Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, July 9, 1948.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
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 July 8, 1948, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on July 6, by the Federal Reserve Bank of Kansas City on July 7, and by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, and Dallas on July 8, 1948, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"In accordance with your letter of July 6, 1948, the Board approves the payment of salaries
7/9/48

"to the following employees for a period of six months beginning July 1, 1948 below the minimums of their respective grades:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alice B. Lamkin</td>
<td>Return Checks Clerk</td>
</tr>
<tr>
<td>Sallie M. Puller</td>
<td>Return Checks Clerk</td>
</tr>
<tr>
<td>U. Howard Mills</td>
<td>Examiner</td>
</tr>
</tbody>
</table>

"The period of approval for these three employees is limited to six months in the hope that during that time some means will be found to place them in the appropriate range.

"The Board also approves the payment of salaries to the following employees effective July 1, 1948 at the rates indicated which are in excess of the maximums of their grades.

<table>
<thead>
<tr>
<th>Name</th>
<th>Present Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Carter</td>
<td>$3,270</td>
</tr>
<tr>
<td>Joseph C. Knapp</td>
<td>3,420</td>
</tr>
<tr>
<td>Thelma Mallory</td>
<td>2,640</td>
</tr>
<tr>
<td>Katherine C. Redford</td>
<td>2,160</td>
</tr>
<tr>
<td>Jesse R. Tucker</td>
<td>3,060</td>
</tr>
<tr>
<td>Baltimore Branch</td>
<td></td>
</tr>
<tr>
<td>John J. Beall</td>
<td>2,400&quot;</td>
</tr>
</tbody>
</table>

Approved unanimously.

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

"Reference is made to your letter of July 1, 1948, enclosing a copy of a letter dated June 18, 1948, from Mr. A. L. M. Wiggins, Under Secretary of the Treasury, requesting your Bank to permit Mr. George W. Mitchell to devote a portion of his time during the fiscal year 1949, to acting as a consultant on the management problems of the Bureau of Internal Revenue.

"It is noted from your letter that it is the consensus of the directors that whatever time Mr. Mitchell devotes to the Treasury Department is to be on the basis of a leave of absence without pay from the Federal Reserve Bank of Chicago and that for his work during such periods he is to be paid by the Treasury Department on whatever terms are agreed upon by Mr. Mitchell and the Treasury."
"In the circumstances, the Board of Governors interposes no objection to the arrangement with respect to Mr. Mitchell as described in your letter."

Approved unanimously.

Letter to The National City Bank of New York, New York 15, New York, reading as follows:

"This refers to the letter of July 1, 1948, from Vice President L. N. Shaw of your bank requesting an extension of the time in which you may establish and open for business a branch at Porto Alegre, Brazil.

"The Board of Governors of the Federal Reserve System granted its permission on February 17, 1944, for the establishment of such branch upon the condition that the branch be established and opened for business on or before February 15, 1945. By its letters of February 1, 1945, July 13, 1945, July 12, 1946, and July 9, 1947, such time was extended successively to August 15, 1948.

"The Board of Governors of the Federal Reserve System extends to February 15, 1949, the time within which The National City Bank of New York may establish and open for business a branch at Porto Alegre, Brazil, in accordance with the provisions of its order of February 17, 1944."

Approved unanimously.

Letter to "The First National Bank of Waco", Waco, Texas, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for additional fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics, grants you authority to act, when not in contravention of
"State or local law, in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

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

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

"This refers to your letter of July 1 enclosing a photostat copy of a letter sent to all State banks in Michigan by Mr. E. W. Nelson, Commissioner of Banking, in connection with the recent call for condition reports.

"As mentioned in your letter, the Commissioner's instructions regarding the treatment of bad debt reserves are not in accordance with the agreement reached by the three Federal banking supervisory agencies and the Executive Committee of the National Association of State Bank Supervisors. This raises the question as to joint publication of condition reports of State member banks in Michigan.

"In view of the Commissioner's statement to the banks that it is his opinion that a member bank may file its report with the Reserve Bank in the same manner as with the State Banking Department, and of the embarrassment, inconvenience, and confusion that might result if State member banks were required to republish June 30, 1948 call reports, the Board will interpose no objection to your Bank's accepting the
"current condition reports, published statements, and earnings and dividend reports that are prepared in accordance with the Commissioner's instructions with respect to reserves for bad debts. However, State member banks in Michigan should be instructed that future call reports prepared for submission to your Bank must be prepared and published in accordance with the Board's instructions. The Board regrets this development, which may require duplicate publication of condition reports, particularly since efforts made over a number of years have been successful in most States in arranging for single joint publication of condition reports submitted by State member banks to State banking departments and Federal Reserve Banks, respectively.

"It is suggested that you advise State member banks of the substance of this letter after you have taken the matter up with the Michigan Banking Commissioner."

Approved unanimously.

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

"Please have compiled and mail or wire in time to reach Board by July 22, if practicable, amount in thousands of dollars of each item and sub-item, 1 to 12 inclusive, reported in Schedule A, Loans and discounts, of June 30, 1948 call reports of national and State member banks, giving separate totals for (1) central reserve city banks, (2) reserve city banks, and (3) country banks. Figures may be estimated for any small banks whose reports are missing or incomplete."

Approved unanimously.

Letter to Mr. James P. Davis, Director, Division of Territories and Insular Possessions, Department of the Interior, reading as follows:

"This refers to your letter of June 18, 1948, addressed to Mr. Thurston, enclosing that portion of a
"report being prepared in your Division which pertains to the activities of the Federal Reserve System in the territories of the United States and requesting our suggestions with respect thereto.

"By way of reply, I am enclosing a suggested revision of the excerpt relating to the Federal Reserve System which, as you will observe, covers not only membership of banks in the Territories, dependencies and insular possessions, but also the establishment by member banks of the Federal Reserve System of branches in the dependencies and insular possessions and the organization of foreign banking corporations for the purpose of engaging in the banking business in dependencies and insular possessions."

Approved unanimously.

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

"This will acknowledge receipt of your letter of June 29, 1948 in which you advised that expenses for 1948 will exceed the budget estimate for the year by $86,676 in the Furniture and Equipment function at the head office. It would appear from the statements made in your letter that these increases are necessary and appropriate notations thereof are being made on the Board's records."

Approved unanimously.

Approved:

Chairman.