

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, February 26, 1948. The Board met in the Special Library at 12:20 p.m.

PRESENT: Mr. Eccles, Chairman pro tem  
Mr. Szymczak  
Mr. Draper  
Mr. Evans  
Mr. Vardaman

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Morrill, Special Adviser  
Mr. Thurston, Assistant to the Board  
Mr. Vest, General Counsel

The principal item on the agenda for this meeting was the determination of the action to be taken by the Board with respect to the appointment of members of the Personnel Committee for the year beginning March 1, 1948. The matter was discussed, and while there was agreement with the suggestion previously made in informal discussion that only one member of the Personnel Committee should be changed each year, it was decided to take no action to appoint the members of the new Personnel Committee until after Mr. McCabe had been confirmed and had assumed his duties as Chairman of the Board.

Chairman Eccles referred to recent informal discussions relating to the use of the Board members' dining rooms, and there was a discussion of the various problems that had arisen in connection therewith.

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At the conclusion of the discussion, upon motion by Mr. Vardaman, Mr. Draper was asked to study the matter and submit his recommendation for consideration at a future meeting of the Board.

At this point Mr. Vest withdrew and the action stated with respect to each of the matters hereinafter set forth was taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 25, 1948, were approved unanimously.

Letter to Mr. Peterson, Assistant Cashier of the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of February 19, regarding paragraph C of the 'Rules for uniform application by Federal Reserve Banks in waiving penalties for deficiencies in reserves of member banks', enclosed with the Board's letter S-902 of March 5, 1946.

"By 'deposits' in the paragraph referred to is meant 'net demand deposits' and 'time deposits', i.e., the amounts to which reserve requirements apply."

Approved unanimously.

Letter to Mr. Wellman, Deputy Chairman of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors has received your letter of January 28, 1948, relative to the frequency of branch audits and is pleased to note that your General Auditor will undertake to make two balance sheet audits of each branch during the calendar year in the future.

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"Although, as mentioned in your letter, there would appear to be little difference between a policy of two audits in a 12-month period and the Board's suggestion of two audits in a calendar year, the policy followed at your Bank has resulted in six branch audits during each of the last four calendar years instead of eight, as would be the case if two audits of each branch were made during a calendar year.

"You suggest that perhaps the Board feels that each branch should have a resident auditing staff. No such suggestion was intended. The Board does not desire that the effectiveness of the program of branch audits by head office auditors be diminished in any way. The Board's suggestion that the branch audit program be reviewed related primarily to the frequency of the audits under the present program which for some time - originally as a wartime measure - has been less than the former prewar policy required."

Approved unanimously.

Letter to Mr. Whittemore, President of the Federal Reserve Bank of Boston, reading as follows:

"This will acknowledge receipt of your letter of February 9, 1948, in which you enclosed a copy of Supplement No. 1 to the 1948 budget of your Bank, containing estimates of additional expenditures aggregating \$63,000 to be made in 1948 beginning about March 1.

"In accordance with this supplement the following items in the 1948 budget report for your Bank have been increased by the amounts shown.

<u>"Furniture and Equipment</u>		
Purchases		
Furniture and equipment purchased	\$ 4,000	
Rentals		
Furniture and equipment rented (com- pletely distributed)	<u>32,000</u>	\$36,000
Less distributed to other Units		<u>32,000</u>
		4,000
<u>Stock of Supplies</u>		
Printing, stationery, and supplies	27,000	
Less distributed	<u>27,000</u>	0

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"Check Collection

Country Checks		
Printing, stationery, and supplies	27,000	
Equipment rental	<u>32,000</u>	<u>59,000</u>
		\$63,000"

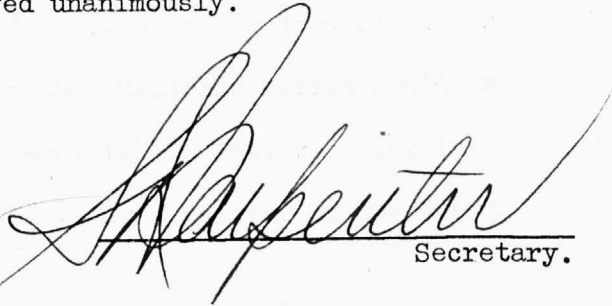
Approved unanimously.

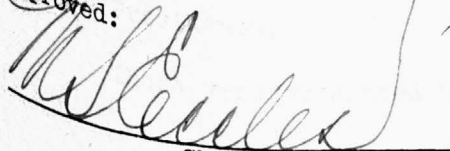
Letter prepared for Chairman Eccles' signature to Mr. J. O. Peck, President, Nebraska Bankers Association, Columbus, Nebraska, reading as follows:

"Mr. Needham, General Counsel for the American Bankers Association, has advised us of the visit to Washington during the week of March 15 of officers of the Nebraska Bankers Association and we have suggested to him that you arrange to include in your program a visit with the Board of Governors.

"Officers of the Minnesota Bankers Association will be in Washington during that week and they have accepted an invitation to luncheon at the Board's offices on Wednesday, March 17, 1948, at 1 p.m. The members of the Board will be delighted if the representatives of your Association will also join us for luncheon at that time. Mr. Needham has told us that he believed this would fit in with your plans. It is anticipated that all of the members of the Board will be here and we will be looking forward to your visit."

Approved unanimously.

  
Secretary.

Approved:  
  
Chairman pro tem.