

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

PRESENT: Mr. McCabe, Chairman
Mr. Eccles
Mr. Draper
Mr. Vardaman

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 December 8, 1949, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on December 6 and by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, and Dallas on December 8, 1949, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated December 9, 1949, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of William Cobey as a cafeteria helper in that Division on a temporary basis for a period of two months, with basic salary at the rate of \$2,120 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

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Approved unanimously.

Memorandum dated December 1, 1949, from Mr. Millard, Director of the Division of Examinations, recommending an increase in the basic salary of Arthur H. Lang, a Federal Reserve Examiner in that Division, from \$7,600 to \$8,000 per annum, effective December 25, 1949.

Approved unanimously.

Memorandum dated December 8, 1949, from Mr. Thurston, Assistant to the Board, recommending an increase in the basic salary of Miss Margaret N. Muehlhaus, secretary to Mr. Thurston, from \$4,200 to \$4,325 per annum, effective December 11, 1949.

Approved unanimously.

Memorandum dated December 5, 1949, from Mr. Riefler, Assistant to the Chairman, recommending an increase in the basic salary of Miss Catherine L. Schmidt, secretary to Mr. Riefler, from \$3,700 to \$3,825 per annum, effective December 11, 1949.

Approved unanimously.

Letter to the board of directors of the "Alabama City Bank of Gadsden, Alabama", Gadsden, Alabama, stating that subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H and the following special condition, the Board approved the Bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank

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of Atlanta:

- "3. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital of not less than \$100,000."

The letter also contained the following special comment:

"It has been noted that the bank is not authorized to exercise trust powers, although it is actually administering two trusts at the present time. It is understood that the approval of State authorities for the administration of these trusts will be obtained and that the bank does not contemplate seeking or accepting any additional trust business. The application has been approved on the same basis as if the bank were not exercising fiduciary powers and attention is called to the fact that, under the provisions of condition of membership numbered 1, if the bank should desire in the future to exercise trust powers other than to the extent necessary in connection with the two accounts now being administered, it will be necessary to obtain the permission of the Board of Governors before doing so.

"It will also be necessary, under condition of membership numbered 1, to obtain the permission of the Board of Governors to exercise any powers possessed by the bank which are not now being exercised and which are not necessarily required in the conduct of a banking business, such as the power to issue bonds. In this connection, the Board understands that there has been no change in the scope of corporate powers exercised by the bank since the date of its application for membership."

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

Letter to the board of directors of "The Washington Loan and Banking Company", Washington, Georgia, stating that subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the Board approved the bank's application for membership in the Federal Reserve System and for the appropriate amount

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of stock in the Federal Reserve Bank of Atlanta.

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

Letter to Mr. Millard, Director of the Division of Exam-
inations, reading as follows:

"Section 5240 of the Revised Statutes of the
United States (Section 21 of the Federal Reserve Act),
as amended, provides that the Board of Governors of the
Federal Reserve System, at least once each year, shall
order an examination of each Federal Reserve Bank.

"In accordance with this provision of the law
the Board orders that at least one examination of each
of the 12 Federal Reserve Banks be made during the year
1950, and the Board authorizes and directs you to insti-
tute and conduct such examinations at such time or times
as may seem advisable in your judgment."

Approved unanimously.

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

"Reference is made to a letter from the Buffalo
Branch dated November 29, 1949, in which advice was re-
ceived that it appears expenses for certain functions
at the Branch will exceed the 1949 estimates as follows:

<u>Function</u>	<u>Amount</u>
Provision of Personnel	\$4,636
General Service	6,058
Insurance	670
Discount and Credit	2,404
Currency and Coin	14,708
Auditing	4,380

"The Board accepts the revised figures as submitted,
and appropriate notations are being made in the Board's
records."

Approved unanimously.

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

"Your wire December 8. Board approves granting of a loan or loans by your Bank to Banco Nacional de Costa Rica not to exceed \$1,988,000 in the aggregate at any one time outstanding on the following terms and conditions:

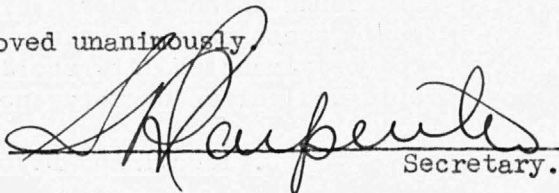
- (A) Such loan or loans to be made up to 98 per cent of the value of refined gold bars held in your vaults as collateral;
- (B) Each such loan or renewal thereof to run for 90 days but no loan or renewal thereof to mature later than 180 days after the date of the first such loan and in no event later than June 30, 1950;
- (C) Each such loan or any renewal thereof to bear interest from the date such loan is made or renewed until paid at the discount rate of your Bank in effect on the date on which such loan or renewal is made;
- (D) All amounts advanced or repaid to be in round amounts of not less than \$100,000.

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

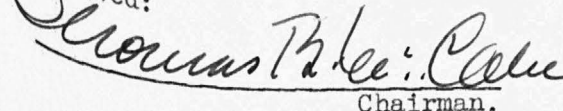
Approved unanimously.

Memorandum dated November 29, 1949, from Mr. Clayton recommending, for the reasons stated therein, that no report be made pursuant to a request from the Staff Director of the Senate Banking and Currency Committee for a report on an Amendment (in the nature of a substitute) to the bill S. 281, Economic Expansion Act of 1949, unless a special request is later received.

Approved unanimously.


Secretary.

Approved:


Chairman.