

A meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks was held in the offices of the Board of Governors in Washington on Friday, February 27, 1948, at 2:45 p.m.

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

Mr. McCabe, Chairman designate

Mr. Carpenter, Secretary

Messrs. Whittemore, Sproul, Williams, Gidney, Leach, McLarin, Young, Davis, Peyton, Leedy, Gilbert, and Earhart, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, respectively

Mr. Clarke, Acting Secretary of the Presidents' Conference

Before this meeting a memorandum covering matters to be discussed by the Board and the Presidents had been submitted to the members of the Board. The statement of the Presidents and the discussion at this meeting with respect to each of the matters considered were substantially as follows:

1. Delayed return of unpaid cash items. At the joint meeting of the Board of Governors and the Presidents on December 9, 1947, discussion was had as to progress being made with a program contemplating that the American Bankers' Association would recommend that Regulation J and the Reserve Bank Circulars be amended so as to authorize a procedure

2/27/48

-2-

for the conditional payment of cash items presented by Reserve Banks by mail, with the right of the drawee banks to return unpaid items and reclaim payment therefor on the business day after their receipt by the respective drawee banks.

The Conference considered a report of the Committee on Operations relative to a joint report to that Committee by the Committee on Collections and the Special Committee of Counsel (copies of which have been furnished to the Board's staff) from which it appears that the American Bankers' Association has now recommended that Regulation J and the Reserve Bank circulars be so amended, and has indicated that it will communicate with all banks suggesting that they review their contracts with depositors so as to assure adequate protection under the conditional payment procedure, and that it will promote legislation in all States authorizing that procedure. The Conference adopted the recommendation of the Committee on Operations that the joint report referred to be approved and that, subject to the conditions stated therein, the recommendations as to the amendment of Regulation J be approved, with the suggestion, however, that in the usual course and since not all of the Federal Reserve Banks are represented on the Committees which have worked on this matter, the suggested amendments be forwarded to each of the Reserve Banks for consideration before final adoption.

Chairman Eccles stated that the procedure proposed by the Presidents met with the approval of the Board.

2. Clarification of Reserve Bank authority to issue check collection circulars. The Conference approved a report of the Committee on Operations with respect to a supplemental joint report dated January 30, 1948, by the Committee on Collections and the Special Committee of Counsel, recommending that Section 6 of Regulation J be revised to make it clear that certain substantive provisions contained in the current Federal Reserve Bank check collection circulars (such as those relating to Government checks, endorsements to be placed on items sent to Federal Reserve Banks, uniform instructions regarding protest and wire advice of

2/27/48

-3-

nonpayment, charges for telegraphic costs, and reimbursement of transportation costs), as well as such other substantive provisions as it may be desirable to incorporate in such circulars in the future, are within the authority to promulgate rules granted to the Federal Reserve Banks by that Section. In this connection, it was pointed out that, in view of the fact that Regulation J applies in terms to checks, and the check collection circulars deal with other cash items as well, it would be desirable also to clarify the authority of the Federal Reserve Banks to treat all cash items on an equal basis in their circulars.

It was stated that the above proposal was related to the action taken in connection with delayed return of unpaid cash items and Chairman Eccles stated that the proposal was acceptable to the Board.

3. Closing hours for acceptance of inter-district telegraphic transfers of funds. The Conference approved a report of the Committee on Operations with respect to a report of the Leased Wire Committee, recommending that paragraph 6 of the Board's letter (S-164) dated June 12, 1939, be amended to read as follows:

"Requests for telegraphic transfers of funds for consummation on date of receipt should not be accepted by Federal Reserve banks later than thirty (30) minutes prior to the official closing hour of the Federal Reserve bank to which transfer is to be made: provided, however, any Federal Reserve bank may agree with any other Federal Reserve bank to accept up to a later hour requests for transfers for consummation on date of receipt if so authorized by the Federal Reserve bank receiving credit.

"Any transfers requested after the established hours may be consummated on date of receipt at the discretion of the Federal Reserve bank receiving credit."

The proposed change will clarify the authority of each Federal Reserve Bank to accept requests for transfers later than the

2/27/48

-4-

official closing hour, if satisfactory arrangements between the interested Federal Reserve Banks can be made.

Chairman Eccles stated that the Board would be glad to adopt this recommendation.

