

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, July 26, 1950.

PRESENT: Mr. Evans, Chairman pro tem.

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

Memoranda dated July 24, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending increases in the basic annual salaries of the following employees in that Division, effective August 6, 1950:

| <u>Name</u> | <u>Title</u> | <u>Salary Increase</u> | |
|-------------------------------|--------------------|------------------------|-----------|
| | | <u>From</u> | <u>To</u> |
| Miss Louise M. Hamilton | Clerk-Typist | \$2,770 | \$2,810 |
| Mrs. Patricia Anne V. Johnson | Clerk-Stenographer | 3,050 | 3,115 |

Approved unanimously.

Memorandum dated July 25, 1950, from Mr. Sloan, Assistant Director of the Division of Examinations, recommending that the resignation of Jay W. Williams, an assistant Federal Reserve Examiner in that Division, be accepted to be effective, in accordance with his request, August 18, 1950.

Approved unanimously.

Memorandum dated July 25, 1950, from Mr. Leonard, Director of the Division of Bank Operations, recommending the appointment of Miss Claudia R. Vidal as a clerk-stenographer in that Division, 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 and subject to

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satisfactory check of references.

Approved unanimously.

Letter to Mr. Peterson, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"This will acknowledge your letter of July 14, 1950, addressed to Mr. Millard, who is absent on vacation, regarding the assignment of trainees to the Bank Examination Department from time to time, in connection with your Bank's executive development program, for training in the field as well as in the office.

"We appreciate your writing us about your plans in this regard and feel that no objection should be interposed to such an arrangement.

"In submitting requests to the Board, it is suggested that you request approval of the designation of the trainees as special assistant examiners as indicated in letter S-178 of August 25, 1939 (F.R.L.S. #9181). If it is contemplated that a trainee will be retained permanently in the Bank Examination Department, complete information should be furnished as in the case of appointments of assistant examiners. However, if the trainee's tour of duty in the Bank Examination Department is not to exceed six months, a brief statement regarding the proposed appointee would be sufficient. In all cases, however, information is desired as to the regular assignment of the employee, the indebtedness of the proposed appointee, if any, and any connection he may have with other business concerns.

"In accordance with the request contained in the last paragraph of your letter, the Board approves the designation of Shirley C. Davis as a special assistant examiner for the Federal Reserve Bank of St. Louis. It is suggested that the same type of credentials be given to Mr. Davis as an identification certificate or letter of authority to participate in examination work as is given to other special assistant examiners when directed to assist your regular examiners.

"It will be appreciated if you will advise us

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"promptly as to the details of Mr. Davis' indebtedness, if any, and whether he has any outside business connections."

Approved unanimously.

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

"Please have compiled and mail or wire in time to reach Board by August 1, if practicable, amount in thousands of dollars of each item and sub-item, 1 to 12 inclusive, reported in Schedule A, Loans and Discounts, of June 30, 1950 call reports of national and State member banks, giving separate totals for (1) central reserve city national banks, (2) central reserve city State member banks, (3) reserve city national banks, (4) reserve city State member banks, (5) country national banks, and (6) country State member banks. Figures may be estimated for any small banks whose reports are missing or incomplete.

"In addition, in view of emergency legislation proposals, please arrange to edit, tabulate, and summarize, by August 10, if practicable, Schedules A.3 on residential real estate financing for both national and State member banks. The editing should include reconciliation with item 6(b) of Schedule A, review of Schedule A.3 in the light of the related instructions and definitions and of experience in testing the drafts of the schedule, comparison with examination reports where deemed desirable, and any necessary correspondence with the member banks concerned. Copies of correspondence or memoranda of changes made in national bank Schedules A.3 should be sent to Comptroller's Statistical Division. It is highly desirable that the tabulations be made by use of IBM punch cards to facilitate analysis and to provide Board with duplicate sets of punch cards or to permit reproduction from your cards to standard card which we have designed. A copy of our punch-card design will be mailed to you but it will not be practicable to supply the punch cards in time for your tabulations.

"Summaries are desired covering the classes of

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"member banks above listed, with each class broken down into (a) banks which reported only in subdivision I, and (b) all other banks, that is, those which reported in subdivision II or III. In addition to the number and dollar amounts of items in Schedule A.3, each summary should show the number of banks reporting on the schedule, supplemented by number of banks for which no Schedules A.3 are available at the time the summaries are completed, together with their total residential real estate loans as reported against item 6(b) of Schedule A. Every effort should be made to include in the summaries all member banks reporting any substantial amount of residential real estate loans in call report Schedule A. Samples or forms of summary tables will be sent to you by mail."

Approved unanimously.

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

"The Board of Governors of the Federal Reserve System under authority of the fourth paragraph of Section 16 of the Federal Reserve Act hereby establishes for the three months' period ending June 30, 1950, the rate of (1) per cent interest per annum on that amount of the Federal Reserve notes of your Bank which equals the average daily amount of its outstanding Federal Reserve notes during such period less the average daily amount of gold certificates held during such period by the Federal Reserve Agent as collateral security for such notes. Interest in an amount calculated in the manner and at the rate specified above shall be paid to the United States on July 28, 1950.

