

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, June 19, 1950.

PRESENT: Mr. McCabe, Chairman  
Mr. Szymczak  
Mr. Draper  
Mr. Evans

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 16, 1950, were approved unanimously.

Memoranda dated June 14, 1950, from Messrs. Young and Noyes, Director and Assistant Director of the Division of Research and Statistics, respectively, recommending increases in the basic annual salaries of the following employees in that Division, effective June 25, 1950:

Name	Title	Salary Increase	
		From	To
Myrtle P. Brown	Clerk-Stenographer	\$2,650	\$2,730
Philip T. Allen	Economist	5,400	5,600
Lorman C. Trueblood	Economist	6,800	7,000
Charles G. Trescott	Library Assistant	3,115	3,195
Mary M. Maroney	Economist	4,600	4,725
Paul Gekker	Economist	3,825	3,950
Lois I. Steidel	Clerk	2,810	2,890

Approved unanimously.

Memorandum dated June 15, 1950, from Mr. Boothe, Assistant Director of the Division of Administrative Services, recommending that the resignation of Miss Minnie Karras, a page in that Division, be accepted to be effective, in accordance with her request, at the close of business June 23, 1950.

Approved unanimously.

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Memorandum dated June 16, 1950, from Mr. Leonard, Director of the Division of Bank Operations, recommending the appointment of Miss Jean Tinsley Powell, as a statistical clerk in that Division, on a temporary indefinite basis, subject to a satisfactory clearance of her application, with basic salary at the rate of \$2,650 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination.

Approved unanimously.

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

"In accordance with the request contained in your letter of June 13, 1950, the Board approves the appointment of Edward Samuel Stouch as an assistant examiner for the Federal Reserve Bank of Philadelphia. Please advise us of the date when the appointment is made effective."

Approved unanimously.

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

"Enclosed herewith is a copy of a letter dated June 9, 1950, from Mr. E. W. Stearns, Vice President, Scarsdale National Bank and Trust Company, Scarsdale, New York, concerning the interpretation of the provisions of section 8 of Regulation F relating to the audits and examinations of trust departments required to be made, or caused to be made, by committees of directors.

"The question presented is whether the requirement that such audits and examinations be made 'at least once during each period of twelve months' means that they must be made at intervals

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"of not more than twelve months or made at least once during each calendar year. The language 'at least once during each period of twelve months' also is used in the provisions of section 6(c) of Regulation F relating to the review of trust assets by trust investment committees, and in the provisions of section 17(c)(3) of Regulation F relating to audits of common trust funds.

"This language first appeared in Regulation F when the Regulation was revised effective June 1, 1936. In the drafting of that revision of the Regulation, this language was purposely used in lieu of the words 'at least once during each calendar year', and it is believed that technically the correct interpretation is that not more than twelve months shall elapse without the required action being taken. It is recognized, however, that there is some justification as a practical matter for a more liberal position with respect to the timing of directors' audits and examinations than there is with respect to the review of trust assets and audits of common trust funds. Hence, it would appear that when an occasion arises for other amendments to the Regulation, consideration might properly be given to amending the requirement concerning directors' audits and examinations. In the circumstances, if suitable audits and examinations in fact are made during each calendar year, the Board will not object to the exercise of reasonable discretion with respect to their timing, even though more than twelve months may elapse in some instances.

"It will be appreciated if you will advise Mr. Stearns concerning this matter."

Approved unanimously.

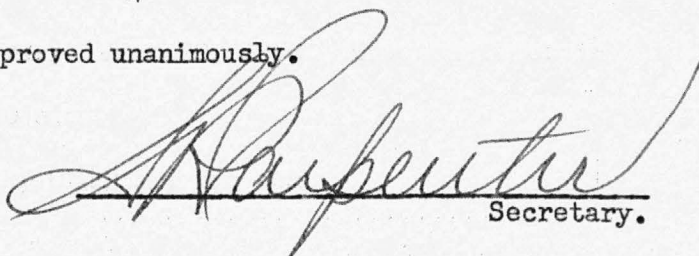
Telegram to Mr. Latham, Vice President of the Federal Reserve Bank of Boston, reading as follows:

"Retel June 15. In view your recommendation Board further extends until June 23, 1950, time within which 'Industrial Trust Company', Providence, Rhode Island, may establish branch in Central Falls, Rhode Island, as approved by Board on September 23, 1948."

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Approved unanimously.



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Secretary.