

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, November 25, 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 24, 1947, were approved unanimously.

Memorandum dated November 21, 1947, from Mr. Leonard, Director of the Division of Examinations, recommending that the resignation of Carroll R. Highfield, a Federal Reserve Examiner in that Division, be accepted to be effective, in accordance with his request, at the close of business November 26, 1947, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

Memorandum dated November 20, 1947, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Miss Helen Louise Sweeney as a clerk in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,168.28 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical

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examination. The memorandum also stated that Miss Sweeney was a member of the Civil Service retirement system and would remain in that system.

Approved unanimously.

Letter prepared for Chairman Eccles' signature to the Honorable T. C. Douglas, Premier, Province of Saskatchewan, Regina, Canada, reading as follows:

"I very much appreciate your letter of November 6 and the unusual opportunity presented to the Board for being of assistance to your Government by loaning to you for a brief period the services of a member of our staff, namely, Mr. W. F. Stettner.

"Your request unfortunately reaches us at a most inconvenient time. The Congress will shortly be considering our Government's fiscal program and it is possible that the consideration may involve some important changes in our tax and revenue structure. Whatever the case, it will be important that the Board have available over the next few months the full time of its very limited staff in fiscal subjects to work on matters of urgent and immediate interest to its own sphere of responsibilities.

"I am sure that you will understand the position in which the Board finds itself at this time and the reasons why it is not possible to accede to your cordial request. If you would care to raise the question again after the urgency of our current work has relaxed, we will be glad to reconsider the request at that time."

Approved unanimously.

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

"Referring joint statement of Federal and State bank supervisory agencies which appeared in the press today and copy of which was sent you by wire yesterday. President of one Federal Reserve Bank has advised Board that he would like to send statement to banks in his district. He is being advised that Board would be glad to have this done and

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"is bringing matter to your attention with suggestion that, if you should desire to make similar distribution of statement, state bank supervisor of each state the capital city of which is in your district be advised accordingly."

Approved unanimously.

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

"Reference is made to the arrangement discussed at the Presidents' Conference in October under which the Federal Reserve Bank of New York will act, within certain limits, as custodian of Government securities pledged as collateral for loans made by the other Reserve Banks to member banks in their respective districts.

"It has been the practice of at least one of the Reserve Banks to accept custody receipts issued by city correspondent banks in another district covering securities pledged as collateral for loans which the Reserve Bank makes to its member banks. Under this practice, the Reserve Bank receives a receipt from the city correspondent bank which states that such bank is holding specified securities in custody for the account of, and subject exclusively to the written order and direction of, the Reserve Bank. The Reserve Bank also enters into contracts with its member banks by which the Reserve Bank is relieved of any liability for the negligence of the custodian bank.

"It appears to the Board that the Reserve Banks may properly accept custody receipts of responsible city correspondent banks, as well as those of the Federal Reserve Bank of New York, for reasonable periods where actual delivery of securities is not convenient for the borrowing bank, and the Board believes that this practice may enable the Reserve Banks to be of greater service to their member banks.

"Should you have any question about this procedure, the Board will be glad to discuss it with you at the time of the next Presidents' Conference."

Approved unanimously.

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Letter to Mr. Wysor, Chairman of the Federal Reserve Bank of Richmond, reading as follows:

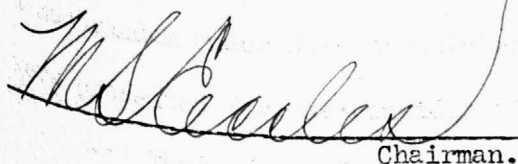
"At the completion of the examination of the Federal Reserve Bank of Richmond, made as of September 10, 1947, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President Leach.

"The Board will appreciate advice that the report has been considered by the board of directors. Any comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.

  
Secretary.

Approved:

  
Chairman.