

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, December 23, 1947.

PRESENT: Mr. Szymczak, Chairman pro tem
Mr. Evans
Mr. Vardaman
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 December 22, 1947, were approved unanimously.

Memorandum dated December 17, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Miss Mary T. Clarke be transferred from the Division of Administrative Services to the Division of Research and Statistics as a clerk-stenographer, with no change in her present salary at the rate of \$2,469.24 per annum, effective as of the date on which she enters upon the performance of her new duties.

Approved unanimously.

Memoranda dated December 22, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending an advance of funds in the sum of \$1,000 each to Mr. Exter and Mr. Grove, economists in that Division, for use in helping to meet the expenses of their official trip, approved by the Board on December 19, 1947, to the Republic of the Philippines. The memoranda also stated that both Mr. Exter and Mr. Grove had ample accumulated annual leave to cover the amount of the

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advance of funds.

Approved unanimously.

Memorandum dated December 17, 1947, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Miss Pearl Mae Saieed be appointed as a clerk-stenographer in the Division of Administrative Services, with 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 examination. The memorandum also stated that Miss Saieed would become a member of the Federal Reserve retirement system.

Approved unanimously.

Memorandum dated December 22, 1947, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Lydia M. Adwell be appointed as a cafeteria helper in the Division of Administrative Services, on a temporary basis for a period of two months, with salary at the rate of \$1,690 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that because of the temporary nature of her appointment, Mrs. Adwell would not become a member of the Federal Reserve retirement system.

Approved unanimously.

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

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"Pursuant to recommendations contained in Mr. Leach's letters of December 5 and 18, 1947, the Board approves payment of salaries to the following employees at the rates indicated effective January 1, 1948:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
	<u>Richmond</u>	
Robert L. Shepherd	Assistant Federal Reserve Agent	\$3,360
Beverley P. Higgason	Alternate Asst. Federal Reserve Agent and Supplies Shipping Clerk	3,000
George E. Thompson, Jr.	Alternate Asst. Federal Reserve Agent and Utility Discount and Credit Clerk	3,120
	<u>Baltimore</u>	
Eugene L. Shipley	Federal Reserve Agent's Representative and Manager, Accounting Dept.	4,560
Alfred A. Stewart, Jr.	Federal Reserve Agent's Representative and Manager, Fiscal Agency Department	4,680
	<u>Charlotte</u>	
T. Wesley Bagby	Federal Reserve Agent's Representative and Manager, General Service Department	3,960
Paul D. Gilliam	Federal Reserve Agent's Representative, Manager, Noncash Collection Department, Securities Custodian	3,480

"A copy of this letter is being sent to Mr. Leach."

Approved unanimously.

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

"The Board approves payment of salaries effective January 1, 1948 to the following employees at the rates indicated which are the rates proposed in your letter of December 17, 1947:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
	<u>St. Louis</u>	
Frank S. Parker	Assistant Federal Reserve Agent	\$4,200
Edward H. Hoppe	Alternate Assistant Federal Reserve Agent	3,600

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<u>"Name</u>	<u>Title</u>	<u>Salary</u>
John A. Links	<u>Little Rock</u> Federal Reserve Agent's Representative	\$4,320
G. H. Parsell	<u>Louisville</u> Federal Reserve Agent's Representative	4,200
Carl Ritzel	<u>Memphis</u> Federal Reserve Agent's Representative"	4,380

Approved unanimously.

Telegram to Mr. Everett E. Hale, 5549 Pershing Avenue, St. Louis, Missouri, reading as follows:

"Board of Governors of Federal Reserve System has appointed you director of San Antonio Branch of Federal Reserve Bank of Dallas for three year term beginning January 1, 1948, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Letter to Mr. Sproul, President of the Federal Reserve Bank of York, reading as follows:

"This will acknowledge Mr. Rouse's wire of December 1 advising the Board of increases in the currently effective buying rates for acceptances at the Federal Reserve Bank of New York.

"It is noted that your Bank does not contemplate increasing the approved minimum buying rate of 1 per cent for acceptances. As you know, it has been the practice for many years for the board of directors of the Federal Reserve Bank of New York to set minimum rates on acceptances, subject to approval by the Board of Governors, at or above which currently effective buying rates for bankers' or trade bills were fixed by your Bank to meet changes in money market conditions. The Board would not suggest that this procedure be changed, but it does feel that the minimum rate should not in times like the present be below the rate of discount in effect at your Bank for discounts of and advances secured by eligible paper. It is suggested, therefore, that when this rate is raised at your Bank above the present rate of 1 per cent, the minimum buying rate on acceptances fixed by your directors with the approval of the Board be increased accordingly."

Approved unanimously.

