

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, May 12, 1948.

PRESENT: Mr. Szymczak
Mr. Draper
Mr. Evans
Mr. Vardaman
Mr. Clayton

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 May 11, 1948, were approved unanimously.

Letter to Honorable J. Parnell Thomas, Chairman, House Committee on Un-American Activities, House Office Building, reading as follows:

"The Board of Governors of the Federal Reserve System has designated Mr. Herbert A. Johnson, Personnel Officer, Division of Personnel Administration, to make official visits to Federal agencies to obtain loyalty information on members and prospective members of the Board's staff which will assist the Board in the conduct of its loyalty program.

"It will be appreciated if Mr. Johnson is permitted to have such access to your files from time to time as will permit him to obtain loyalty information with respect to any employees or prospective employees of the Board. Any information obtained in this way from your files will be treated in the strictest confidence.

"Mr. Johnson has discussed our program with Mr. Robert E. Stripling of your staff, and we appreciate the cooperation which Mr. Stripling and his staff have given Mr. Johnson."

Approved unanimously together with the following statement of designation to be given to Mr. Johnson for use in getting information from Government agencies and others:

5/12/48

-2-

"This is to certify that Mr. Herbert A. Johnson, Personnel Officer, Division of Personnel Administration of the Board of Governors of the Federal Reserve System, whose signature appears below, is authorized by the Board to make official visits to Federal agencies and outside organizations to obtain information pertaining to personnel administration and loyalty information on members and prospective members of the Board's staff.

"The information furnished Mr. Johnson will be kept in strictest confidence.

"This certificate expires May 12, 1949."

Letter to Mr. Laning, Vice President and Cashier of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of April 15 and enclosures regarding exceptions taken by the General Accounting Office to charges covering contributions to the Retirement System by the Cincinnati Branch for the benefit of Fiscal Agency employees on leave without pay in the months of October and November, 1944.

"This particular question has not been raised heretofore, at least not officially, so far as we know. In 1945 and 1946, however, the General Accounting Office noted exceptions to certain payments by the Federal Reserve Banks of New York, Philadelphia, and Cleveland covering special military, vacation, and dismissal pay to Fiscal Agency employees and contributions to the Retirement System for Fiscal Agency employees called to military service.

"As you indicate in your letter, if the exceptions noted in the claims of the Cincinnati Branch are sustained the same policy undoubtedly will be applied in due course to all Federal Reserve Banks and branches. It is hoped, however, that if a statement similar to the one enclosed herewith is submitted to the General Accounting Office through the Commissioner of Public Debt, Treasury Department, the General Accounting Office will reconsider its action in the matter.

"Referring to the second paragraph above, we should be interested in having further information

5/12/48

-3-

"about your Bank's claim for reimbursement of Retirement System contributions for the months of March, April, and June, 1944, on behalf of Marion Schuster, who before entering military service had been engaged full time on Regulation V operations for the Navy Department. Our files do not seem to contain any information on the eventual outcome of the case."

Approved unanimously.

Letter to Mr. Emil Schram, President, The New York Stock Exchange, 11 Wall Street, New York 5, New York, reading as follows:

"The New York Stock Exchange from time to time in the last few years has surveyed its member firms to determine the number of margin accounts and has kindly supplied us with this information at our request.

"Another count of the number of margin accounts, at the end of this coming June, would be of interest and value to us, and we believe it would also be of value to the Exchange. The specifications of the previous surveys, such as those for your Form 495 dated December 10, 1946, are satisfactory for our purposes.

"We appreciate your cooperation in sending us these figures."

Approved unanimously.

Memorandum dated May 5, 1948, from Mr. Cherry, Assistant Counsel, recommending, for the reasons stated in the memorandum, that the Board approve a proposal to amend Regulation L, Interlocking Bank Directorates under the Clayton Act, with the understanding that Counsel's Office would work out the detailed language of such amendment after consultation with Counsel for the Federal Reserve Bank of New York. The memorandum also recommended that at the time Regulation L was amended, a letter be addressed

5/12/48

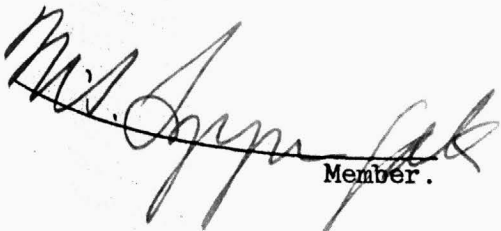
-4-

to the Federal Reserve Bank of New York terminating the agreement under Section 25 and advising the Reserve Bank that in view of the amendment to Regulation L the interlocking relationships now existing may continue and the proposed relationship involving Mr. N. Baxter Jackson, a director of the French American Banking Corporation, would not be prohibited.

Approved unanimously.


Secretary.

Approved:


Member.