4. Custody receipts for collateral securing loans to member banks. In its letter of January 29, 1948, the Board of Governors requested that this matter be placed on the agenda for the next Presidents' Conference for discussion at the joint meeting of the Presidents and the Board. The Conference, at its meeting on December 8, 1947, agreed that, "any Federal Reserve Bank which wished to do so should be free to accept the custody receipts of responsible city correspondent banks, but that the practice of receiving such receipts from correspondents should not be encouraged". Since that meeting the only change in the situation which has occurred to the knowledge of the Conference is the proposed institution of a procedure for the wire transfer of Treasury bonds commencing March 1, 1948, which will lessen rather than increase the need for the use of custody receipts. The Conference, therefore, saw no reason to depart from the consensus of the December 8 meeting. However, the Conference proposes to explore with the Treasury Department, when sufficient experience with the new wire transfer facilities has accumulated, the question whether the facilities for telegraphic transfer can not be extended to include transfers involving use of Government securities as collateral for advances at Federal Reserve Banks.

Chairman Eccles stated that the Board had considered the Presidents' statement, but felt that in order to afford a desirable service to member banks and to avoid unnecessary shipments of securities with the attendant transit delays, it was important that all Federal Reserve Banks follow a policy of accepting custody receipts in satisfactory form from correspondent member banks and loan on the

2/27/48

-5-

security of such custody receipts in any case in which the Reserve Bank would be willing to make the loan if the securities were deposited physically at the Federal Reserve Bank. He also stated as the view of the Board that the credit facilities of the Federal Reserve Banks should be made to work as conveniently and as expeditiously as possible and without unnecessary restrictions, that the additional work involved in the acceptance of custody receipts was believed to be nominal and was more than outweighed by the convenience of the arrangement, that failure to provide this facility for member banks might mean in some instances that the banks instead of borrowing on Government securities would sell the securities in the market when it was not desirable for them to do so from the standpoint of System policy, and that the new wire transfer facilities even if extended to include transfers involving the use of Government securities as collateral for advances would not satisfactorily meet this problem.

Mr. Peyton stated that such a policy would contemplate that the Federal Reserve Banks would accept custody receipts from all correspondent member banks, and that, although his Bank had adopted the practice of accepting such receipts from some banks, he would not want to accept them from banks about which the Federal Reserve Bank had information which would indicate that it

2/27/48

-6-

would be unwise for the Bank to do so.

Chairman Eccles stated that it was not the intention of the Board to say that the receipts should be accepted from every correspondent bank if there were any satisfactory reason for not doing so, but that the only case in which the Federal Reserve Bank might suffer a loss would be one in which there was dishonesty on the part of the correspondent bank, and that if the correspondent banks were satisfactory as depositories or custodians for other member banks there should be no objection to the acceptance of their custodian receipts.

Mr. Peyton raised the question of a case where a small correspondent bank might accept for safekeeping securities out of any reasonable relationship to its vault facility. In that connection, Mr. Clayton commented that in the examination of member banks, receipts covering securities in the custody of correspondent banks were rarely if ever questioned, and that if that were the case there should be no objection on the part of a Federal Reserve Bank to accepting receipts as representing securities pledged as collateral for an advance by a Federal Reserve Bank.

Mr. Leach said that this matter had been of concern to his Bank for several years and had been brought up repeatedly, that he did not think there was any great risk involved in the acceptance

2/27/48

-7-

of such receipts from selected banks, but that there were a number of other possible difficulties because if receipts were accepted from New York correspondent banks there would be a question of why they were not accepted from correspondent banks within the district and, if that were done, why they should not be accepted "from the bank across the street". It was his view that it would be better to accept receipts from all correspondent banks if no other satisfactory solution could be found, but he said that when the Federal Reserve Bank of New York established a quota system in accordance with which it undertook to accept the deposit of securities by New York banks for their correspondent banks, the problem was solved so far as the Fifth Federal Reserve District was concerned. As long as that arrangement continued, he believed few Government securities would be sold in the district to meet needs for reserve funds for short periods. Some of the other Presidents indicated agreement with Mr. Leach's views.

Mr. Sproul inquired how the question presented by the Board had arisen and Chairman Eccles stated that banks had written to the Board about it, that apparently member banks did not know of the possibility of depositing securities with the Federal Reserve Bank of New York, and that if the custody receipts of a correspondent bank could be pledged as collateral

2/27/48

-8-

it would encourage member banks to borrow for short term reserve needs rather than to sell the securities.

