

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, August 9, 1949.

PRESENT: Mr. Eccles, Chairman pro tem.
Mr. Draper
Mr. Clayton

Mr. Carpenter, Secretary
Mr. Hammond, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Board

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

"This refers to the request by BancOhio Corporation transmitted with your letter of July 25, 1949, for information as to whether Series G United States Savings Bonds and Series D Treasury Savings Notes qualify as 'readily marketable assets' within the meaning of section 7 of Regulation P and section 5144 of the Revised Statutes.

"Please advise the Corporation that the Board considers all direct obligations of the United States and obligations fully guaranteed by the United States as to principal and interest as readily marketable assets within the meaning of this term as used in section 5144 and Regulation P, and that there is no limitation on the proportion of the 'reserve' which may be invested in such obligations."

Approved unanimously.

Memorandum dated July 25, 1949, from Messrs. Solomon and Cherry of the Legal Division referring to the recently enacted Federal Property and Administrative Services Act of 1949 which creates a new agency known as the General Services Administration and provides for records management and for procurement, utilization, and disposition of Government property. The memorandum took the position that in view of the specific provisions of section 10 of the Federal Reserve Act

8/9/49

-2-


which gives the Board complete control over its fiscal affairs, the Federal Property and Administrative Services Act did not apply to the Board, but that attorneys for the General Services Administration might disagree. In these circumstances, the memorandum recommended (1) that the Board in accordance with the view expressed above proceed on the basis that it is not subject to the provisions of the Act except for certain provisions of existing law relating to records management with which the Board has complied in the past, and (2) that replies not be made to routine or form letter requests (as distinguished from special requests) that may be received to make reports in connection with such provisions. This would include the memorandum addressed by the White House on July 1, 1949, to all executive agencies advising them of the new Act and requesting that certain reports relating to excess property be made to the Administrator of General Services. The memorandum assumed that the Board would continue to procure, utilize, and dispose of Board property in accordance with sound principles of economical and efficient administration as applied to the specialized needs of the Board. Under the Act the President is authorized to exempt an agency from the provisions of the Act provided he does so before July 1, 1950, and he also may prescribe such policies and directives not inconsistent with the provisions of the Act as he may deem necessary to effectuate the provisions of the Act. The memorandum suggested that consideration

8/9/49

-3-

might be given to asking the President to remove all doubt on the question by exempting the Board and unless such a request was made earlier it seemed desirable to review the matter early in 1950 with that possibility in mind.

The recommendations contained in the memorandum were approved unanimously, with the understanding (1) that the staff would continue to study policies and procedures with respect to procurement and the utilization and disposition of Board property in order to assure economical and efficient administration as applied to the specialized needs of the Board, and (2) that the staff would consider and raise with the Board early in 1950 the question whether any action should be taken to remove any question as to the applicability of the Federal Property and Administrative Services Act to the Board.


Secretary.

Approved:


Chairman pro tem.