

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, December 26, 1947.

PRESENT: Mr. Szymczak, Chairman pro tem
Mr. Evans
Mr. Clayton

Mr. Carpenter, Secretary

Telegram to the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Banks of Chicago and San Francisco on December 23, by the Federal Reserve Banks of Cleveland, Atlanta, St. Louis, and Minneapolis on December 24, 1947, and by the Federal Reserve Banks of Richmond, Minneapolis, and Dallas today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated December 24, 1947, from Mr. Leonard, Director of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination, Conrad K. Howan be appointed as an Assistant Federal Reserve Examiner, with basic salary at the rate of \$3,021 per annum, and with official headquarters at Charlotte, North Carolina. The memorandum also stated that it was contemplated

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that Mr. Howan would become a member of the Federal Reserve retirement system.

By unanimous vote, Mr. Conrad K. Howan was appointed an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Charlotte, North Carolina, and with basic salary at the rate of \$3,021 per annum, all effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

Letter to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board approves the payment of salaries to the following officers for the period January 1, 1948, through May 31, 1948, at the rates indicated which are the rates fixed by the Board of Directors as reported in your letter of December 19, 1947:

| <u>Name</u> | <u>Title</u> | <u>Salary</u> |
|----------------|----------------------|---------------|
| | <u>Denver Branch</u> | |
| F. H. Larson | Cashier | \$7,200 |
| H. L. Stempel | Assistant Cashier | 6,100 |
| Hubert G. Duck | Assistant Cashier | 6,000 |

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| <u>"Name</u> | <u>Title</u> | <u>Salary</u> |
|-----------------------------|-------------------|---------------|
| <u>Oklahoma City Branch</u> | | |
| F. R. Fritz | Assistant Cashier | \$6,100 |
| Fréd C. Schmocker | Assistant Cashier | 5,400 |
| <u>Omaha Branch</u> | | |
| J. K. Friedebach | Cashier | 7,200 |
| U. S. Berry | Assistant Cashier | 6,400 |
| Wm. P. Doran | Assistant Cashier | 5,600" |

Approved unanimously.

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

"In accordance with the request contained in your letter of December 17, 1947, the Board approves the appointment of Samuel Andrew Rodgers as an assistant examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

"In accordance with the request contained in your letter of December 19, 1947, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of San Francisco:

| <u>Head Office</u> | <u>Portland Branch</u> | <u>Salt Lake City Branch</u> |
|--------------------|------------------------|------------------------------|
| A. G. Holman | G. L. Evans | L. C. Grundvig |
| E. S. Bishop | G. O. Gannett | A. L. Hallstrom |
| | J. E. Farrell | G. C. Harwood |
| | W. H. Looker | |

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"Los Angeles Branch

A. F. Jennings

"Appropriate notations have been made in the Board's records of the names reported as deletions."

Approved unanimously.

Letter to the board of directors of "The Commercial Bank of Payson", Payson, Utah, stating that, subject to conditions numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System, and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco:

- "4. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital stock of not less than \$50,000."

Approved unanimously, together with a letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of The Commercial Bank of Payson, Payson, Utah, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Bank Commissioner for the State of Utah, for his information.

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"It is noted that the bank has been subject to criticism for some time because of the practice of granting loans in excess of statutory limitations and that the report of examination by State authorities in September 1947 disclosed some serious laxity in internal operations. It is reported that these criticisms were discussed with the management by the examiner for the Reserve Bank who was assured that they would receive corrective attention. It is assumed that the matter of correction will be followed to a satisfactory conclusion."

Letter to the board of directors of "The Commercial Bank of Delta", Delta, Utah, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System, and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco.

Approved unanimously, for transmission through the Federal Reserve Bank of San Francisco.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letter of December 17 regarding the penalty incurred by Broadway National Bank of Tampa, Tampa, Florida, as a result of a deficiency in reserves and to the accompanying copy of letter from its correspondent bank, The First National Bank of Tampa, Tampa, Florida.

"In the circumstances stated in your letter, the Board authorizes your Bank not to make the assessment of \$52.43 for the penalty incurred during the period ended November 30."

Approved unanimously.

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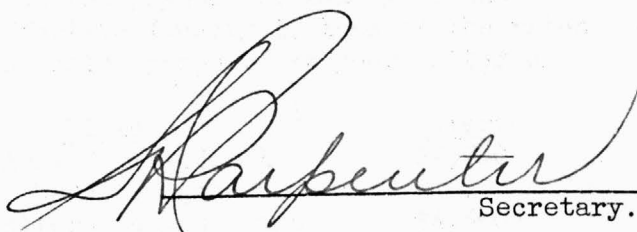
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Telegram to the Presidents of all the Federal Reserve Banks

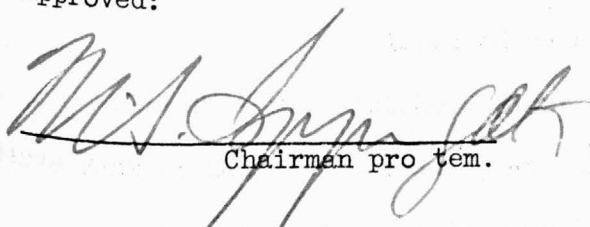
reading as follows:

"In view of inquiries received as to how reserves for bad debts on loans, set up under terms of Commissioner of Internal Revenue Mimeograph Coll. No. 6209 issued December 8, 1947, should be reflected in earnings and condition reports, you are advised that such reserves should be treated in same manner as any other valuation allowances, that is, they should be reported in item 5(b) of earnings reports in the period in which actually charged to undivided profits, and deducted from loans in condition reports. Please advise State member banks accordingly. We understand that one Federal Reserve Bank has received requests from member banks in operation less than 20 years, which are considering reserve method of accounting for bad debts for income tax purposes, for statistics of loans and losses thereon covering member banks in their Federal Reserve District. Copy of statement showing such data by years 1927-1946 will be mailed to respective Reserve Banks."

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.