Mr. Davis asked if the letters received by the Board from member banks were sent to the Federal Reserve Banks in the respective districts for consideration and Chairman Eccles stated that they had not been and that the Board had felt that the acceptance of custody receipts was a service that might well be provided to member banks and that the Board had presented the matter to the Federal Reserve Banks to ascertain whether there was any objection to the adoption of the practice from the standpoint of the System as a whole.

Mr. Clayton commented that he had been advised by a member bank in the San Francisco District that a branch of the Reserve Bank had been willing to accept a trust receipt for a period of 15 days but that after that time the actual securities would have to be deposited.

Mr. Davis expressed the view that any question raised by a member bank on this matter could be disposed of readily by advising the bank of the arrangement for the deposit of securities at the Federal Reserve Bank of New York which was entirely satisfactory so far as member banks of the St. Louis Federal Reserve District were concerned.

2/27/48

-9-

Mr. Earhart said that it would be appreciated if any questions presented by member banks of the San Francisco District were referred to his Bank, that the outstanding instructions of the Bank to its branches were that member banks may borrow on Government securities deposited with the Federal Reserve Bank of New York or, if necessary, on custody receipts from New York correspondent banks, but that he would not be willing to accept trust receipts from any and all correspondent member banks. He believed that each Federal Reserve Bank should have the opportunity of determining whether it should accept a receipt issued by a particular correspondent member bank and he saw no advantage in advertising the arrangement as any particular situation could be met satisfactorily when it arose.

In a response to an inquiry from Chairman Eccles, Mr. Sproul stated that it had been understood for several years that, in emergency situations, the Federal Reserve Bank of New York would accept the deposit of securities held in New York as collateral for loans by a Federal Reserve Bank in another district to one of its member banks. In a discussion of the arrangement recently adopted under which securities may be deposited at the Federal Reserve Bank of New York in the aggregate amount of \$1.5 billion, it was stated that this arrangement was deemed adequate to meet anticipated needs of member banks in the various districts for the foreseeable future.

During a discussion, Mr. McLarin referred to the circumstances under which the question of acceptance of custody receipts arose in

2/27/48

-10-

the Atlanta District in 1945 and Mr. Whittemore mentioned a suggestion that had been made at his Bank that if the Board's proposal were adopted it might result in a greater centralization of securities in New York than was the case at the present time.

In connection with Mr. McLarin's comment excerpts from the Board's letter to him under date of January 3, 1945, were read and Chairman Eccles discussed briefly the changes that had taken place since 1945 which suggested the need for a change in policy.

Mr. Sproul stated that the question had been raised because of complaints of a few member banks and it would appear that the matter might not be an important one. Chairman Eccles responded that the Board had considered the matter from the standpoint of a service that might well be provided for member banks located outside of New York City. Mr. Sproul commented that it was believed that essentially that service was being provided by the arrangement for the deposit of securities at the Federal Reserve Bank of New York. Chairman Eccles replied that that was the case to the extent that the member banks knew of the arrangement and that they should be advised of it so that when they purchased securities in New York they could leave them there and borrow on them whenever necessary in order to obtain reserve funds for short-term needs and not be forced to sell securities to get needed funds.

Mr. Gilbert stated that from a legal standpoint it is questionable whether notes secured by trust receipts covering

2/27/48

-11-

Government securities, instead of by the securities themselves, could be deposited with the Federal Reserve Agent as collateral for Federal Reserve notes, and pointed out that unless the procedure being advocated by the Board of Governors could be followed during extremely heavy borrowing periods, such as might develop later, as well as during light borrowing periods, such as at present, he doubted the advisability of inaugurating the procedure and bringing it to the attention of member banks generally.

Mr. Sproul stated that it had been the thought of the Presidents that provision of facilities for the wire transfer of Government securities would tend to increase the holding of securities by banks in their own vaults, that facilities for wire transfer of bills and certificates had existed for some time with that result, and that the adoption of the same arrangement for bonds should reduce the need for holding securities in New York and, therefore, the importance of the question of trust receipts as collateral security.

After some further discussion, Mr. Sproul also said that it appeared that the principal question raised by the discussion was whether trust receipts should be accepted from all correspondent member banks or only from selected banks, and that to do the former might raise difficulties which could not be easily disposed of once the arrangement had been put into effect. He suggested that, since the matter was not an urgent one, it be placed on the agenda for discussion at a later meeting on the basis of a memorandum which

2/27/48

-12-

would state the problem and the reasons why a change should or should not be made. In this connection he expressed the opinion that the procedure of the joint meetings of the Board and the Presidents would be improved if, whenever an item was placed on the agenda of the Conference of Presidents at the request of the Board, it could be accompanied by a memorandum covering the background of the topic.

