

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, June 8, 1948. The Board met in the Board Room at 10:30 a.m.

PRESENT: Mr. McCabe, Chairman
Mr. Eccles
Mr. Szymczak
Mr. Draper
Mr. Clayton

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

Chairman McCabe stated that he had been reviewing the record of individuals who might be considered by the Board for appointment as Class C director and designation as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, that the man (C. Jared Ingersoll) who would be his first choice was not available, that after considering all available persons he had concluded that Mr. William J. Meinel, President and General Manager of the Heintz Manufacturing Company, Philadelphia, and presently Class B director of the Philadelphia Bank, would be the most suitable person for the appointment, and that, if it was agreeable to the Board, he would like to talk informally with Mr. Meinel to ascertain whether he would accept appointment.

There was a discussion of Mr. Meinel's qualifications and of the question whether he would adequately represent the public

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interest point of view if he were appointed a Class C director. During the discussion reference was made to two memoranda from Mr. Draper, dated June 4 and 7, 1948, regarding Mr. Meinel's qualifications and his possible appointment. Chairman McCabe also read a letter from Mr. Williams, President of the Federal Reserve Bank of Philadelphia, dated June 4, 1948, which indicated he and some of the directors of the Bank would welcome Mr. Meinel's appointment as Chairman.

In response to a question from Mr. Eccles, Chairman McCabe stated that he did not believe Mr. Whittier, Deputy Chairman of the Philadelphia Bank, would feel that he had been overlooked if Mr. Meinel was appointed, that, in fact, Mr. Whittier had suggested Mr. Meinel's name for the appointment, and that he (Chairman McCabe) had the impression that, in view of his age and his retirement from most business activities, Mr. Whittier would prefer the selection of someone other than himself as Chairman and he would continue as Deputy Chairman to devote a great deal of time and energy to his service as a director of the Bank.

During the discussion Mr. Nelson entered the meeting.

The names of several other individuals were discussed, including Mr. William L. Batt, President, SKF Industries, Inc., Mr. Frank M. Folsom, Executive Vice President, Radio Corporation of

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America, and Mr. James McGowan, Jr., President and Director, Campbell Soup Company, but no conclusions were reached as to an appointee.

Mr. Eccles suggested that the matter be placed on the agenda for consideration at a meeting of the Board on June 25, 1948, when all members of the Board might be present or could have an opportunity to express their views prior to the meeting. In this connection he suggested that the Secretary's Office inform the members of the Board who were not present at this meeting that the matter was to be considered on June 25 and that he furnish each member of the Board with copies of Mr. Draper's memoranda of June 4 and 7, 1948, of Mr. Alfred H. Williams' letter of June 4, 1948, and with a copy of an address on "The Full Responsibility of Management" given by Mr. Meinel before the Franklin Institute on May 19, 1948.

Upon motion by Mr. Eccles, it was agreed unanimously that the question of appointment of a Class C director and designation of a Chairman and Federal Reserve Agent at the Philadelphia Bank should be placed on the agenda for consideration at the meeting of the Board on June 25, 1948, and that the members of the Board who were not at the meeting this morning would be informed that the matter was to be considered at that meeting and would be furnished with copies of the material suggested by Mr. Eccles.

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Mr. Szymczak stated that he was leaving on vacation and if he were not at the meeting on June 25, 1948, he would like to be recorded as favoring the appointment of Mr. Meinel.

Mr. Szymczak referred to the discussion of the Board at the meeting on May 14 concerning the use of the private dining rooms and suggested that the Board adopt a policy of reserving the Brown dining room for the use of Board members and official guests from the Federal Reserve Banks. His reason for suggesting this arrangement was to make the Brown room available for informal luncheon discussions of matters which could not be taken up if there were guests from outside the Federal Reserve System. He stated that if this arrangement was made he would be agreeable to any arrangement the other members of the Board might work out for use of the Blue dining room.

Mr. Eccles stated that both Messrs. Evans and Vardaman had shown a special interest in this question and he suggested that it be taken up at a meeting when they could be present.

Chairman McCabe suggested that, since the operation of the Board's building was one of the subjects assigned to Mr. Draper for primary consideration, he submit a recommendation for consideration at the meeting on June 25, 1948, on the use

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of the private dining rooms.

