

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, December 29, 1947.

PRESENT: Mr. Szymczak, Chairman pro tem.  
Mr. Draper  
Mr. Evans  
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 December 24, 1947, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 26, 1947, were approved and the actions recorded therein were ratified unanimously.

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

"The Board approves the payment of salary to the following employees effective January 1, 1948 at the rates indicated which are the rates proposed in your letter of December 23, 1947:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
J. V. D. Stryker	Assistant Federal Reserve Agent	\$7,760
Edna K. Reynolds	Alternate Assistant Federal Reserve Agent	\$4,500"

Approved unanimously.

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

"Reference is made to your letter of December 24, 1947, requesting approval of the payment of salaries below the minimums of their grades to eleven employees of the Federal Reserve Bank of Cleveland.

12/29/47

-2-

"For the reasons given in your letter, the Board approves for a temporary period, but not to exceed one year from January 1, 1948, the payment of salaries to these employees at rates below the minimums of their grades."

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"Reference is made to your letters of December 12 and 18, 1947, requesting approval of the payment of salaries for two employees below the minimum of their respective grades.

"For the reasons outlined in your letter, the Board approves for a temporary period, not exceeding one year from January 1, 1948, the payment of salary to the following employees below the minimum of their present grades:

P. T. Creery, Assistant Trust Examiner  
U. H. Mills, Examiner."

Approved unanimously.

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

"Reference is made to your letter of December 17 in reply to the Board's letter of December 5 regarding the absorption by the Federal Reserve Bank of Dallas during 1947 of more than 50 per cent of its cafeteria expenses.

"It is noted from your letter that it was fully expected as late as last month that you would be able to convert your dining room to a full cafeteria basis by January 1, 1948; that because of delays in connection with the delivery and installation of needed equipment, it appears it will be some time around February 1, 1948 before the conversion can be completed; that in view of this further unexpected delay, the Board's letter of December 5 was considered by your Executive Committee and the question of the advisability of making any adjustment in prices of meals before conversion to a full cafeteria basis was fully discussed; and that the Executive Committee authorized the officers to maintain the current prices of

12/29/47

-3-

"meals until such time as the dining room could be converted to a full cafeteria basis which is expected to be on or about February 1, 1948 and at that time and from time to time to make such adjustments in the prices of food items as may be necessary to effect a reduction currently and for the full year of 1948 in the expenses absorbed by the Bank to an amount well within the 50 per cent authorized by the Board of Governors.

"In view of the circumstances set forth in your letter, the Board interposes no objection to the action of your Executive Committee in authorizing a further deferment of the needed adjustment in prices provided charges are adjusted around February 1, 1948 so that expenses for the full year of 1948 will, as indicated, be well within the 50 per cent authorization.

"Please advise the Board the date as of which the change takes place, the new basis for making charges, and the percentage of cafeteria expenses you will expect to absorb after the change takes place."

Approved unanimously.

Memorandum dated December 26, 1947, from Mr. Smead, Director of the Division of Bank Operations, submitting requests from the Federal Reserve Banks for authority to pay the regular semiannual dividend at the end of 1947, and to make charge-offs or other year-end adjustments.

The memorandum stated that current earnings for 1947 would be approximately \$157,499,000 and current expenses would amount to about \$64,812,000, leaving current net earnings of \$92,687,000; that additions to current net earnings, including \$2,585,000 profits on sales of Government securities, would amount to about \$2,630,000; that deductions from current net earnings would approximate \$799,000, including \$400,000 for additions to the reserve for registered mail losses. Net earnings for the year were estimated at \$94,518,000. Payments to the Treasury under the provision of Section 13b of the Federal Reserve

12/29/47

-4-

Act were expected to be about \$23,000 and member banks dividends \$11,528,000. Payments to the Treasury of interest on outstanding Federal Reserve notes not covered by gold certificates pledged with the Federal Reserve Agent as collateral would be about \$74,700,000, leaving net earnings available for transfer to surplus (Section 7) of about \$8,258,000, and transfer to surplus (Section 13b) of about \$9,000.

The memorandum further stated that additions to the reserve for registered mail losses under the Loss Sharing Agreement of the Federal Reserve Banks will amount to about \$400,000 which, under the Board's Instructions Governing the Preparation of Earnings and Expense Reports and Profit and Loss Statements, are to be charged to profit and loss.

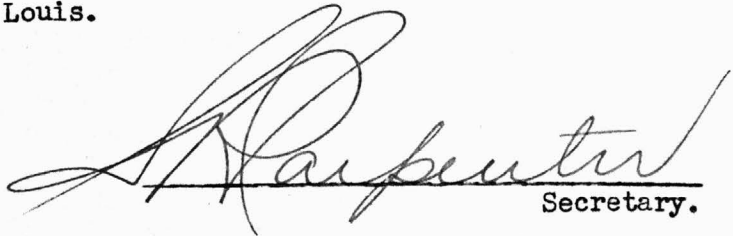
Recommendations contained in the memorandum with respect to the requests of the Federal Reserve Banks were approved unanimously as follows:

1. Each Federal Reserve Bank was authorized to pay the regular semiannual dividend on December 31, 1947, estimated to amount to a total for the twelve Banks of \$5,815,000.
2. The Federal Reserve Bank of Cleveland was authorized to make charge-offs of \$30,723.29 on its Cincinnati Branch Bank premises and \$190,220.74 for depreciation allowance on fixed machinery and equipment, and to establish an annual depreciation rate of 4 per cent on the building housing that Branch.

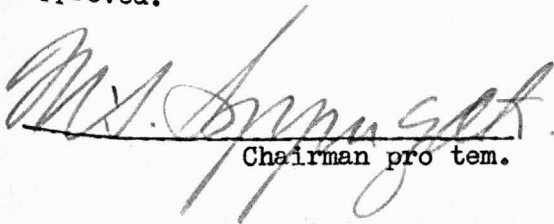
12/29/47

-5-

3. The Federal Reserve Bank of St. Louis was authorized to make a charge-off of \$144,000 on the Nugent property in St. Louis.

  
Secretary.

Approved:

  
Chairman pro tem.