Chairman Eccles suggested that the Board review the matter in the light of the discussion at this meeting and submit a proposed policy statement to each of the Federal Reserve Banks and that after the comments of the Banks had been received the statement be revised and submitted to the Federal Reserve Banks for consideration. This suggestion was agreed to.

5. Retention in service after age 65. The Conference considered the suggestion contained in the Board's letter dated January 6, 1948, that it would be desirable if, in all cases, officers (other than the President and First Vice President) and employees of the Federal Reserve Banks were placed in a retirement status within a period of not more than 90 days following the attainment of age 65, with the understanding that in the exceptional cases where officers and employees are retained in service the payment of retirement benefits would begin upon retirement and their salary would not be more than salary at age 65 less the retirement benefits received. The Conference is of the opinion so long as there is strict adherence to the program of retaining officers after age 65 only in cases where it is to the benefit of the Bank, that the present policy should be continued, since it appears that that policy offers a necessary flexibility in dealing with individual cases. It was pointed out that the procedure suggested by the Board would, in fact, penalize the officer or employee

2/27/48

-13-

whose service was being continued (presumably for the benefit of the Reserve Bank concerned).

Chairman Eccles stated that because of the small number of officers and employees of Federal Reserve Banks that were retained in service after age 65 the matter was not now an important one, and that the Board felt that the policy of retiring Federal Reserve Bank personnel at 65 should be adhered to except in the unusual case where the services of an officer or employee could not readily be replaced by a younger man. He also stated that the Board was inclined to the view that whenever an officer or employee was retained after the retirement age he should be retired and his salary should be the difference between his salary before retirement and the pension portion of his retirement benefit.

Following a discussion, unanimous approval was given to a suggestion by Mr. Sproul that, since the approval of the Board was required for continuing employment after the retirement age, it be understood that the Board would consider each case on the basis of the Board's position as stated above and the facts in the individual case, and that no change in existing policy would be made. X

6. Loans to employees. The Conference considered the Board's request contained in its letter dated February 10, 1948, that this topic be placed upon the agenda for this meeting of the Presidents' Conference, particular consideration being given to the suggestion that credit unions might take care of the meritorious cases in which employees' loans were sought. It appeared that all the Federal Reserve Banks

2/27/48

-14-

have loan funds, 11 of these being established by the Banks and one by employees of the Bank and that employees of four of the Reserve Banks have, in addition, established credit unions.

It was the consensus that the present arrangements should be continued, as determined by the Boards of Directors of the Banks, having in view the relative flexibility of administration of employees' loan funds as compared with the relative inflexibility, under the law, of both Federal- and State-organized credit unions, and also having in view the adequacy of the Board's controls over Bank loan funds.

Chairman Eccles stated that this question had been raised by requests from two Federal Reserve Banks for authority to increase the amount of their respective loan funds, that the Board had considered the matter on the basis whether the funds should be continued or whether the needs of employees should be met by the establishment of credit unions, and that if the funds were continued it was a matter for which the Board had some responsibility and it should establish some standard for its approval of the funds and for the limitation, if any, that should be placed upon their size.

The matter was discussed and some of the Presidents expressed the view that since the loan funds were small in amount, the determination of their size might well be left to the boards of directors of the respective banks.

Chairman Eccles made the further comment that the Board had felt that consideration should be given by the Banks to the establishment of credit unions, as the credit union at the Board had been found

2/27/48

-15-

to be entirely satisfactory, but that, inasmuch as that did not appear to meet the needs of the Federal Reserve Banks, the Board would undertake to establish some basis for its approval of loan funds at the Banks which would be based upon the number of employees at each Bank or some other reasonable consideration.

7. Capital requirements for admission of State banks to membership. The Conference referred to the Board's letters of July 28, and December 5, 1947, on the above subject; and it noted that in the former letter the Board proposed a capital requirement of \$25 thousand for admission of banks to membership (as the Conference had recommended) and that in the letter to the Comptroller of the Currency enclosed with the letter dated December 5, 1947, the Board proposed a minimum capital requirement of \$50 thousand. In the absence of information as to the reason for the proposed increase, the Conference adheres to its previous view in favor of the smaller minimum amount. It would like to discuss this with the Board as well as the status of the proposed legislation.