This suggestion was approved unanimously.

Question was raised by Mr. Szymczak as to the procedure that should be followed to inform all members of contemplated absences of members of the Board.

Mr. Clayton suggested that the Secretary's Office be requested to check with each Board member's office on the tenth and twenty-fifth of each month to ascertain whether he would be absent during the succeeding half of the calendar month, and that the results of the check be furnished promptly to each Board member.

There was also a brief discussion of the desirability of maintaining a quorum in Washington at all times, during which Mr. Eccles outlined the practice followed by the Board in the past when a quorum of the Board was not present.

Chairman McCabe suggested that it would be helpful if vacations and other absences of Board members were scheduled in such a way as to make it possible, in the event it seemed desirable to do so, to have a quorum in Washington in a matter of a few hours at any time.

Mr. Carpenter stated that at the meeting on June 1 it was understood that the question of the responsibility of the

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Board for maintaining a quorum in Washington would be discussed at a meeting when all members of the Board were present. It was the consensus of the members present that there would be no objection on the part of absent members to the adoption of Mr. Clayton's suggestion as set forth above.

Thereupon, upon motion by Mr. Clayton, it was agreed unanimously that on the tenth and twenty-fifth of each month each member of the Board, in response to a request from the Secretary's Office, would advise that Office of contemplated absences of the Board member for a day or more during the next succeeding half calendar month, and that as soon as the Secretary's Office had obtained the information covering Board members' absences during that period, it would send a memorandum containing the information to the office of each member of the Board, the Assistant and Adviser to the Board, the Assistant to the Chairman, and the heads of the divisions of the Board's staff.

In taking this action it was understood (1) that if, before the succeeding semi-monthly report, any change was made by a member of the Board in his contemplated absences, he would send a memorandum of the change to the Secretary's Office, which would promptly advise the other members of the Board, and (2) that if there were any objection on the part of the absent members of the Board to the procedure as approved at this meeting, the matter would be considered at a subsequent meeting of the Board.

Chairman McCabe stated that about two months ago he was a guest at luncheon with the fiscal and financial writers of

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Washington, at which time he stated that at some future time he would like to have them for luncheon at the Board's offices. He said that he and Mr. Thurston had discussed the matter and felt it would be desirable from the standpoint of public relations to invite the group, which would include around 20 persons, to a luncheon after which talks would be made by members of the staff similar to those recently given when officers of State bankers associations visited the Board's offices. He added that if the invitation were extended and if the experience gained seemed to warrant it, it might be desirable to repeat the invitation from time to time.

Upon motion by Mr. Draper and by unanimous vote, Chairman McCabe was authorized to arrange for a luncheon as outlined, with the understanding that the cost of such luncheon for the invited guests would be paid by the Board and charged to the appropriate budget item of the Division of Administrative Services.

In taking this action it was understood that, on the basis of the experience gained at this luncheon, Chairman McCabe would make a recommendation to the Board as to whether further luncheons of this kind should be arranged from time to time.

Mr. Carpenter then read a letter to Chairman McCabe from Mr. Neely, Chairman of the Federal Reserve Bank of Atlanta, under date of June 7, 1948, which was received during the meeting. The

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letter referred to the Board's action of May 25 in approving the salaries of all officers of the Atlanta Bank as fixed by the board of directors of that Bank with the exception of the salary fixed by the Atlanta board for Mr. Clark, First Vice President, and stated that the action of the Atlanta board in fixing Mr. Clark's salary was taken after an informal clearance of the proposal with the Board and that he and Mr. McLarin, President of the Bank, were put to the embarrassment of going back to the board of directors for approval of the salary approved by the Board of Governors. Mr. Neely's letter also said that he would like to talk with Chairman McCabe the first time they were together about the Board's attitude, or the attitude of some members of the Board, toward Mr. Clark, since it had been a source of considerable discussion in meetings of the Atlanta Bank board and of embarrassment to Mr. McLarin and himself and that if anything could be done about the increase proposed for Mr. Clark it would be appreciated.

Chairman McCabe stated that he felt that if there had been an indication from the Board's Personnel Committee that the salary for Mr. Clark would be approved, there was a commitment which should be carried out, and that the action taken by the Board at the meeting on May 25 should be changed accordingly.

