

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, July 25, 1950.

PRESENT: Mr. Szymczak, Chairman pro tem.  
Mr. Evans

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary

Memorandum dated July 19, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that the resignation of Miss Evelyn Novey, a draftsman in that Division, be accepted to be effective July 13, 1950.

Approved unanimously.

Memoranda dated July 24 and 25, 1950, respectively, 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 August 6, 1950:

Name	Title	Salary Increase	
		From	To
Sampson H. Bass	Chief, Fiscal Section	\$6,800	\$7,000
Raymond C. Twomey	Supv., Dup. & Mail Sec.	4,450	4,575
Grace L. Thorne	Charwoman	2,470	2,540
Aubrey L. Simmons	Laborer	2,120	2,190
Helen M. Capozio	Clerk	2,810	2,875
Helen Louise Sweeney	Clerk	2,890	2,955

Approved unanimously.

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

"This will acknowledge your letter of July 14, 1950, advising of arrangements made by your Bank to grant leaves of absence to Messrs. Charles A. Coombs, Fred H. Klopstock, and Philip J. W. Glaessner, members of the staff of your Research Department, in connection

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"with assignments in the international field, and of the forthcoming visit to Europe of Mr. Miroslav A. Kriz, also of the Research Department. The Board interposes no objection to the arrangements indicated in your letter.

"We note also that Mr. Robert G. Rouse, Vice President of the Federal Reserve Bank of New York, is planning to attend the Fifth Annual Meeting of the Boards of Governors of the International Bank and the International Monetary Fund, scheduled to take place in Paris in September, as one of the advisers to the Secretary of the Treasury; and that, following this meeting, Mr. Rouse is planning to make brief visits to the Bank of France and the Bank of England. The Board interposes no objection to these arrangements."

Approved unanimously.

Letter to the Board of Directors of the "Texas State Bank", Austin, Texas, stating that, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the Board approves the Bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Dallas. The letter also contained the following special comment:

"It has been noted that the bank possesses authority to exercise fiduciary powers but is not exercising such powers at the present time. It appears also that the bank possesses certain other powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to issue and sell investment certificates. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, including fiduciary powers, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them.

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"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  
transmittal through the Federal  
Reserve Bank of Dallas.

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

"The Board notes without objection the action taken by the Conference of Presidents at a meeting held June 12, 1950 in approving the following recommendations of the Committee on Bank and Public Relations:

(1) That the Reserve Banks absorb the shipping and insurance costs incurred in connection with the collection of maturing coupons detached from securities held in safe-keeping for member banks.

(2) That the Reserve Banks permit their member banks to send 'collect' telegrams requesting shipments of currency and coin in emergencies or when the need therefor is urgent.

"The Board's action with respect to (1) above modifies the last paragraph of its letter S-94 of May 4, 1938 (FRLS #4360) in which it is stated that the Board noted without objection a recommendation of the Presidents that no shipping charges be absorbed by the Federal Reserve Banks in handling negotiable securities received and forwarded for collection."

Approved unanimously.

Letter to Mr. Earhart, President of the Federal Reserve Bank  
of San Francisco, reading as follows:

"This refers to your letter of July 13, 1950, requesting authorization of the Board of Governors for purchasing a small strip of land adjoining the lot owned by the Bank at Commercial and Battery



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"Streets. It is noted that the acquisition of this small piece of land will straighten the northerly line of your lot and permit construction of a more efficient building with a lower construction cost.

"In view of the circumstances outlined in your letter, the Board will interpose no objection to your Bank's purchasing the property referred to at a cost of \$3,000 under an agreement with the owners that when your building is constructed the Bank will brick in the windows in their building facing the lot and install ducts and a blower on the roof to ventilate the rooms now served by the windows."

Approved unanimously.

Letter to Mr. Abraham J. Harris, Assistant Attorney General,  
Department of Justice, Washington, D. C., reading as follows:

"This is in response to your letter of June 27, 1950, addressed to the Board's General Counsel, regarding proposals for State legislation for 1951 which might be presented for consideration at the meeting in October of the Drafting Committee of the Council of State Governments.

"After careful consideration the Board has concluded that there are no such proposals for State legislation which it wishes to submit for consideration at this time.

"In the Board's letter of August 11, 1949, addressed to Mr. George T. Washington, Assistant Solicitor General, the Board recommended for consideration by the Council of State Governments the Model Deferred Posting Statute, sponsored by the American Bankers Association, which permits drawee banks to return unpaid items at any time up to midnight of the day after the day of their receipt where credit has been given for such items on the day of receipt; and that proposal was placed on the Council's program for 1950. According to our latest information which may not be complete, this statute has now been enacted in identical or similar form in thirty-eight States. We understand that it has not yet been adopted in Alabama, Florida, Kentucky, Louisiana, Montana, North

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"Carolina, Tennessee, Texas, Washington and Wyoming, and the Board hopes that efforts will be continued to obtain enactment of the statute in these States."

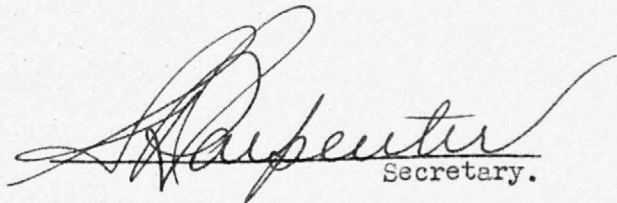
Approved unanimously.

Letter to Honorable Maple T. Harl, Chairman, Federal Deposit Insurance Corporation, Washington 25, D. C., reading as follows:

"In accordance with the request contained in your letter of July 18, 1950, the Board of Governors of the Federal Reserve System hereby grants written consent, pursuant to the provisions of sub-section (k) (2) of Section 12B of the Federal Reserve Act, for examiners for the Federal Deposit Insurance Corporation to make an examination of The Miami Deposit Bank, Yellow Springs, Ohio, in connection with its application for continuance of insurance after withdrawal from membership in the Federal Reserve System.

"There have been no corrective programs urged upon the bank or agreed to, which have not been fully consummated and in connection with which the Board would suggest incorporation of conditions for continuing its status as an insured bank."

Approved unanimously.

  
Secretary.