"According to daily balance sheets, the average daily amount of outstanding notes of your Bank during the second quarter of 1950 not covered by gold certificates with the Federal Reserve Agent was \$ (2). At rate specified above, payment to Treasury for second quarter will be \$ (3). Payment should be credited to Treasurer's general account as Miscellaneous Re-

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"ceipts, Symbol 1841-Interest Collected, Section 16 Federal Reserve Act as amended. No statement being given press with respect to this action.

| | (1) | (2) | (3) |
|---------------|------|----------------|-----------------|
| BOSTON | 1.39 | \$ 975,169,236 | \$ 3,379,428.95 |
| NEW YORK | 7.46 | 624,679,764 | 11,618,359.03 |
| PHILADELPHIA | 1.56 | 895,538,787 | 3,483,032.50 |
| CLEVELAND | 1.74 | 1,094,659,913 | 4,748,724.67 |
| RICHMOND | 1.45 | 895,979,740 | 3,239,028.12 |
| ATLANTA | 1.66 | 643,220,049 | 2,662,049.88 |
| CHICAGO | 1.90 | 1,588,492,693 | 7,524,668.12 |
| ST. LOUIS | 1.58 | 694,224,070 | 2,734,672.24 |
| MINNEAPOLIS | 1.53 | 405,500,500 | 1,546,789.99 |
| KANSAS CITY | 1.41 | 651,227,324 | 2,289,287.06 |
| DALLAS | 2.11 | 438,766,994 | 2,308,154.80 |
| SAN FRANCISCO | 4.52 | 407,442,949 | 4,591,491.33" |

Approved unanimously.

Telegram to Mr. Parten, Chairman of the Federal Reserve Bank of Dallas, authorizing him to issue a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Republic National Bank of Dallas", Dallas, Texas, entitling that organization to vote the stock which it owns or controls of the "Fair Park National Bank of Dallas", the "National City Bank of Dallas", and the "Oak Lawn National Bank of Dallas", all of Dallas, Texas. The conditions contained in the telegram upon which the permit was authorized were as follows:

1. Prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), except that paragraph numbered 3 shall be modified in the manner stated in paragraph numbered (3) of S-964.
2. Prior to the issuance of general voting permit authorized herein, applicant shall deliver to you in

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duplicate Exhibit L (Form P-3) executed by National City Company of Dallas, Dallas, Texas, and Exhibit N (Form P-4) executed by applicant and consented to by National City Company of Dallas, or furnish assurances satisfactory to you that it will deliver such exhibits to you within 30 days after the issuance of such permit, or furnish evidence satisfactory to Counsel for your Bank that such Exhibits are not required by the Board's Regulation P and the directions on the printed forms referred to.

3. Simultaneously with issuance of general voting permit authorized herein, there shall be issued to Republic National Company general voting permit authorized in Board's telegram of this date.

Approved unanimously.

Telegram to Mr. Parten, Chairman of the Federal Reserve Bank of Dallas, authorizing him to issue a general voting permit, under the provisions of Section 5114 of the Revised Statutes of the United States, to the "Republic National Company", Dallas, Texas, entitling that organization to vote the stock which it owns or controls of the "Fair Park National Bank of Dallas", the "National City Bank of Dallas", and the "Oak Lawn National Bank of Dallas", all of Dallas, Texas. The conditions contained in the telegram upon which the permit was authorized were as follows:

1. Prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190).
2. Prior to the issuance of general voting permit authorized herein, applicant shall deliver to you

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in duplicate Exhibit L (Form P-3) executed by National City Company of Dallas, Dallas, Texas, and Exhibit N (Form P-4) executed by applicant and consented to by National City Company of Dallas, or furnish assurances satisfactory to you that it will deliver such exhibits to you within 30 days after the issuance of such permit, or furnish evidence that such Exhibits are not required by the Board's Regulation P and the directions on the printed forms referred to.

3. Simultaneously with issuance of general voting permit authorized herein, there shall be issued to Republic National Bank of Dallas general voting permit authorized in Board's telegram of this date.

Approved unanimously.

Memorandum dated July 26, 1950, from Mr. Carpenter, reading as follows:

"At the meeting on July 12, 1950, of the Special Committee appointed by the Board, the Presidents, and the Chairmen, to study the problems involved in the control of Federal Reserve Bank expenses, it was understood that if the plan proposed by the over-all Committee was approved it would appoint the following committees to make the studies proposed by the over-all Committee:

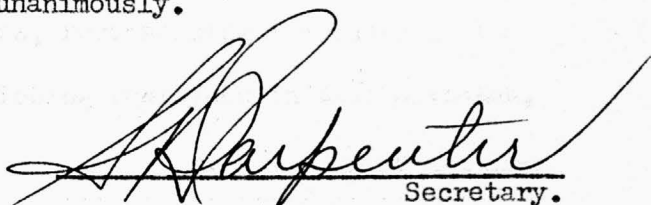
- "1. General Operating Expenses
W. J. Davis, of Philadelphia, Chairman,
H. H. Kimball, of New York
R. F. Leonard, of the Board's Staff
- "2. Provision of Personnel
K. B. Watson, of Richmond, Chairman,
R. N. Hilker, of Philadelphia
F. A. Nelson, of the Board's Staff
- "3. Research
System Research Advisory Committee
of which Mr. Thomas is Chairman.
- "4. Bank and Public Relations
Presidents' Conference Committee on
Bank and Public Relations with which
Mr. Thurston is associated.

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"The plan of procedure recommended by the over-all Committee has been approved by the Presidents and Chairmen of the Federal Reserve Banks and the available members of the Board. It is recommended, therefore, that in accordance with the wishes of the Special Committee the appointment of Messrs. Leonard and Nelson as members of the Committees indicated be approved by the Board."

Approved unanimously.

A handwritten signature in cursive script, appearing to read "A. Carpenter", written over a horizontal line.

Secretary.