Mr. Nelson stated that at a meeting on April 28, 1948

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the Personnel Committee (which then consisted of Messrs. Evans and Clayton) gave informal consideration to official salaries of the Atlanta Bank, that among the proposals was a suggested increase of \$2,000 for Mr. Clark, that the Personnel Committee requested him (Mr. Nelson) to telephone Mr. McLarin who had submitted the salary suggestions to Mr. Nelson for informal consideration and say to him that the Board's Personnel Committee did not feel it could recommend an increase of \$2,000 for Mr. Clark, but that it would be prepared to recommend that the Board approve an increase of \$1,000. Mr. Nelson also said that through oversight this matter was not cleared with the full Board in accordance with the established procedure which provided that salary proposals of the Reserve Banks would be presented for informal consideration by the Board prior to formal action by the directors of the Reserve Banks.

The other members of the Board who were present indicated that while they had some reservations concerning the management of the Atlanta Bank along the lines expressed at the meeting on May 25, they felt the matter of the proposed increase in Mr. Clark's salary involved a possible commitment on the part of the Board, and that under all circumstances it would be preferable to approve the increase of \$1,000 in Mr. Clark's salary,

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with the understanding that Chairman McCabe would discuss with Mr. Neely the broad question of top management at the Atlanta Bank.

It was agreed unanimously that the Secretary should advise Messrs. Evans and Vardaman of the discussion at this meeting and of the views of the members present at the meeting and, if Messrs. Evans and Vardaman approved, that Mr. Neely should be advised that the Board approved a salary at the rate of \$17,000 per annum for Mr. Clark, effective June 1, 1948, but that the matter of management of the Atlanta Bank was one which Chairman McCabe should discuss with Mr. Neely at their mutual convenience.

In connection with the discussion of Mr. Neely's letter, Mr. Eccles stated that during the session of the Chairmen's Conference held on May 30 at White Sulphur Springs he received a note from Mr. Vardaman which had been initialed by Messrs. Szymczak, Draper, Evans, and Clayton suggesting that inasmuch as Chairman McCabe was unable to be at White Sulphur Springs he (Mr. Eccles) should take occasion to discuss with Mr. Neely the problem of the senior management of the Atlanta Bank, and with Mr. Parten the problem of the auditor of the Dallas Bank, along the lines discussed at the meeting on May 25. Mr. Eccles stated that partly because the matter did not seem to him to be of urgent importance and partly because Messrs. Neely and Parten left the Chairmen's

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Conference early on the morning of May 31 he did not discuss the matters with either of them.

Mr. Clayton stated that Mr. Thurston had received a call from Mr. Wilcox, Editor of Washington Banktrends, asking about a meeting held with Secretary of the Treasury Snyder concerning bank holding company legislation at which a representative of the Board was present. Mr. Clayton said he understood that the meeting was held on June 2, the day following that on which he and Mr. Townsend delivered a letter to Comptroller of the Currency Delano concerning the Clayton Act proceeding against Transamerica Corporation, and he requested that the Board be advised of the details of the meeting.

Mr. Nelson withdrew from the meeting at this time and Mr. Townsend entered.

Chairman McCabe stated that while he was ill he received a telephone call from Mr. Cameron Thomson, President of Northwest Bancorporation, inviting him to attend a meeting at the Treasury Department on Wednesday, June 2, for the purpose of reviewing what might be done to bring about the adoption by the Congress of bank holding company legislation, and that at the insistent request of Mr. Thomson that he have a representative present he had asked Mr. Riefler to attend the meeting as an observer on his (Chairman McCabe's) behalf. He then asked Mr. Riefler to report upon the meeting.

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While Mr. Riefler was getting his notes of the meeting, Mr. Clayton stated that while he was at White Sulphur Springs at the District of Columbia Bankers Convention, Comptroller of the Currency Delano advised that Secretary Snyder and he had agreed that, in view of the pending proceeding against Transamerica, he would not grant any applications filed by banks in the Transamerica group for permission to convert subsidiary banks into branches.

