

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, April 18, 1950. The Board met in the Board Room at 4:15 p.m.

PRESENT: Mr. McCabe, Chairman
Mr. Eccles
Mr. Evans

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Riefler, Assistant to the Chairman
Mr. Vest, General Counsel
Mr. Millard, Director, Division
of Examinations
Mr. Baumann, Assistant General Counsel
Mr. Hostrup, Assistant Director,
Division of Examinations

Chairman McCabe stated that early this afternoon while he was out of the building, his office received a telephone call from Senator Robertson with respect to the bank holding company legislation and that the Senator requested that he (Chairman McCabe) be given a message as follows:

"As soon as I can get this tax section prepared by Colin Stamm, Chief of the Internal Revenue Committee, I will have the bill sent to the printer. I think that will be done by Thursday. In the meantime, however, I was wondering if Mr. McCabe couldn't have a conference with Mr. Delano to see if they couldn't get together on the points on which they have a difference of opinion, namely, (a) the 50 per cent of stock ownership in the definition section, and (b) control of definitions of expansion (1) solely by the Federal Reserve Board and (2) by three different agencies. Mr. Delano recommends the 50 per cent test and control by the three different agencies. Mr. McCabe favors a 15 per cent test and sole control by the Federal Reserve Board. I wish they would discuss these differences and see what program

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"they can come up with that they can both agree upon. Personally, I would rather hold the 50 per cent definition than the three controls. In other words, I could yield more easily on the control question than on the definition section."

There followed a discussion of Senator Robertson's suggestion and of the procedure that might be followed in carrying it out. During the discussion it was stated that the staff had not yet had an opportunity to analyze fully the effects of Senator Robertson's proposed bill, a copy of which was handed to Chairman McCabe Friday afternoon, April 14, 1950, or the extent to which it would provide a means for accomplishing the objectives of bank holding company legislation as recommended by the Board.

It was agreed unanimously that members of the staff would complete an analysis of the proposed bill, that the Board should then meet to consider the position that the Chairman should take in a conference with Mr. Delano, and that the Chairman should undertake to arrange a conference with Mr. Delano for tomorrow afternoon.

At this point all of the members of the staff with the exception of Messrs. Carpenter, Sherman, and Kenyon withdrew, and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Memorandum dated April 17, 1950, from Mr. Bethea, Director of the Division of Administrative Services, recommending increases in the basic annual salaries of the following employees in that Division, effective April 30, 1950:

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<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
J. Frank Bell	Head Chauffeur	\$3,140	\$3,220
Mary E. Johnson	Telephone Operator	2,970	3,050
Herman Lee Tobler	Guard	2,850	2,930
Dorothy Reamey	Operator (Key Punch)	2,690	2,770

Approved unanimously.

Memorandum dated April 17, 1950, from Mr. Millard, Director of the Division of Examinations, recommending increases in the basic annual salaries of the following employees in that Division, effective April 30, 1950:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
James V. Fisler	Assistant Federal Reserve Examiner	\$4,075	\$4,200
Edward F. Kipfstuhl	Assistant Federal Reserve Examiner	3,450	3,575
Esther Severud	Secretary to Mr. Sloan	3,725	3,850

Approved unanimously.

Letter to Mr. McCormick, Chairman of the Federal Reserve Bank of Richmond, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Richmond, made as of February 17, 1950, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President Leach.

"The Board will appreciate advice that the report has been considered by the Board of Directors. Any comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.

Letter to Mr. Slade, Vice President of the Federal Reserve

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Bank of San Francisco, reading as follows:

"Reference is made to your letter of April 8, 1950, submitting the request of the 'Citizens State Bank', Puyallup, Washington, for approval of an increase in the bank's investment in bank premises to an amount approximating \$113,000, in connection with plans for the reconstruction of its present quarters and acquisition of property for conversion into a drive-in service.

"In view of your recommendation, the Board of Governors approves the proposed increase in the bank's investment in banking premises to approximately \$113,000 with the understanding that the carrying value of the investment is to be reduced to \$100,000, the amount of its capital stock, within the current year, and that a regular and adequate program of depreciation is to be maintained thereafter."

Approved unanimously.

Memorandum dated April 11, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that an honorarium of \$50 per day, in lieu of both subsistence and any specific consultant fee, be authorized for Professor Lionel Robbins, Head of the London School of Economics, for a period not to exceed three days and that he be reimbursed for transportation expenses between Princeton, New Jersey and Washington, D. C. The memorandum also recommended that these disbursements be authorized from the consultant and travel funds established in the budget of the Division of Research and Statistics.

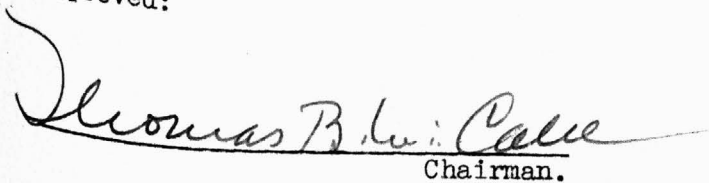
Approved unanimously.

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Secretary.

Approved:


Chairman.