

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, December 13, 1948. The Board met in the Board Room at 3:30 p.m.

PRESENT: Mr. McCabe, Chairman
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
Mr. Vest, General Counsel
Mr. Hodge, Technical and Legal
Adviser to Mr. Evans

Messrs. McCabe and Vest reviewed what had been done to find a special counsel to advise the Board in connection with the Clayton Act proceeding against Transamerica Corporation. Some of the members of the Board expressed the view that every effort should be made to have the new man assume his duties as promptly as possible and it was understood that, in accordance with the action taken at the meeting of the Board on December 3, 1948, the General Counsel, with the concurrence of the Personnel Committee, would submit a recommendation at the earliest possible moment for approval by the Board.

Mr. Vardaman stated that he would be absent during the balance of the week but that he would join in any recommendation that the other two members of the Personnel Committee would approve.

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Chairman McCabe stated that in accordance with the understanding at the meeting of the Board on November 23, 1948, he talked with Mr. Dearmont, Chairman of the Federal Reserve Bank of St. Louis, while the latter was in Washington last week attending the Chairmen's Conference, about the personnel situation at the Federal Reserve Bank of St. Louis, and that he gave Mr. Dearmont a copy of the memorandum prepared by Mr. Morrill, which Mr. Dearmont agreed to go over after which he would communicate with the Chairman again. Chairman McCabe also said that Mr. Dearmont was thinking that rather than have Mr. Ritt resign as First Vice President when his term as President of the Rotary Club of St. Louis was completed in June of next year, the change should be made at the end of the calendar year.

At this point Messrs. Vest and Hodge withdrew from the meeting and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 10, 1948, were approved unanimously.

Memorandum dated December 8, 1948, from the Division of Personnel Administration stating that an executive order had been received which stated that the executive departments, independent establishments, and other Government agencies in the metropolitan area of the District of Columbia would be closed one-half day on Friday, December 24, 1948, and recommending that the Board follow the executive order.

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Approved unanimously.

Memorandum dated December 6, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of Miss Barbara Louise Hinrichs as a research assistant in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,974.80 per annum, effective as of the date upon which she enters upon the performance of her duties.

Approved unanimously.

Memorandum dated November 30, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, stating that Morris A. Copeland, Special Consultant in charge of the Moneyflows Project, would not be available on a full-time basis after December 31, 1948, and recommending that, effective as of that date, he be designated as a Consultant for the year 1949 with compensation at the rate of \$40 per day for each day of work for the Board, either in Washington or outside this city, and that he receive traveling expenses in accordance with the Board's travel regulations applicable to an Assistant Director of a Division, including per diem in lieu of subsistence at the rate of \$8. The memorandum further recommended that the Director of the Division of Research and Statistics be authorized to arrange an appropriate schedule with Mr. Copeland in accordance with the action taken at the meeting of the Board on October 3, 1947.

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The memorandum also recommended that Messrs. Goldenweiser, Lutz, Morse, and Musgrave be continued on the list of Consultants with compensation at their usual respective rates and customary travel allowances.

Approved unanimously.

Memorandum dated December 7, 1948, from Mr. Szymczak recommending that the Board interpose no objection to the request of Secretary Cuaderno of the Philippine Department of Finance that the services of Howard D. Crosse, of the Federal Reserve Bank of New York, be made available to the Philippine Government in connection with the establishment of the new central bank.

Approved unanimously.

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

"Among other things, section 8(a) of Regulation W requires a Registrant to preserve relevant documents for the 'life of the obligation to which they relate'. This, of course, includes the 'Statement of the Borrower'.

"The Board's view is that 'the obligation', as that term is used in section 8(a), means the original obligation with respect to which the Statement was procured, and, therefore, does not require the preservation of the Statement executed in connection with any such original obligation after a new obligation has arisen by virtue of a revision of the old credit.

"In substance, this interpretation is the same as the interpretation concerning 'Preservation of Records' which was issued under the old regulation and published at page 28 of the January 1947 Federal Reserve Bulletin."

Approved unanimously.

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

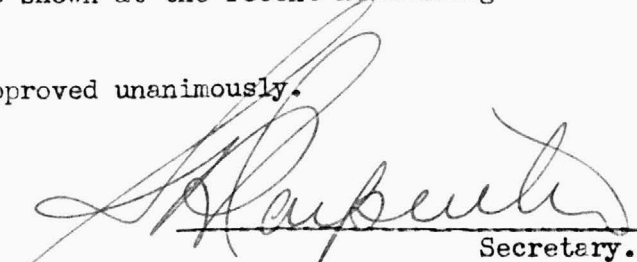
"The Board of Governors has noted the action taken at the recent meeting of the Conference of Presidents in approving, with certain exceptions, the report of the Committee on Accounting dated September 16, 1948, which was based on the Accounting Conference of September 13-15, 1948. The Accounting Conference considered and acted upon the recommendations for simplifying and streamlining the accounting procedure made by the Committee on Accounting in its report of April 26, 1948, as well as certain other matters.

"The Board is in accord with the idea of simplifying and streamlining existing accounting procedures so far as practicable and the Board's Division of Bank Operations is working, with the cooperation and assistance of the Committee on Accounting, on steps to accomplish that end. For example, the daily balance sheet, Form F. R. 34, as revised for use during the coming year, will reflect a number of changes recommended by the Committee on Accounting as well as other changes suggested by the Division of Bank Operations.


"Work is in progress on a revision of the Manual of Instructions with the exception of those parts that are still receiving the active consideration of the Presidents. Before the revised Manual is adopted, ample time will be permitted the Reserve Banks for consideration of the proposed changes.

"The Board is appreciative of the work of the Committee on Accounting over a period of many months and of the cooperative spirit shown at the recent Accounting Conference."

Approved unanimously.


Secretary.

Approved:


Chairman.