Following a discussion of efforts that had been made to get action on the pending holding company bill, Mr. Riefler stated that at Chairman McCabe's request he attended a meeting held in the Washington offices of the American Bankers Association at 10:00 a.m. on June 2, 1948, at which there were present Secretary of the Treasury Snyder, Comptroller of the Currency Delano, Mr. Thomson, President of Northwest Bancorporation, Mr. Fogarty, a lawyer with Northwest Bancorporation, Mr. Stonier, Executive Manager of the American Bankers Association, and himself. He then made a statement substantially as follows as to what occurred at the meeting:

Mr. Cameron Thomson, who is Chairman of the Holding Company Committee on Holding Company Legislation and who had arranged for this meeting, said that, with respect to political aspects, the holding companies felt they would survive better if they helped to write and pass constructive holding company legislation than if they limited their role to opposition. He said they

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had secured fair agreement among themselves and had established working relations with the independent bankers groups under which both groups were working in unison but either was free to go its own way after notice and consultation if their views diverged. Mr. Giannini, who had great influence in Congress, was not a member of the groups but was in consultation with them and had agreed to throw his support behind the legislation they were trying to secure. Mr. Thomson felt that Mr. Giannini would keep his word and said his group would like to help pass a "good" holding company bill this session.

Mr. Thomson also said that the present bill was so broadly drawn at some places that it stepped on lots of toes inadvertently. The strategy of the opposition was not to appear vigorously against the bill in the Senate but to hit it in the House. He felt there was now no chance of legislation this session, unless Congress should return this summer. He also said there were rumors that the Board of Governors was contemplating action under the Clayton Act against Transamerica, and that Giannini had a persecution complex with regard to Washington and would probably resent such action to the point where no legislation might be passed. The present bill, Mr. Thomson said, concentrated too much power in the Board of Governors and did not allow sufficient voice either to the other Federal supervisory agencies or to the State supervisory agencies. Consequently, both might be counted on to oppose it or to fail to give the bill real support. Mr. Thomson wanted a bill that all could agree on and put through Congress.

As to the substantive aspects of the bill, Mr. Thomson said several amendments offered by the groups had been agreed on by the Board and all concerned while others had not yet been agreed on although Mr. Eccles had indicated with respect to some that the language might be changed. The concern of the holding company group was strong on two main points: (1) definition of policy and objectives (2) restrictions on acquisitions. Other objections of the holding company group were (1) they did not want to see holding companies restricted to any one State or Federal Reserve District (2) they were disturbed that the bill is drafted along lines of the Utility Holding Company Act rather than banking legislation (they disliked the feature of investor protection

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and favored protection of the depositor as motivation for the legislation) (3) they disliked the drafting of the provision against interbank borrowing. In this connection Mr. Thomson raised a question as to whether the holding of interbank deposits would constitute interbank borrowing.

With respect to the primary objectives of the bill, Mr. Thomson said the holding company group did not like broad discretionary powers to be given to the Board and that that was what disturbed Giannini most. He also said they did not like the phrasing "minimize competition", "restraint of trade", and "undue concentration of economic power" as used in the bill.

Mr. Stonier said the American Bankers Association had taken no position on the bill but might have to get a program together. He thought the present bill was dead largely because it gave too much power to the Reserve Board and he felt an acceptable bill that could pass (1) would have to create a new Holding Company Board with representation of all Federal banking supervisory agencies and also with representation of State agencies (2) should prohibit holding company acquisitions in States that prohibited branch banking (3) should not make the mistake of dragging in companies that do not operate as holding companies or think of themselves as holding companies simply because they fall within a certain definition. Mr. Stonier also said the fundamental problem was whether holding companies shall be limited to one State. While the new Board should pass on what acquisitions could be made, the legislation should definitely require the divorce of non-banking affiliates of bank holding companies.

Mr. Thomson said his group could not necessarily agree with all of this but they did agree that holding companies should not be allowed to own or operate non-banking affiliates. He stated that Mr. Giannini was prepared to accept this also.

Mr. Snyder said he understood the present bill would not pass this session, that he personally was in favor of sound holding company legislation, and that there would be time before Congress reconvened for the supervisory agencies to work on a bill.