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

"This refers to the Board's telegram of December 2, 1947 (S-1001), in which you were advised that in the Board's opinion, in view of the provisions of Section 13b(e) of the Federal Reserve Act, the law does not contemplate payments by the Federal Reserve Banks to the Treasury under that section covering any period after final liquidation of the Federal Deposit Insurance Corporation stock owned by the Reserve Banks. The telegram also stated that payment for the current year should be computed on the basis of the period from January 1 to October 7, 1947, the date of cancellation of such stock, and the payment should be made at the end of the year in the usual way.

"The report to the Secretary of the Treasury under Section 13b for the year 1947, submitted pursuant to the regulations of the Secretary of the Treasury dated August 15, 1934, should cover the period January 1 to October 7, 1947, inclusive. In computing net earnings for this period, losses and recoveries of losses should be included if sustained or received on or before October 7. Additions to reserves for losses and releases from reserves for losses should be based on a review of loans and commitments, including an estimate of the market value of past due loans and miscellaneous assets acquired, as of the close of business October 6. Net earnings for the period January 1-October 7 derived from funds received from the Secretary of the Treasury should be paid on December 31 to the Treasurer of the United States up to the appropriate fraction (280/365) of 2 per cent of the 'Amount of funds received from the Secretary of the Treasury,' as reported on Form F. R. 418. In this connection, please submit to the Board in duplicate a report on Form F. R. 418 for the period October 1 to October 7. This will be the final report on Form F. R. 418, which will then be discontinued.

"Since the Federal Reserve Banks are not required to make any payments to the Treasury after October 7, 1947, for the use of funds received from the Secretary of the Treasury under Section 13b, it is not thought necessary to keep such funds invested in Section 13b operations, or otherwise. Therefore, beginning October 8, 1947, all funds advanced and under commitment under Section 13b should be considered as Reserve Bank funds, and pending final disposition of Section 13b surplus, no entries will be made in this account except those applicable to the period January 1-October 7, as outlined above."

Approved unanimously.

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

"During meeting in Washington, Committee on Expense Accounting suggested following procedure regarding year-end closing of books:

'On December 31, 1947 each Federal Reserve Bank should make entries covering estimated reimbursable expenses and other usual closing entries. In conjunction with the foregoing, each Federal Reserve Bank should compute and report in the deposit block of F. R. 34 under the account "Other Deposits" the amount payable to the Treasury as interest on Federal Reserve notes for the final quarter of the year and advise the Board by wire of the amount. The Banks would then close their books as has been done in previous years, and forward the usual year-end reports to the Board.

'Upon receipt of advice from the Board of the amount to be paid the Treasury as interest on Federal Reserve notes (which should agree with the amount credited to "Other Deposits") such amount should be credited to the Treasurer's General Account and charged to "Other Deposits".'

"Pursuant to this recommendation, following procedure will be followed end of this year:

"1. Weekly condition statement will be issued on Wednesday afternoon as of Tuesday, December 30, and Form F.R. 34 wire should be submitted accordingly.

"2. Careful estimate should be made on December 31 of reimbursable expenses for which Bank has not submitted claims for reimbursement and such amount should be deducted from current expenses and reported against asset item 'Fiscal agency and other expenses, reimbursable'.

"3. On morning of Friday, January 2, please wire Board so as to reach Washington by noon E. S. T.:

- (a) Average daily amount Federal Reserve notes outstanding in excess of gold certificates held by the Agent as collateral security for last quarter of 1947.
- (b) Net earnings of Bank for year 1947 after deducting dividends, payment to Treasury under Section 13b, transfers to Section 13b surplus, and interest on Federal Reserve notes for first three quarters.

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"4. Upon receipt of above information Board will determine rate of interest to be paid to Treasury for last quarter of 1947 on daily average outstanding Federal Reserve notes not covered by gold certificates with Agent and will advise your Bank later that day of rate and amount of payment to be credited to U. S. Treasurer's General Account. Books of Bank may then be closed as of December 31. This wire supersedes Board letter S-984 of June 19, 1947."

Approved unanimously.

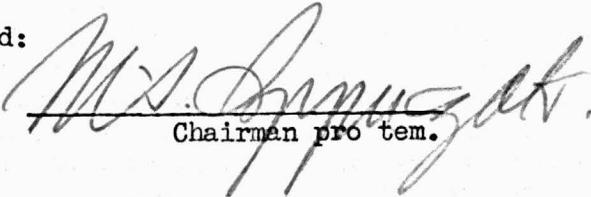
Telegram to the Presidents of all Federal Reserve Banks reading as follows:

"In view of anticipated difficulties of adjusting reserve requirements because of holidays on Thursday this week and next week, deficiencies in reserves of any member bank in a central reserve or reserve city, if it so desires, may be computed covering six-day period ending December 24, 1947, seven-day period ending December 31, 1947, and eight-day period ending January 8, 1948, instead of usual seven-day periods ending on Thursday."

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.