

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, November 7, 1947.

PRESENT: Mr. Eccles, Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Evans
 Mr. Clayton

Mr. Carpenter, 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 November 5, 1947, were approved unanimously.

Telegrams to the Federal Reserve Banks stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on November 4, by the Federal Reserve Bank of St. Louis on November 5, by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, and Dallas on November 6, 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 November 4, 1947, from Mr. Smead, Director of the Division of Bank Operations, recommending increases in the basic annual salaries of the following employees in that Division, effective November 16, 1947:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Raymond J. Collier	Technical Assistant	\$5,403.60	\$5,654.40
Edwin J. Johnson	Technical Assistant	5,152.80	5,403.60
John J. Hurley	Statistical Analyst	4,400.40	4,525.80
Gerald F. Millea	Analyst	3,397.20	3,522.60
Paul F. Smith	Analyst	3,397.20	3,522.60
Sarah L. Trott	Secretary to Mr. Horbett	3,271.80	3,397.20
Margaret Griset	Clerk-Stenographer	2,770.20	2,845.44
Mary Ann Chadik	Clerk	2,694.96	2,770.20
Doris A. Garrison	Clerk	2,694.96	2,770.20
Dorothy H. Ford	Clerk	2,394.00	2,469.24
Patricia B. Ivie	Clerk-Stenographer	2,394.00	2,469.24
Jane Lipps	Clerk	2,168.28	2,243.52
Gertrude M. Murphy	Clerk-Stenographer	2,168.28	2,243.52

Approved unanimously.

Telegram to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H, the Board approves the application of the "Texas Bank & Trust Company of Dallas", Dallas, Texas, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Dallas. The telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank. The telegram contained the following

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additional statements:

"Board approves proposed expenditure of approximately \$175,000 for purpose of enlarging and remodeling banking quarters with understanding that no part of such expense is to be capitalized.

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking and trust business, such as the power to issue and sell investment certificates. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"Retel fifth, Board authorizes your Bank not to assess \$55.48 penalty incurred by Union Trust Company, Greensburg, Indiana, for deficient reserves during period ended October 15."

Approved unanimously.

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

"As indicated in the enclosed press statement which is to be released on November 10, the three Federal banking supervisory agencies have made arrangements for the tabulation and publication of a single series of assets and liabilities of all operating banks in the United States and possessions, to take the place of the three

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"all-bank' series previously compiled and published independently by these agencies. As stated in the press release, figures by States for the new series, as of June 30, 1947, will be available in the near future. Corresponding figures by districts will also be available, thus continuing the State and district series forwarded to you with Mr. Smead's letter of March 10, 1945, and semi-annually thereafter.

"As a result of the new arrangement, it will no longer be necessary for your Bank to obtain and furnish semi-annually any special summaries of condition reports of State banks, as requested in the Board's letters of June 28, 1934 and October 28, 1943. The State banking departments that have been furnishing you with special tabulations, particularly of States divided between two Federal Reserve districts, should be notified that such tabulations are no longer necessary. However, it will be appreciated if the Board is placed on the mailing list to receive copies of any pamphlets or press releases, summarizing condition reports of State banks, that are issued regularly by the various State banking departments."

Approved unanimously.

Letter dated November 6, 1947, to Mr. Alexander G. Ruthven, President, University of Michigan, Ann Arbor, Michigan, reading as follows:

"You will find enclosed your letter of October 28, 1947, amending the Letter Agreement dated August 7, 1947, between The Regents of the University of Michigan and the Board of Governors of the Federal Reserve System, covering a Third National Survey of Consumer Finances. The proposed Amendment to the Letter Agreement is acceptable and I have affixed my signature as Secretary of the Board signifying such acceptance."

Approved unanimously.

Memorandum dated November 6, 1947, from Mr. Carpenter recommending the following changes in the Board's travel regulations:

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"1. Provision is made in paragraphs 1 and 2 that when actual necessary travel expenses are claimed the vouchers shall be supported by satisfactory receipts as required by the standardized Government travel regulations. The Government travel regulations no longer allow reimbursement on the basis of actual expenses and, therefore, it is proposed that the Board's regulation be amended to provide that when actual necessary travel expenses are claimed the vouchers shall be supported by satisfactory receipts and no reference would be made to the Government regulations.