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There followed a discussion of what Mr. Thomson may have had in mind in asking for the meeting and the part he had played in connection with the pending bill. Chairman McCabe raised the question of what action the Board should take at this point, and stated that he wanted his position to be made entirely clear, that he had stated before the Senate Banking and Currency Committee that there was no question in his mind concerning the desirability of the broad purposes of regulating and controlling bank holding companies, especially those whose expansion programs are inconsistent with principles of adequate and sound banking. He added that his position was stronger now than when he appeared before the Committee. He said he had gone on the assumption that Mr. Thomson favored the bill and was trying to get all elements to agree on a bill that could get Congressional approval, and that he (Chairman McCabe) was wondering if there would not be some benefit in his sitting down (as a new member of the Board who was unfamiliar with the background of the present bill) with Messrs. Thomson, Stonier, two or three strong supporters of the bill, including someone like Mr. Reno Odlin, President, Puget Sound National Bank of Tacoma, and one or two others, including perhaps Mr. Harold Amberg, Vice President and General Counsel of the First National Bank of Chicago, and going over the whole problem with them.

Chairman McCabe's suggestion was discussed and it was the consensus that there was no likelihood of a bill being

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enacted at this session of Congress and that there would be ample time to determine the steps that might best be taken to obtain the adoption of legislation at the next session of the Congress.

At the conclusion of the discussion it was agreed unanimously that, after further consideration of the matter with Mr. Townsend, Chairman McCabe would submit to the Board a recommended procedure to be followed with a view to bring about legislative action on bank holding company legislation at the next Congress.

At this point Messrs. Riefler, Vest, and Townsend 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 June 7, 1948, were approved unanimously.

Memorandum dated June 4, 1948, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of William F. Becker as a guard in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,020 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination. The memorandum also stated that it was contemplated that Mr. Becker would become a member of the Federal Reserve retirement system.

Approved unanimously.

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Memorandum dated June 8, 1948, from Mr. Smead, Director of the Division of Bank Operations, recommending that an advance of funds in the amount of \$100 be paid to Mr. Connell, a technical assistant in that Division, to cover travel expenses in connection with a Functional Expense Survey to be made at the Federal Reserve Bank of New York.

Approved unanimously.

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

"In accordance with the recommendation contained in your letter of June 3, 1948, the Board of Governors extends to November 28, 1948, the time within which the Springfield Safe Deposit and Trust Company, Springfield, Massachusetts, may establish the branch at East Longmeadow, Massachusetts, which was approved by the Board on December 11, 1947."

Approved unanimously.

Letter to Mr. Diercks, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of June 4, 1948, submitting a certified copy of a resolution adopted by the Board of Directors of the Commercial State Bank of Melvin, Melvin, Illinois, signifying its intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice usually required.

"In view of the Reserve Bank's favorable recommendation, the Board of Governors waives the usual requirement of six months' notice, as requested. Accordingly, upon surrender of the Federal Reserve Bank stock issued to

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"the Commercial State Bank of Melvin, Melvin, Illinois, the Federal Reserve Bank is authorized to cancel such stock and make appropriate refund thereon.

"It is noted the bank wishes the termination of its membership to coincide with its acceptance for insurance by the FDIC. In the circumstances, the bank will have four months from the date of this letter to accomplish termination of its membership. (F.R. L.S. #3548).

"Please advise the Board of Governors when cancellation is effected and refund is made. The Certificate of Membership issued to the bank should also be obtained, if possible, and forwarded to the Board. The State banking authorities should be advised of the bank's proposed withdrawal from membership and when it has been effected."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"There have been forwarded to you today under separate cover the indicated number of copies of the following forms, a copy of each of which is attached, for use of State member banks and their affiliates in submitting reports as of the next call date:

Number of copies

- Form F. R. 105 (Call No. 109), Report of Condition of State member banks.
- Revised instructions pertaining to the reporting of valuation allowances.
- Form F. R. 105b (Revised August 1939), Loans and advances to affiliates and investments in and loans secured by obligations of affiliates.
- Form F. R. 105e (Revised May 1948), Publisher's copy of report of condition of State member bank.
- Form F. R. 105e-1 (Revised May 1948), Publisher's copy of report of condition of State member bank.
- Form F. R. 220 (Revised August 1946), Report of affiliate or holding company affiliate.

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"Number of
copies

Form F. R. 220a (Revised August 1946), Publisher's copy of report of affiliate or holding company affiliate.

