

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, January 21, 1948.

PRESENT: Mr. Eccles, Chairman
 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 January 20, 1948, were approved unanimously.

Memorandum dated January 16, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of Mack Gilbert, Jr., as a messenger in that Division, on a temporary indefinite basis, with basic salary at the rate of \$1,822 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination. The memorandum also stated that it was contemplated that Gilbert would become a member of the Federal Reserve retirement system.

Approved unanimously.

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

"Reference is made to your letter of January 13, 1948, submitting the request of The Lynchburg Trust

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"and Savings Bank, Lynchburg, Virginia, for permission, under the provisions of condition of membership numbered 1 to which the bank is subject, to change the general character of its business by accepting checking accounts.

"In view of your recommendation, the Board of Governors will interpose no objection to the acceptance of checking accounts by The Lynchburg Trust and Savings Bank, Lynchburg, Virginia."

Approved unanimously.

Letter to Chadbourne, Wallace, Parke & Whiteside, Tower Building, Washington 5, D. C., reading as follows:

"This is in reply to your letter of December 19, 1947, requesting an expression of views with respect to whether it would be permissible under section 19 of the Federal Reserve Act and section 2(a) of the Board's Regulation Q for a national bank located in New York City to absorb the intangibles tax imposed upon residents of Indiana by Chapter 81 of the Indiana Laws of 1933 in so far as that tax is applicable to deposits made by Indiana residents in the New York City national bank.

"The Board of Governors has not had occasion to rule upon the question presented in your letter and for many years it has been the Board's general policy not to attempt to pass upon questions as to whether particular practices constitute a payment of interest on demand deposits except when all the pertinent facts of the specific case have been fully developed, ordinarily as the result of an examination of the bank involved, and are before the Board for consideration. Until a question can be fully developed and considered in this way, a member bank should use its best judgment in adapting its practices to conform to the intent of the law.

"While the Board appreciates the desire of a member bank to be informed in advance whether practices followed by it are consistent with the law, experience has shown that it is impracticable to issue general rulings based merely upon inquiries

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"as to whether certain practices involve a payment of interest. It is believed that the policy above stated provides the most satisfactory basis for dealing with such questions and is also in the interests of the member banks themselves.

"Accordingly, the Board is not in a position at this time to advise you with respect to the question you raise, but it will of course be glad to consider the question if it should at any time arise as a result of an examination of a particular member bank. In the case of national banks, examinations are conducted by the Comptroller of the Currency, and inasmuch as your inquiry involves a national bank, we are sending a copy of your letter, together with a copy of our reply, to the Comptroller of the Currency for his information.

"If you should have any further inquiries with respect to this matter, it is suggested that you may wish to communicate with the Federal Reserve Bank of New York which serves the district in which the bank concerned is located."

Approved unanimously.

Telegram to the Presidents of all Federal Reserve Banks

reading as follows:

"After consultation with Presidents Conference Committee on Member Bank Supervision, the Board is calling a conference of the Vice Presidents in charge of the Bank Examination Departments of the Federal Reserve Banks to consider examination and supervisory policies under present conditions and the implementation of the joint policy statement issued November 24, 1947. The conference will be held in the Board's offices February 12 and 13.

"We plan on a short program with a discussion on the following general subjects:

1. Reports from the Vice Presidents of the Reserve Banks on banking conditions and trends in the respective districts and supervisory problems as they see them.

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- "2. Discussion of the national situation as it relates to Federal Reserve examination and supervisory policies.
3. Formulation of a recommended program to be followed by the System in its examination and supervisory functions.

"In view of the fact that in the past some of the Vice Presidents in charge of examinations have attended the Midwinter Trust Conference of the ABA, the Board is calling this conference for the Thursday and Friday immediately following the ABA Trust Conference in New York.

"Please advise if your Vice President will be able to attend and whether you desire us to make hotel reservations."

Approved unanimously.

Letter to Mr. A. G. Brown, Director, Agricultural Commission, The American Bankers Association, 12 East 36 Street, New York 16, New York, reading as follows:

"In response to your letter of January 6 the Board will be glad to cooperate in the requested compilation of agricultural loans and farm real estate loans at State member banks by States and by size of bank, as it has previously in furnishing other data you have requested by States and counties.

"In accordance with our usual practice, we shall make the reports of condition of the State member banks available to the Federal Deposit Insurance Corporation for punch-card tabulation as soon as our tabulations are completed. Reports of condition of State member banks in Indiana will be furnished first.

"It is understood that this information is for the confidential use of your Association; it is also understood that no figures for any size group will be made available if there are less than three insured commercial banks in the group."

"A copy of this letter is being sent to the Federal Deposit Insurance Corporation."

Approved unanimously.

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Letter to the Comptroller of the Currency reading as follows:

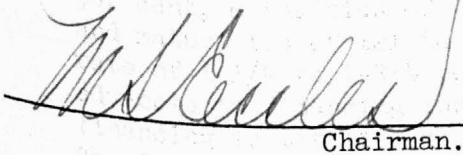
"It is respectfully requested that you place an order with the Bureau of Engraving and Printing supplementing the order of June 19, 1947, for the printing of Federal Reserve notes of the Federal Reserve Bank of Richmond in the amounts and denominations stated below:

Denomination	Number of sheets	Amount
\$20	296,000	\$71,040,000
50	30,000	18,000,000"

Approved unanimously.


Secretary.

Approved:


Chairman.