

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, November 12, 1947.

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

Mr. Carpenter, Secretary
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 November 10, 1947, were approved unanimously.

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

"In October 1940 a plan was adopted for uniform treatment of employees at the Federal Reserve Banks entering military or naval service and this plan, together with amendments thereto, provided for certain benefits in addition to those required under the Selective Training and Service Act of 1940, such as credit in the Retirement System for military or naval service, payment of one month's unearned salary, and reimbursement for cost of premiums on National Service Insurance.

"Pursuant to the understanding reached at the recent meeting of the Board of Governors and Presidents, January 1, 1948, has been fixed for the termination of the special benefits for employees entering military or naval service after such date. It is understood that any employee presently in active military service who can return to civilian status shall continue to be granted the benefits provided he makes application before January 1, 1948, or such earlier date set by the Bank, for return to civilian status. If the application is not made before the stipulated date, the benefits under the uniform policy would cease on such date.

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"An employee who does not have the right of requesting the return to civilian status shall continue to be entitled to the benefits granted under the uniform policy.

"It is understood also that the Reserve Banks may continue to grant any of the benefits if the discontinuance thereof would be inequitable or would violate any rule of law."

Approved unanimously.

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

"This refers to your letter of October 31, 1947, with its enclosure, regarding the question whether Mr. T. C. Swarts, a director of your Pittsburgh Branch, might accept an appointment as a member of the State Banking Board of Pennsylvania, in the light of the Board's resolution of December 23, 1915, with respect to the holding of political or public office by officers and directors of Federal Reserve Banks.

"It is understood from your letter and from the enclosed excerpts from the Pennsylvania statutes that the State Banking Board of Pennsylvania consists of nine members, including the Secretary of Banking; that the other members of the Board are appointed by the Governor and that six of them must be persons nominated by the Pennsylvania Bankers Association; that the members of the Board serve without compensation except for personal expenses actually incurred in the discharge of their duties; that their term of office is eight years; and that their principal function is to conduct hearings in cases in which the Department of Banking seeks to remove an attorney, officer, employee, director or trustee of a bank under the Department's supervision. We also understand that under Pennsylvania statutes the approval of the State Banking Board is necessary whenever the Department of Banking makes any change in the reserve requirements of State banks and also in connection with the establishment of branches by State banks.

"On the basis of the information stated above, the Board of Governors sees no reason to disagree with your view that the service of Mr. Swarts as a member of the

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"Pennsylvania Banking Board would not be inconsistent with the 1915 resolution of the Board of Governors, and the Board, therefore, will offer no objection to the service of Mr. Swarts as a director of your Pittsburgh Branch while also serving as a member of the State Banking Board."

Approved unanimously.

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

"Reference is made to your letter of November 3, 1947, submitting the request of the Industrial Trust Company, Providence, Rhode Island, for approval of an additional investment of \$75,000 in banking premises to be expended in connection with plans for the alteration and improvement of the building at 210 Main Street, Pawtucket, Rhode Island, the location of its Slater Branch, and for the subsequent consolidation of the two present branches in Pawtucket at that address.

"In accordance with your recommendation, the Board of Governors approves the additional investment of \$75,000 in banking premises by the Industrial Trust Company for the purposes above indicated."

Approved unanimously.

Letter to Mr. Winthrop W. Aldrich, Chairman of the Board of Directors, The Chase Bank, Pine Street Corner Nassau, New York 15, New York, reading as follows:

"There is enclosed a copy of the report of examination of the Head Office of The Chase Bank, New York, New York, made as of September 30, 1947, by examiners for the Board of Governors of the Federal Reserve System. The figures for the foreign branches shown in the combined statement of condition, as well as the figures for The Chase National Executors and Trustees Corporation Limited of London and Union Provinciale Immobiliere of Paris, were supplied by the Head Office.

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"Your courtesy in acknowledging receipt of the report will be appreciated."

Approved unanimously.

Letter to Mr. Volberg, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of September 8, 1947, in which it was stated that pages 339 and 340 of the report of examination of Transamerica Corporation, as of September 30, 1946, revealed that readily marketable assets held by the Corporation have, at various times, been less than the amount required.

"It was noted that Transamerica Corporation's annual report to the Board for the year 1946 showed that the Corporation held readily marketable assets exceeding the requirements of Section 5144 Revised Statutes as of December 31, 1946.

"In order that the Board may have information of a more current nature as to Transamerica Corporation's compliance with its readily marketable assets requirements, it is requested that you advise the Corporation that on the basis of information developed during the September 30, 1946, examination it appears that its reserve of readily marketable assets was deficient at various month-ends and at the examination date, and ask that the Corporation furnish you a list of its holdings of readily marketable assets and their market value as of each past month-end during 1947."

Approved unanimously.

Telegram to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

Reurtel 10. Although Regulation W is not effective after November 1, 1947, and therefore does not require preservation of records, you might suggest to former registrants that in case Congress directs regulation be reissued old records may assist them in setting up the new records which will be required."

Approved unanimously.

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Memorandum dated November 10, 1947, from Messrs. Thomas and Young, Director and Assistant Director, respectively, of the Division of Research and Statistics, recommending that a wire in the following form be sent to the President of each Federal Reserve Bank:

"In connection with the general problem of needed emergency credit control measures, please advise the Board concerning the following aspects of the credit situation in your District:

1. Has the recent stiffening of short-term rates on Government securities and softening of prices on medium- and longer-term bonds had any effects on bank lending activities and policies?
2. Has any tendency been noted for banks to sell Government bonds to meet deficiencies in reserves or to provide reserves for meeting local loan demands or to invest in other securities?
3. Are there many banks that consider themselves loaned up on urban and farm real estate mortgages?
4. Is there any noticeable number of national banks whose holdings of mortgages are close to the statutory maximum that may be held against time deposits? Are there any state member banks whose mortgage holdings are close to the maximum for national banks?
5. Has there been any recent tendency for premiums on FHA and 'GI' mortgages to decline?
6. Has there been any noticeable amount of bank trading in urban and farm real estate mortgages?

"Answers to these questions should be forwarded to the Board at the earliest date possible, but not later than December 1. If desirable, a supplementary statement on these points may be included in the next quarterly report on significant developments requested in the Board's letter of January 27, 1947 (S-953), which will be due as of November 30."

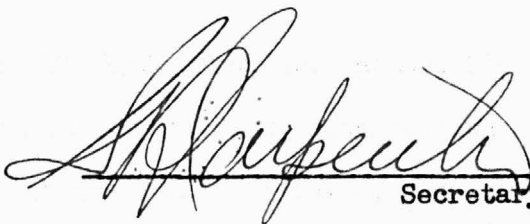
Approved unanimously.

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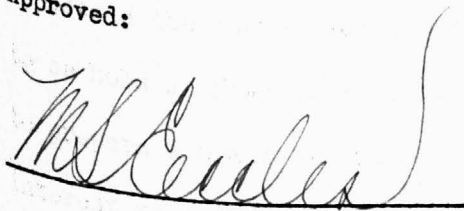
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Memorandum dated November 10, 1947, from Mr. Bethea, Director of the Division of Administrative Services, recommending, for the reasons stated in the memorandum, that the limitation on the amount of supplies which may be carried in the stock room be increased, and that effective December 1, 1947, the Division of Administrative Services be authorized to purchase and carry supplies in the stock room in an amount which would not exceed \$15,000 at any one time.

Approved unanimously.


Secretary.

Approved:


Chairman.