

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, March 17, 1948. The Board met in the Board Room at 3:35 p.m.

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 Board
Mr. Thomas, Director of the Division of Research and Statistics
Mr. Vest, General Counsel
Mr. Young, Associate Director of the Division of Research and Statistics
Mr. Wood, Economist, Division of Research and Statistics
Mr. Chase, Assistant Counsel

Reference was made to a draft of letter to Chairman Wolcott of the House Banking and Currency Committee stating that the Board had learned that hearings had been held by the Banking and Currency Committee on H. R. 5854, a bill which would extend Title VI of the National Housing Act and make certain changes in the provisions of that title, and that the Board believed that such legislation would run counter to anti-inflationary fiscal and credit policies. The draft would also transmit for the information of the Committee a copy of the statement with respect to housing finance made by Chairman Eccles before the Joint Committee on the Economic Report on November 25, 1947.

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Mr. Carpenter said that at the meeting of the Board on February 19, 1948, consideration had been given to sending a copy of Chairman Eccles' statement on Housing finance to Chairman Gamble of the Joint Committee on Housing, that the Board had authorized the sending of such a letter when it appeared that the President was not going to submit a special message to Congress recommending housing legislation, and that after the President's message on housing was sent to Congress on February 23, 1948, it was decided not to send a letter which would be in opposition to the recommendations of the President.

There was a discussion of the desirability of placing the Board's views before the House Banking and Currency Committee during which it was noted that Chairman Wolcott was also a member of the Joint Committee on the Economic Report, that as such he had available a copy of Chairman Eccles' statement of November 25, and that the only purpose to be served by sending a statement to him in his capacity as Chairman of the Banking and Currency Committee would be to place the Board on record at this time as holding the same views as those expressed by Chairman Eccles at the hearings last November. It was also noted that no formal request had been received from the Committee for an expression of the Board's views and that the Board might be given, or could ask for,

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an opportunity to appear before the Senate Banking and Currency Committee when and if the proposed legislation came before that Committee.

Following the discussion, it was agreed that no action would be taken to bring the Board's views on housing to the attention of the House Banking and Currency Committee at this time.

At this point Messrs. Thomas, Vest, Young, Wood, and Chase 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 March 16, 1948, were approved unanimously.

Memorandum dated March 16, 1948, from Mr. Leonard, Director of the Division of Examinations, recommending that the resignation of Charles E. Fischer, an Assistant Federal Reserve Examiner in that Division, be accepted to be effective, in accordance with his request, at the close of business March 26, 1948, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

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

"In accordance with your letter of March 11, 1948, the Board approves the payment of salary to Mr. Robert

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"H. Brome as Assistant Counsel at the rate of \$10,500 per annum from April 30, 1948 to March 31, 1949 inclusive, provided this is the rate formally fixed by the Board of Directors."

Approved unanimously.

Letter to the board of directors of the "Pamplico Bank and Trust Company", Pamplico, South Carolina, 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 Richmond.

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

"The Board of Governors of the Federal Reserve System approves the application of the Pamplico Bank and Trust Company, Pamplico, South Carolina, 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 Chief Examiner, State Board of Bank Control for the State of South Carolina, for his information.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations its requirements with respect to savings deposit withdrawals.

"It is noted from the membership examination that seven directors are now serving this bank, whereas the examiner states that the by-laws require from three to five directors. As the South Carolina statutes provide that the number of directors shall be fixed by the bank's by-laws, this matter should be called to the bank's attention for any necessary corrective action."

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Letter to the board of directors of "The Jackson State Bank", Jackson, Wyoming, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the Board approved the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City:

- "4. Prior to admission to membership such bank shall charge off or otherwise eliminate estimated losses of \$8,388.93 as shown in the report of examination made by the examiners for the Federal Reserve Bank of Kansas City as of January 17, 1948."

Approved unanimously, together with a letter to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of The Jackson State Bank, Jackson, Wyoming, 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 State Examiner for the State of Wyoming, for his information.

"It is noted that the management agreed that deposit balances carried with two nonmember banks would be reduced within the limits imposed by statute if the bank is admitted to membership.

"While substantial improvement in the condition of the applicant bank appears to have been effected since it was examined by the State authorities in October 1947, the credit policies of the management have been under criticism by the FDIC and the State authorities for some time and the FDIC examiner recommended in June 1947, that it be scheduled for examination every 90 days, in rotation with State examiners. The examination for membership disclosed need for

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"correction and improvement with respect to records, systems, controls, credit data and collateral exceptions, all of which were promised together with the maintenance of a more conservative credit policy. It is assumed that the Reserve Bank will insist upon fulfillment of the promises received and will conduct such periodic investigations or examinations as may be necessary to satisfy itself in that respect."

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

"Retel March 16. In view your recommendation Board approves temporary establishment and operation of branch at Geneva Avenue and Rio Verde Street, San Mateo County, California by American Trust Company, San Francisco, California, for period March 20 to 25, 1948, inclusive in connection with Junior Livestock Exposition provided counsel for Reserve Bank is satisfied as to the legal aspects involved."

Approved unanimously.

Telegram to Mr. Wilbur, Federal Reserve Agent of the Federal Reserve Bank of San Francisco, authorizing him to issue limited voting permits, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Transamerica Corporation", San Francisco, California, entitling such organization to vote the stock which it owns or controls of the "Bank of Newman", Newman, California, and "The First National Bank of Crows Landing", Crows Landing, California, and at any time prior to July 1, 1948, to authorize the transfer, by purchase and sale agreement, of the deposits and business of the Crows Landing Branch of Bank of Newman to The First National Bank of Crows Landing, provided that all

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action taken shall be in accordance with a plan satisfactory to the Federal Reserve Bank of San Francisco.

Approved unanimously.

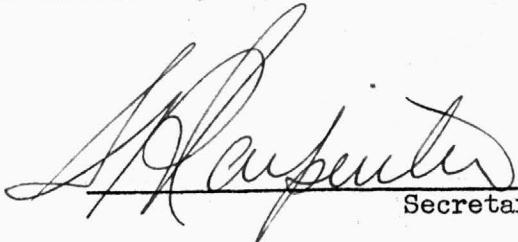
Telegram to Mr. Volberg, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reurtel Pacific Gas and Electric unissued rights are defined as unissued securities and are subject to the provisions of Regulation T sections 3(h) and 3(d) (4), but note that the rights as such have no loan value under section 3(c)."

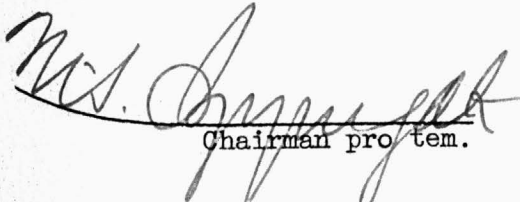
Approved unanimously.

Memorandum dated March 12, 1948, from Mr. Carpenter stating that replies had been received from the representative members of the Federal Open Market Committee in response to the Board's request for their comments and suggestions regarding the policy record of the Federal Open Market Committee covering the year 1947, and recommending that the revised draft of the open market policy record attached to the memorandum be approved with the understanding that it would be published in the appendix of the annual report of the Board for 1947.

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.