"2. The sentence 'If accommodations are shared by the traveler the fact should be stated in his expense voucher and he may claim only his proportionate share of the costs.' in paragraph 4 on page 2 would be deleted. This requirement was eliminated from the Government regulations in November 1942.

"3. The regulations now provide that extra expenses incurred by officers and employees of the Board by reason of travel on air lines will be allowed only when the travel voucher is accompanied by a satisfactory showing (1) of the necessity therefor or (2) that the savings effected equal or exceed the additional cost. The standardized Government travel regulations now place travel by air lines in the same category with travel by other common carriers and it is proposed that a similar provision be made in the Board's regulations."

Approved unanimously.

Memorandum dated November 5, 1947, from the Personnel Committee recommending, for the reasons stated in the memorandum, that the Board discontinue carrying fire insurance with extended coverage on its building and the contents thereof upon the expiration of the existing policy on November 24, 1947.

Approved unanimously.

Letter to Mr. Whittemore, President of the Federal Reserve Bank of Boston, reading as follows:

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"This refers to Mr. Schlaikjer's letter to Mr. Vest dated October 29, 1947 and enclosures, concerning the applicability of section 32 of the Banking Act of 1933 to the proposed service of Mr. John P. Chase, as director of the Second National Bank of Boston and as trustee of an investment trust now in process of formation.

"It is understood that the investment trust now in process of formation will be of the open-end type; that it is contemplated that the proposed trust is to raise an initial fund of \$10,000,000 through the sale of 500,000 shares to a large group of underwriters at \$20 per share; that the underwriters will resell the shares to the public, not as agents of the trust, but as principals; that the public offering of shares will be on December 16, 1947 and that payment to the trust and delivery of the shares to the underwriters will probably be on December 19, 1947 and the underwriting syndicate will probably terminate within thirty days after the first day of the public offering. It is also understood that during the periods of time just referred to the trust will not have any control over the sale or disposition of the shares.

"It is also understood that the trust agreement will provide that outstanding shares may be offered to the trust by the holders thereof for redemption under the conditions cited in the declaration trust and that shares so offered shall be redeemed and cancelled. It also appears from the proposed trust agreement that the number of shares will not be limited and that shares may be issued from time to time by the trustees as the trustees may determine. In this connection, however, we have been assured by Mr. Oscar W. Haussermann, who it is expected will be one of the trustees, that it is not contemplated that the trust will issue any additional shares for an indefinite time in the future.

"In these circumstances, and in the light of previous rulings of the Board, you may advise the interested parties that the service of Mr. Chase referred to above will not be in violation of section 32 of the Banking Act of 1933. However, it should be clearly understood that in the event of any future issuance of shares by the proposed trust or any material deviation from the facts as stated herein, the question of the applicability of such provision of law to Mr.

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"Chase should be reconsidered in the light of the facts then existing."

Approved unanimously.

Telegram to Mr. Whittemore, President of the Federal Reserve Bank of Boston, reading as follows:

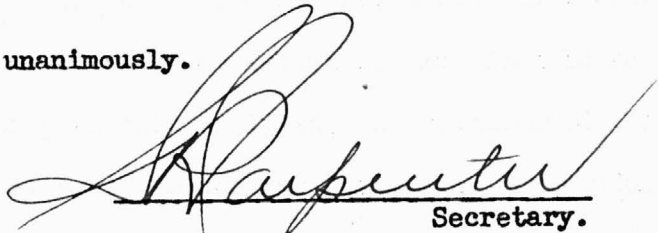
"In analyzing general budget reports for last half of 1947, it is noted that amounts provided therein for Bank Examination and Research and Statistical functions for subject period plus actual expenses for first six months of year exceed by \$10,865 and \$4,922 respectively annual budgets submitted in response to Board's letter of November 1, 1946, and previously approved by Board. Before matter is considered by Board, it will be necessary to have your reasons for exceeding budget originally approved by Board, and your prompt advice in regard thereto will be appreciated."

Approved unanimously, together with similar telegrams to the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco.

Telegram to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"Retel, Board does not feel justified in making an exception to its authorization permitting Reserve Banks to absorb up to 50 per cent of cafeteria expense and requests that appropriate steps be taken by your Bank to bring its net cafeteria expense for year 1947 within 50 per cent authorized."

Approved unanimously.


Secretary.

Approved:


Chairman.