Chairman Eccles said that since this matter was last discussed the Board had come to the conclusion that it would be inopportune to present at the present session of Congress any legislation with respect to capital requirements for admission to membership or for the operation of branches by member banks, that such legislation should be included in an omnibus bill which would contain a number of changes in the law of a non-controversial character, and that the Board planned to prepare such a bill during the course of the current year. He also said that the Board had agreed that when it took up the question of capital requirements again it should consider the desirability of proposing, as a means of discouraging

2/27/48

-16-

the chartering of banks with capital of less than \$50 thousand, that the law be amended to provide that existing banks with capital of \$25 thousand or more, in the discretion of the Board, could be admitted to membership in the System but that banks subsequently chartered would be eligible for membership only if they had a capital of \$50 thousand or more.

Following a statement of the reasons for the Board's proposal Chairman Eccles inquired if any of the Presidents had any other views. Mr. Davis suggested that the Board prepare a draft of an amendment to the law and send it to the Federal Reserve Banks for consideration. This suggestion was agreed to and it was understood that following receipt of the draft the Presidents would advise the Board of any suggestions that they might have.

8. Information as to condition of banks furnished to large depositors. The Conference referred to the Board's telegram, dated February 17, 1948, requesting the Chairman to place the above topic on the agenda for the meeting for consideration and subsequent discussion with the Board. After consideration, the Conference was of the opinion that the Board might appropriately consult with the other supervisory agencies concerned, with a view to determining if a report of condition could be developed which would furnish information to all depositors in a form more comprehensive than the present published form; and, if such a form could be developed, recommending that form to the banks for use in responding to inquiries from their depositors. It was suggested that, if this were done, the use of a legend such as "additional information will be given on request", as a footnote on published reports of condition might be an appropriate method of bringing to the notice of depositors the availability of more comprehensive information.

2/27/48

-17-

Chairman Eccles stated that the Board did not believe it would be practicable to provide a form which would furnish the kind of information being requested by large depositors since they were interested in knowing the maturities and market value of the investment portfolio and the classification of loans, and that if the footnote proposed by the Presidents were put on the call report it would be an invitation not only to the public generally to ask for information but to the large depositors to ask for additional information. It was the Board's opinion, he said, that such a proposal would be very vigorously opposed by the member banks.

It was made clear during the discussion that the Presidents' statement did not contemplate a revision of the call report form but the adoption of a supplementary form which would give information in addition to that contained on the published call reports and that the proposed footnote to the published reports would have reference to this supplementary report and should be so worded as to make it clear that it is not a general invitation to seek more information.

Chairman Eccles reviewed the discussion of this topic at the last meeting of the Federal Advisory Council and stated that the question of a revised call report of condition would be discussed at the next meeting of the Council, and Mr. Szymczak stated that the matter would also be discussed in the interim with other Federal bank supervisory agencies.

2/27/48

-18-

Mr. Sproul stated that when this matter came up in 1944 a representative of the Federal Reserve Bank of New York talked with the Equitable Life Assurance Society which had been making requests of its depository banks for additional information and that the officers of the company responded that they did not want to do anything that the supervisory authorities would object to and that they would discontinue the practice.

Chairman Eccles commented that if the requests could be stopped at the source in this manner it would be a desirable thing to do.

Mr. Gidney stated that if the Board expected to give the matter further study the Federal Reserve Banks could make inquiries in their districts and ascertain what the present situation was.

As a basis for the comment that it would be difficult to say to a member bank that it should not give a depositor any information, Mr. Davis referred to an incident in his district where there was an informal discussion between a large depositor and an officer of a member bank which not only satisfied the depositors as to the condition of the bank but resulted in the company increasing its deposit at the bank.

It was agreed that no attempt could or should be made to stop officers of banks from giving information (except information included in examination reports) to depositors as that was a matter within the judgment of the officers, but that the supervisory au-

2/27/48

-19-

thorities should be concerned about written or printed form requests for information, such as those being made by the Prudential Insurance Company of America and possibly other insurance companies, where information was requested in such form as might place an undue burden on the banks and defeat the objectives sought in the examination procedure adopted in 1938 with respect to the classification of loans and investments of banks.

