

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, November 29, 1950. The Board met in the Special Library at 9:00 a.m.

PRESENT: Mr. McCabe, Chairman
Mr. Eccles
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Norton
Mr. Powell

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Morrill, Special Adviser to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Leonard, Director, Division of Bank Operations
Mr. Vest, General Counsel
Mr. Young, Director, Division of Research and Statistics
Mr. Hilkert, Acting Director, Division of Personnel Administration
Mr. Nelson, Assistant Director, Division of Examinations

Before this meeting there had been submitted a memorandum covering topics to be discussed at a joint meeting of the Board and the Presidents of the Federal Reserve Banks to be held at 10:00 o'clock this morning. The Board considered the topics listed and it was agreed that the views of the Board would be stated substantially as recorded in the minutes of the joint meeting.

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:

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 28, 1950, were approved unanimously.

Memorandum dated November 27, 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 December 10, 1950:

Name	Title	Salary Increase	
		From	To
John E. Osborne	Operating Engineer	\$3,900	\$4,025
Mildred L. Preble	Ass't. Supervisor, Cafeteria	2,914	2,994
Winnie L. Tull	Jr. Supervisor, Cafeteria	2,770	2,850
Eva M. Brown	Baker, Cafeteria	2,770	2,850
Pearl Jones	Cook, Cafeteria	2,770	2,850
Anna Imhoff	Cook, Cafeteria	2,530	2,610
Lydia M. Adwell	Cafeteria Helper	2,260	2,330
Blanche I. Broadhurst	Cafeteria Helper	2,652	2,732
William Cobey	Cafeteria Helper	2,120	2,190
George Psomos	Cafeteria Helper	2,470	2,540

Approved unanimously.

Memorandum dated November 28, 1950, from Mr. Noyes, Assistant Administrator of the Office of Real Estate Credit, recommending the appointment of Miss Eleanor W. McNeill as a clerk-stenographer in that Office, on a temporary indefinite basis, with basic salary at the rate of \$2,875 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 completion of the investigation of her references.

Approved unanimously.

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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 November 24, 1950, the Board approves the designation of Charles A. Shermer, Jr., as a special assistant examiner for the Federal Reserve Bank of Philadelphia."

Approved unanimously.

Letter to Mr. Luis Angel Arango, General Manager, Banco de la Republica, Bogota, Colombia, reading as follows:

"Reference is made to my letter of April 28, 1950, regarding arrangements for the mission to Colombia of Messrs. David L. Grove and Gerald Alter.

"All carrier bills covering Mr. Alter's transportation from Washington, D. C., to Bogota and return have now been received and paid by the Board. The total cost of his transportation, plus an excess baggage charge for Mr. Grove, amounts to \$565.25. An itemized statement is enclosed.

"It will be appreciated if you will arrange to have a remittance for the foregoing amount forwarded to us, which should be payable to the Board of Governors of the Federal Reserve System. The remittance should be in form collectible at par in the United States.

"With the settlement of the items of transportation expense mentioned in this letter all of the financial arrangements incident to the mission will have been taken care of, since we understand that the reimbursement of other expenses was handled directly between you and Messrs. Grove and Alter. They have informed me of the many courtesies which you and your associates in the Banco de la Republica extended to them during their stay in Colombia, and I wish to thank you sincerely on behalf of the Board for your cooperation."

Approved unanimously.

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Letter to The Columbia National Bank of Kansas City,
Kansas City, Missouri, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as guardian of estates, assignee, receiver, and committee of estates of lunatics. The exercise of these powers, in addition to those heretofore granted to act as trustee, executor, administrator, registrar of stocks and bonds, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Missouri, shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously, for
transmittal through the Federal
Reserve Bank of Kansas City.

Telegram to Mr. Slade, Vice President of the Federal Reserve
Bank of San Francisco, reading as follows:

"Reurlet November 25. In view of your recommendation, Board approves establishment and operation of a branch in Linden, California, by 'Farmers and Merchants Bank of Lodi, California,' Lodi, California, provided such branch is established within six months from November 13, 1950, and with the understanding that Counsel for Reserve Bank will review and satisfy himself as to legality of all steps taken to establish branch."

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Approved unanimously.

Letter to Mr. Charles M. Thompson, Chairman, Veterans' Education Appeals Board, Room 1070, Munitions Building, 21st and Constitution, Washington 25, D. C., reading as follows:

"This is in reply to your letter of November 16, 1950, requesting that personnel of your Board be granted the privilege of the use of the Law Library of the Board of Governors of the Federal Reserve System.

"We are glad to comply with your request and to have your personnel use the library, with the understanding, as stated in your letter, that persons availing themselves of the use of the library will report to the person in charge on each occasion and that no books will be removed from the library at any time.

"We should like to point out that, because of limitations of space, two of the attorneys of the Board's Legal Division are permanently quartered in the Board's Law Library; and, consequently, we will have to ask that the use of the library by your personnel be limited as far as possible. We assume, however, that your organization will not need to use the library regularly but will wish to do so only occasionally as necessity may arise."

Approved unanimously.

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

"Reference is made to your letter of November 24, 1950, advising that assignments have been made for the completion of your schedule for the examination of all State member banks in your district within the current year with exception of the Harris Trust and Savings Bank in Chicago.

"It is noted that the State supervisory authorities are unable to arrange for participation

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"in the examination of that bank within the current year and it is understood that Federal Reserve participation in the examination is important to the State authorities because of man power difficulties.

"In view of the fact that the State authorities have agreed to arrange for joint examination of the bank during the first week of January 1951, the Board of Governors will interpose no objection to deferment of the examination of the Harris Trust and Savings Bank until that time."

Approved unanimously.

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

"Enclosed with the Board's letter S-1100 dated March 28, 1949 was Form F. R. 656 to be used in summarizing working arrangements with State supervisory authorities who are cooperating in the enforcement of Regulation W.

"In order to reinstitute that reporting procedure there are enclosed sufficient copies of the form to complete one for each State, any portion of which is in your district. In the case of split States where reports from cooperating agencies for the entire State are to be made to one Reserve Bank, please so indicate by appropriate footnote.

"Please submit reports which will reflect arrangements as they exist on January 1, 1951. Subsequent changes should be reported as they occur by submission of a new form for the State involved."

Approved unanimously.

Telegram to the officers in charge of Regulation W of the Federal Reserve Banks, reading as follows:

"In connection with the proposed congressional hearings the Regulation W staff will appreciate your replies to the following questions.

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"1. Approximately how many actual hardship or necessitous cases resulting from Regulation W terms have been brought to the attention of your Bank and investigator's staffs in the: (a) automobile field, (b) home improvement field, (c) other fields - specify.

"2. How many of these cases were brought to your attention between September 18 and October 16 and how many since October 16?

"3. What was the nature of the hardship in each case?

"4. In your opinion how many and which ones of these were of sufficient merit to warrant preferential treatment under the regulation if some suitable provision could be devised?

"5. What provision, if any, would you suggest?

"6. The staff is presently inclined to the view that (a) actual hardship or necessitous cases may not exist in a degree warranting preferential treatment and (b) such treatment, if provided, might undermine the effectiveness of Regulation W. What are your views?

"May we have your reply on or before Friday, December 1."

Approved unanimously.


Secretary.