

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, August 19, 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 18, 1947, were approved unanimously.

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

"Reference is made to your letter of August 8, 1947, submitting the application of The Ripley County Bank, Osgood, Indiana, for permission to exercise fiduciary powers.

"In view of your recommendation and the information submitted, the Board of Governors of the Federal Reserve System grants the applicant permission, under the provisions of its condition of membership numbered 1, to exercise the fiduciary powers now or hereafter authorized under its articles of incorporation and the laws of the State of Indiana. The Board's approval is given subject to acceptance by the bank of the following standard conditions (numbered 4, 5, and 6 in the Board's Regulation H, but numbered as follows for the purposes of the applicant) prescribed in connection with the admission to membership of State banks exercising fiduciary powers:

5. Such bank shall not invest funds held by it as fiduciary in stock or obligations of, or property acquired from, the bank or its directors, officers, or employees, or their interests, or in stock or obligations of, or property acquired from, affiliates of the bank.

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- "6. Such bank, except as permitted in the case of national banks exercising fiduciary powers, shall not invest collectively funds held by the bank as fiduciary and shall keep the securities and investments of each trust separate from those of all other trusts and separate also from the properties of the bank itself.
7. If funds held by such bank as fiduciary are deposited in its commercial or savings department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers.

"Since it is understood that in the State of Indiana, trust funds deposited in the banking department of a bank are preferred claims in event of liquidation of the bank, you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 7 herein until further notice.

"You are requested to advise The Ripley County Bank, Osgood, Indiana, of the Board's action, and to obtain an appropriate resolution of the board of directors of the bank accepting the conditions listed above and forward a certified copy thereof to the Board."

Approved unanimously.

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

"This refers to your letter of August 12, 1947, and enclosures with respect to the applicability of section 8 of the Clayton Act and of the Board's Regulation L to the service by Mr. T. A. Bracken, Jr., as vice president and trust officer of The Real Estate Trust Company of Philadelphia, a State member bank, and at the same time as a director of the Pennsylvania Warehousing and Safe Deppsit Company, Philadelphia, Pennsylvania, a nonmember bank.

"We note that both you and Counsel for your bank are of the opinion that Mr. Bracken's services to the

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"two institutions at the same time are not permitted under the law and Regulation. We know of no reason to differ from your conclusion in this matter."

Approved unanimously.

Letter to Mr. Roscoe C. Smith, Assistant Secretary and Manager, Fort Worth Clearing House Association, Fort Worth, Texas, reading as follows:

"Receipt is acknowledged of your letter of August 9, 1947, addressed to each of the members of the Board of Governors, transmitting a copy of a resolution adopted by the Fort Worth Clearing House Association on July 30, 1947, with respect to the announcement that, effective August 1, 1947, all Federal Reserve Banks and branches will reimburse their member banks for postage and other transportation costs on cash items sent direct by member banks to other Federal Reserve Banks and branches.

"The Board feels that there has been a misunderstanding by your association of the action taken to reimburse direct sending member banks for postage costs incurred, and, in view of the fact that Mr. Gilbert, President of the Federal Reserve Bank of Dallas, is fully informed regarding this matter, we are asking him to advise your association as to the action."

Approved unanimously, together with a letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"Enclosed is a copy of a letter dated August 9, 1947, from the Fort Worth Clearing House Association and of a resolution adopted by that Association on July 30, 1947, with respect to the announcement that, effective August 1, 1947, Federal Reserve Banks and branches would reimburse their member banks for postage and other transportation costs on cash items sent direct to other Federal Reserve Banks and branches. We note that the resolution provided that a copy be sent to you and to each member of the board of directors

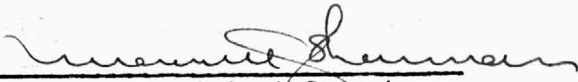
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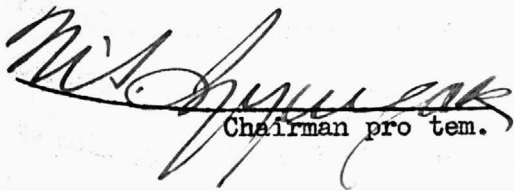
"of the Federal Reserve Bank of Dallas, to members of the Board of Governors of the Federal Reserve System, and to members of the Federal Advisory Council, and for your information copies have been received in the offices of each member of the Board.

"The Board has acknowledged receipt of the resolution and we are sending you herewith a copy of that acknowledgment. While you have no doubt discussed this matter with some of the members of the Fort Worth Clearing House Association, the Board will appreciate your responding appropriately on its behalf to the resolution submitted. In your response, we presume you will cover the arguments set forth in your letter to the Board on July 28, as well as some of those included in the letter sent by Mr. Rounds to New York Clearing House Association banks under date of August 1, 1947, a copy of which we understand was mailed to you.

"For the completion of its records, the Board will appreciate your providing it with copies of such correspondence as you may have on this subject."


Assistant Secretary.

Approved:


Chairman pro tem.