Form F. R. 220b (Revised August 1946), Instructions for the preparation of reports of affiliates and holding company affiliates.

"The proposed forms are the same as those used on April 12, 1948 with the following exceptions:

- (1) A new memoranda item, number 33, has been added to forms F. R. 105, 105e, and 105e-1 to provide for the optional reporting and publication of the amount of reserves deducted from loans and securities. The instructions at the top of form F. R. 105 have been revised to provide for the optional reporting of the new item 33 by permitting an exception to the instructions that every blank space must be filled.
- (2) Two new items have been added to Schedule A on form F. R. 105 and the method of reporting valuation allowances on loans has been changed. The loan items are to be reported gross (before the deduction of valuation allowances); valuation allowances are to be reported in the new item 11 and deducted from total loans giving a net total, item 12, that must agree with item 6 on the face of the report.
- (3) Schedules A and B have been added to form F. R. 105 in accordance with the established policy of collecting this information on the June and December calls.

"The revised instructions regarding the reporting of valuation allowances provide for the changes in the method of reporting valuation allowances in Schedule A on form F. R. 105, 105e, and 105e-1, and for the reporting of the reserves for bad debts on loans recently authorized for income tax purposes in the Commissioner of Internal Revenue Mimeograph Coll. No. 6209 issued December 8, 1947."

Approved unanimously, with the understanding that the letter would be sent when the forms referred to therein are printed and ready for distribution.

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Letter to the Presidents of all Federal Reserve Banks reading as follows:

"There have been forwarded to you today under separate cover _____ copies of form F. R. 107b (including a new Section D which is printed on a separate sheet) to be used by State member banks in submitting their reports of earnings and dividends for the six months ending June 30, 1948.

"There have been a number of changes made in the form, as described in the Board's letter of May 13, 1948; these include:

1. Clarifying changes in the wording of items 4 and 5.
2. A note added on the face of the report form, explaining the type of reserves to be reported in items 4 and 5, and in Section D.
3. Section D added, providing for reconcilements of reserves for bad debts and other valuation reserves deducted from loans and securities.

"There have also been forwarded _____ copies of 'Revised instructions for the reporting of valuation allowances, unallocated charge-offs, and similar valuation reserves' in reports of earnings and dividends. These revised instructions describe the method of reporting the new Section D and the transactions involving reserves for bad debts on loans recently authorized for income tax purposes in the Commissioner of Internal Revenue's mimeograph Coll. No. 6209 issued December 8, 1947. Section D has been printed on a separate sheet at this time but it is planned to insert it on the back of the form at the end of the year. There will probably be numerous inquiries from State member banks, and possibly inaccurate reporting, involving this new Section and the revised items 4 and 5 of Section A. It is suggested that these portions of the reports be reviewed carefully. The Board's Division of Bank Operations will appreciate suggestions from your Bank regarding clarification and technical improvements before the forms and instructions are printed for year-end use."

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Approved unanimously, with the understanding that the letter would be sent when the forms referred to therein are printed and ready for distribution.

Telegram to Mr. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

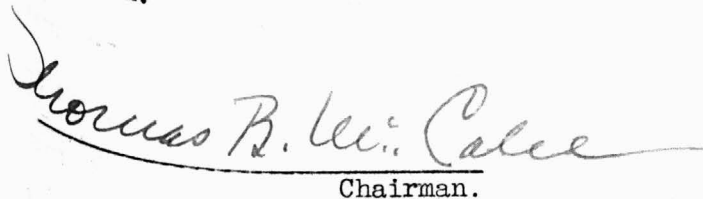
"Your wire June 3. Board approves three-month renewal by your Bank of the \$20,000,000 of gold loans to Bank Polski due June 9, the \$3,000,000 loan due June 23, and the \$3,500,000 loan due July 1, on the same terms and conditions as now apply, which were set forth in your letter to the Board of December 12, 1947. Board notes in this connection that your Bank plans to advise Bank Polski that the granting of any further renewals would be contingent upon repayment by Bank Polski at the time of each renewal of at least 25 per cent of the loans now outstanding.

"It is understood that the usual participation will be offered to the other Federal Reserve Banks."

Approved unanimously.


Secretary.

Approved:


Chairman.