

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, August 14, 1950.

PRESENT: Mr. Evans, Chairman pro tem.

Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Memorandum dated August 10, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending the appointment of Mrs. Mary Audrey Merritt as a draftsman in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,810 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.

Memorandum dated August 11, 1950, from Mr. Millard, Director of the Division of Examinations, recommending that Harry J. Meyer, an examiner for the Federal Reserve Bank of New York, and R. R. Tompkins, Special Assistant in the Bank Examination Department of the Federal Reserve Bank of New York, be appointed by the Board of Governors as examiners for the purpose of participating in an examination of The Chase Bank, New York, an Edge Act corporation.

Approved unanimously.

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

"In accordance with the request contained in your letter of August 9, 1950, the Board approves

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"the designation of Harold Gilbert Godfrey as a special assistant examiner for the Federal Reserve Bank of Richmond."

Approved unanimously.

Memorandum dated August 8, 1950, from Mr. Kenyon, Assistant Secretary of the Board, recommending that, in connection with the forthcoming trip of Mr. Marget, Director, Division of International Finance, to Paris and Brussels, approved by the Board on July 20, 1950, he be allowed actual and necessary transportation expenses plus per diem in lieu of subsistence at the rate of \$13.00 while he is away from Washington, D. C., and that he be reimbursed for the cost of flight insurance.

Approved unanimously.

Memorandum dated August 8, 1950, from Mr. Kenyon, Assistant Secretary of the Board, recommending that a luncheon be arranged in the Board's dining rooms, probably on Tuesday, November 14, for the group of about twenty-five European bankers visiting the United States during October and November under the sponsorship of the Economic Cooperation Administration to study the simplification of financial operations connected with international trade.

Approved unanimously.

Letter to Mr. Schlaikjer, Vice President and General Counsel of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter of July 25, 1950, with its enclosures, requesting an expression of the Board's views with respect to a proposed form of advertisement, submitted by the Boston Safe Deposit and Trust Company,

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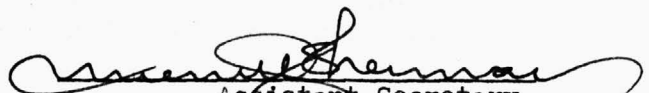
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"relating to the administration of its Common Trust Fund 'A'. The Board considers it inappropriate to give approval or disapproval to proposed advertisements relating to Common Trust Funds and, therefore, will not express an opinion on the advertisement enclosed with your letter.

"The purpose of Section 17 of Regulation F, as stated in Subsection (a) thereof, 'is to permit the use of Common Trust Funds...for the investment of funds held for true fiduciary purposes; and the operation of such Common Trust Funds as investment trusts for other than strictly fiduciary purposes is hereby prohibited.' Banks administering Common Trust Funds should use special care in the preparation or approval of advertising copy relating thereto to see that advertisements are, in every way, compatible with the above-quoted purposes. As you have clearly indicated in your letter of May 24 addressed to the subject institution, advertising, which fails to emphasize the requirement that Common Trust Funds shall be media solely for the collective investment of the funds of bona fide fiduciary accounts, may be considered inconsistent with the purposes for which such funds were authorized and, therefore, inconsistent with the restrictions relating to publicity contained in the third paragraph, Section 17(a), of Regulation F as amended.

"In this connection, you are undoubtedly familiar with the statement of policy approved by the Executive Committee of the Trust Division of the American Bankers Association on February 5, 1945, titled 'What the Public Should Be Told About Common Trust Funds By Institutions Operating Such Funds', Article I of which contains the statement: 'In all advertisements it should be made clear that use of the fund is limited to bona fide trusts administered by the trust institution.'"

Approved unanimously.


Assistant Secretary.