Chairman Eccles stated that the Board would give further consideration to the matter and see what it could work out in consultation with other bank supervisory agencies. He also said that whenever a request by a large depositor came to the attention of the Board it would so advise the Federal Reserve Bank of the district in which the head office of the company was located so that the Reserve Bank could try to have the request withdrawn.

Mr. Sproul expressed the view that the consideration of the question might result in an improved published statement of condition irrespective of the decision on the problem presented by the requests for special information.

9. Classification of assistant examiners. The Conference considered the Board's letter dated December 5, 1947, to the Presidents of some of the Federal Reserve Banks, relative to the classification of assistant examiners under the Fair Labor Standards Act; and the Conference would like to learn from the Board developments in this connection since the date of that letter.

2/27/48

-20-

Chairman Eccles stated that the question being considered by the Board was whether this matter should be presented to the Wages and Hours Division on the basis that if the decision of the Division was unsatisfactory it would be taken into the courts.

Mr. Sproul reported that all of the Presidents would like to have the matter taken up but not pressed to the point of litigation.

Mr. McLarin stated that he had been instructed by his directors to pursue the matter even if it were necessary to take it into the courts, but that, in the light of the views expressed by the Presidents, he did not believe his directors would insist on that course.

10. Retirement of premiums on Government securities.
After discussion, a majority of the Presidents expressed a desire to discuss with the Board of Governors the question whether provision should be made for amortizing premiums paid on the purchase of Government securities (before the application of the interest rate established by the Board on uncovered Federal Reserve notes) more quickly than at present.

Chairman Eccles stated that the Board would favor adding to reserves to offset premiums on Government security holdings of the Federal Reserve Banks but that it was felt that the Banks should carry the securities at cost and amortize them in the usual way. He questioned, however, whether the total premium account should be eliminated in one year and suggested that the elimination be spread over

2/27/48

-21-

a longer period so that there would be no occasion for the Treasury to question the arrangement.

Mr. Sproul suggested that there probably could be no objection from the Presidents to the System seeking to pay somewhat less than 90 per cent of the net earnings of the Federal Reserve System to the Treasury, but that in view of the existing policy with respect to reserves for special purposes, these funds should not be used to set up a special reserve for the elimination of premiums on security holdings but should be transferred to the surplus accounts of the Federal Reserve Banks. There was agreement with this suggestion.

There was a discussion of the procedure that might be followed to carry out the proposal and of whether action should be taken before the payment to the Treasury for the first quarter of 1948 or deferred until the end of the year. It was the consensus that, if agreement could be reached with the Treasury, the arrangement adopted should become effective before the payment was made to the Treasury for the first quarter of this year as that would be a more satisfactory procedure than to make the entire deduction from the earnings for the last quarter of the year.

Chairman Eccles stated that when the matter was discussed with the Treasury it should be pointed out that the substantial premium accounts of the Federal Reserve Banks were the result of a decision, agreed to by the Treasury, to support Government se-

2/27/48

-22-

curities at prices above par, that the surplus funds of the Federal Reserve Banks were small in relation to their responsibilities, and that it would be a good policy to increase these funds more rapidly to offset the premiums on securities held.

It was the consensus of the meeting that a procedure should be worked out along the lines suggested and Chairman Eccles stated that the Board of Governors would see what could be done.

11. Absorption of exchange charges. After discussion, the Conference expressed the desire to discuss the above topic with the Board, following up the discussion at the joint meeting of the Board and the Presidents on February 28, 1947.

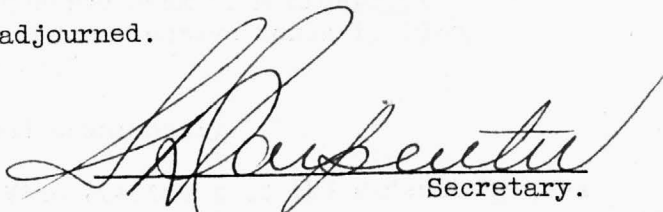
Mr. Sproul stated that this topic had been put on the agenda at the request of Mr. McLarin and that he now wished to withdraw it in view of the lateness of the hour.

Mr. Sproul then said that, in accordance with the policy of rotation adopted by the Presidents' Conference, Mr. Davis had been elected Chairman, and Mr. Peyton Vice Chairman, of the Conference for the succeeding year.

Thereupon the meeting adjourned.

Approved:


Chairman pro tem.


Secretary.