

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, September 4, 1947.

PRESENT: Mr. Szymczak, Chairman pro tem
Mr. Draper
Mr. Vardaman

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

Letter to Mr. Dearmont, Federal Reserve Agent of the Federal Reserve Bank of St. Louis, reading as follows:

"In view of the circumstances described in Mr. Weigel's letter of August 29, 1947, the Board of Governors approves the payment of salary to Mr. Frank S. Parker, Assistant Federal Reserve Agent, at the rate of \$3,900 per annum, effective August 1, 1946."

Approved unanimously.

Letter dated September 3, 1947, to the Chairmen of all Federal Reserve Banks reading as follows:

"In the Board's letter of March 25, 1936, X-9532 (Federal Reserve Loose-Leaf Service Item #9085) the following statement was made:

' * * * As you have been previously advised, the Board expects that salaries paid to employees of the Federal Reserve Banks will not be out of line with salaries paid for corresponding work by local member banks.'

"With the adoption of the new plan of job classification and salary administration, the above statement is no longer applicable and, therefore, has been cancelled."

Approved unanimously, with the understanding that a copy would be sent to the Presidents of all the Federal Reserve Banks.

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Letter to the Federal Deposit Insurance Corporation reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the Livingston State Bank, Livingston, Montana, became a member of the Federal Reserve System on August 27, 1947, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

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

"During the war, the so-called V-loan and T-loan programs for the guaranteeing of loans made by banks to war contractors afforded the Board and the Federal Reserve Banks a valuable experience in the general field of guarantees of loans to business enterprises. In order that a record of this experience may be available for reference purposes in the future, an historical summary entitled 'The Regulation V Program' has been prepared in the Board's Legal Division by Mr. Howard H. Hackley, Assistant Counsel; and a copy is enclosed for your information.

"This paper is intended to be a purely factual history of the V-loan and T-loan programs. It covers such

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"matters as the background of the program, the development of major policies and procedures, the extent of the authority of the Federal Reserve Banks, changes in the form of guarantee agreement, the schedule of rates and fees, credit aspects of guaranteed loans, and legal problems arising out of the program.

"The history is based entirely upon material in the Board's files, including minutes of meetings of the War Loans Committee. For this reason, the enclosed copy of the history is being sent you on a confidential basis and is not intended for distribution. While we have only a limited supply, if you should desire additional copies for any other officers of your Bank, we shall be glad to arrange to furnish them."

Approved unanimously.

Letter dated September 3, 1947, to the Chairmen of all Federal Reserve Banks reading as follows:

"During the Conference of Auditors of the Federal Reserve Banks, held in Washington last spring, clarification of the procedure to be followed in submitting reports of audits to the Board was requested. Accordingly, this letter supersedes the Board's letter of March 30, 1933 (X-7390), wherein the Reserve Banks were asked to transmit to the Board copies of all reports of general audits that are made by the auditing departments.

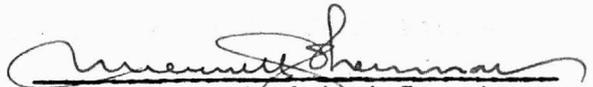
"It will be appreciated if in the future you will arrange to have forwarded to the Board a copy of the report of each regular or special audit or investigation made by the auditing department, together with any written comments submitted by the auditor relative thereto. The reports of regular audits to be forwarded need not include those which state, without additional comment, that certain accounts have been verified, proved, or audited.

"The Board also requests that it be advised promptly if there should be any apparent violation of the criminal provisions of the Federal or State banking laws or other apparent act of dishonesty on the part of anyone in the employ of the Bank. The auditor's reports of investigations

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"of such situations should, of course, be transmitted to the Board in the same manner as reports of regular and special audits."

Approved unanimously.


Assistant Secretary.

Approved:


Chairman pro tem.