

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

PRESENT: Mr. McCabe, Chairman  
 Mr. Eccles  
 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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 20, 1948, were approved unanimously.

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

"In accordance with the request contained in your letter of April 7, 1948, the Board approves the appointment of Robert Paul Glascock as an Assistant Examiner for the Federal Reserve Bank of San Francisco. It is noted that you will advise us as to the date upon which the appointment becomes effective. Please also advise us as to the salary rate.

"It has been noted that Mr. Glascock is indebted to the San Francisco Bank, San Francisco, California, an insured nonmember bank, for a loan in the amount of \$3,600 contracted on March 18, 1948 for the purpose of purchasing a home. It is understood that the loan is on a monthly reduction basis. As you know, it is the Board's feeling, as expressed in the letter X7638 that members of the examining staff should not be indebted to banking institutions. However, in view of the circumstances referred to in your letter, the Board will interpose no objection in this case."

Approved unanimously.

Letter to the board of directors of the "Farmers and Merchants Bank", Forest, Mississippi, stating that, subject to con-

4/21/48

-2-

ditions 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 Atlanta. The letter also contained the following special comment:

"It is noted that the bank has been granted trust powers, but has exercised such powers only to the limited extent necessary to act as guardian in one account, which has been transferred to another fiduciary, and the bank does not intend to accept trust accounts in the future. Attention is invited to the fact that if the bank should desire in the future to exercise such powers, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before doing so."

Approved unanimously, for transmission through the Federal Reserve Bank of Atlanta.

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

"This refers to your letter of April 1 regarding the classification of an account entitled 'Escrow funds' on the reports of condition of the Security Trust and Savings Bank of San Diego, San Diego, California.

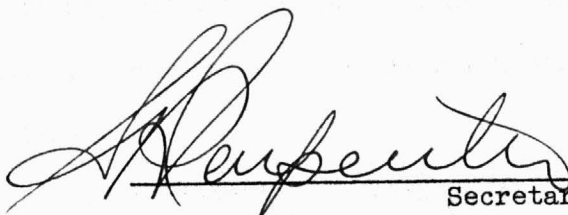
"It is understood that this account consists of funds deposited by borrowers of the bank in connection with real estate loans granted for construction purposes; that these funds are held by the bank and disbursed together with the loan proceeds as construction progresses; and that upon the completion of the construction program any amount remaining in the funds deposited by the customer is either returned to him or applied upon the bank's loan.

4/21/48

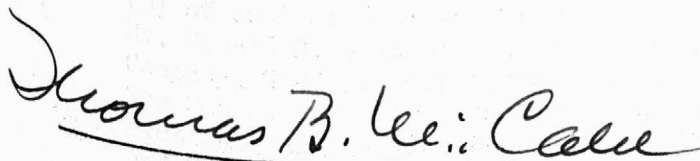
-3-

"It is assumed that the funds in question are not kept segregated and apart from the bank's other assets. Accordingly, unless and until such funds are applied to the reduction of the customer's indebtedness to the bank, they must be regarded as deposits. This is in accordance with previous rulings of the Board with respect to analogous questions, including those set forth under F.R.L.S. #5975, #5978, and #5979. Unless the escrow accounts in question comply with the definition of time deposits in section 1 of Regulation D, they should, as indicated in your letter, be classified as demand deposits."

Approved unanimously.

  
Secretary.

Approved:

  
Chairman.