Village of Menands, Town of..."
"Colonie, New York, by the State Bank of Albany, Albany, New York, provided such branch is established within six months of the date of this letter and with the understanding that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to establish the branch.

"It is noted that the member bank contemplates the acquisition of a site for the proposed branch and, according to its called report of condition as of June 30, 1947, the total of its investment in bank premises exceeds the amount of its capital stock. Please call to the attention of the management the fact that approval of the Board of Governors must be obtained for any further investment in bank premises if the resulting total exceeds the amount of its capital and that approval of the establishment of the branch does not include approval of the expenditure apparently contemplated for that purpose."

Approved unanimously.

Letter to Mr. Whittemore, President of the Federal Reserve

Bank of Boston, reading as follows:

"Receipt is acknowledged of your letter dated July 28, 1947 transmitting copies of your correspondence with the First National Bank and Trust Company of New Haven concerning an account apparently used for the purpose of trafficking in gold.

"We have discussed this matter with the Treasury Department, and our feeling is that you might appropriately request the First National Bank and Trust Company to (a) bring the joint statement of the Treasury and the Federal Reserve Board to the attention of the holder of the account, and (b) refrain from any positive action in support of the gold operations, especially from the granting of credit or the handling of documents in connection with such operations. We do not feel inclined to press the issue to the point of requesting the bank to close or restrict the deposit account."

Approved unanimously.
Letter to Mr. Herbert V. Prochnow, Acting Secretary, Federal Advisory Council, c/o First National Bank of Chicago, Chicago, Illinois, reading as follows:

"The Board has received a copy of a letter from Mr. Charles E. Spencer, Jr., President of the First National Bank of Boston and member of the Federal Advisory Council, suggesting that the Federal Reserve Banks adopt a policy of purchasing all bills offered directly to them by commercial banks at a price to be determined daily or more or less frequently by the Federal Reserve Bank of New York. A copy of Mr. Spencer's letter is enclosed, together with copies of memoranda prepared by Mr. Roelse, Vice President of the Federal Reserve Bank of New York, and by the staff of the Board of Governors commenting upon the proposal. The Board will appreciate your having this matter placed upon the agenda for the next meeting of the Federal Advisory Council, at which time it would like to receive an expression of the views of the Council with respect to the proposal. A sufficient number of copies of Mr. Spencer's letter and of the memoranda commenting upon the proposal are being sent to you to permit distribution to each member of the Council."

Approved unanimously.

[Signature]

Assistant Secretary.

Approved:

[Signature]

Chairman pro tem.