

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, December 8, 1950.

PRESENT: Mr. McCabe, Chairman  
Mr. Szymczak  
Mr. Vardaman

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

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on December 5, by the Federal Reserve Bank of St. Louis on December 6, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Chicago, Minneapolis, and Dallas on December 7, 1950, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated December 6, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Mrs. Joan N. Yamamoto, a clerk in that Division, from \$2,530 to \$2,875 per annum, effective December 10, 1950.

Approved unanimously.

Memorandum dated November 21, 1950, from Mr. Leonard, Director of the Division of Bank Operations, submitting a recommendation that J. R. Van Fossen, formerly Assistant Director of the Division of Bank Operations who retired on December 31, 1948, and who was

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retained as a consultant in that Division during the years 1949-1950, be continued as a consultant in the Division of Bank Operations for the year 1951 on a part time basis beginning January 1, 1951, at a fee of \$1,200 per annum.

Approved, Mr. Vardaman voting  
"no".

Memorandum dated December 7, 1950, from Mr. Hilkert, Acting Director of the Division of Personnel Administration, recommending an increase in the basic salary of Mrs. Ann M. Latimer, a clerk-stenographer in that Division, from \$2,610 to \$2,650 per annum, effective December 10, 1950.

Approved unanimously.

Memorandum dated December 7, 1950, from Mr. Leonard, Director of the Division of Bank Operations, recommending an increase in the basic salary of Mrs. Alice C. Immler, a statistical clerk in that Division, from \$2,730 to \$2,875 per annum, effective December 10, 1950.

Approved unanimously.

Memorandum dated December 8, 1950, from Mr. Carpenter, Secretary of the Board, recommending an increase in the basic salary of John C. Brennan, General Assistant in the Office of the Secretary, from \$4,950 to \$5,250 per annum, effective December 10, 1950.

Approved unanimously.

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Memorandum dated December 7, 1950, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Benjamin R. Reading, who has been on military leave, be reinstated in his position as pay roll clerk in that Division, with basic salary at the rate of \$3,475 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

Approved unanimously.

Letter to The National City Bank of New York, New York, New York, reading as follows:

"The Board of Governors of the Federal Reserve System authorizes The National City Bank of New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Nagoya, Japan, and to operate and maintain such branch subject to the provisions of such section; upon the condition that unless the branch is actually established and opened for business on or before January 1, 1952, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date."

Approved unanimously, for  
transmittal through the Federal  
Reserve Bank of New York.

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

"In reply to your letter of December 1, 1950, this is to advise you that the Board will interpose no objection to Fidelity-Philadelphia Trust Company purchasing the assets of Eastern Mortgage Service

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"Company, substantially in accordance with the plan as submitted, and conducting the business of purchasing and servicing mortgages for insurance companies, savings banks and other financial institutions. However, the trust company should be cautioned against the extension of this type of business to the sale of real estate loans to the public, and its attention called to the third paragraph of Footnote 6 to Regulation H.

"With respect to the maintenance by the trust company of the office in the 69th Street Section of Upper Darby, Pennsylvania, the Board's permission will not be necessary so long as no financial transactions, such as receiving deposits, paying checks, and granting loans, are handled there, and the office is operated simply as a place from which field men who originate contracts with mortgage sources receive their assignments."

Approved unanimously.

Letter to the Board of Directors of "The People's Bank of Fleming County, Kentucky", Flemingsburg, Kentucky, 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 Cleveland.

Approved unanimously together  
with a letter to Mr. Gidney, President  
of the Federal Reserve Bank of Cleveland,  
reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The People's Bank of Fleming County, Kentucky', Flemingsburg, Kentucky, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter

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"which you are requested to forward to the board of directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Director of Banking for the Commonwealth of Kentucky, for his information.

"Since the amount of estimated losses shown in the report of examination for membership is relatively small, the usual condition of membership requiring elimination of losses has not been prescribed. It is assumed, however, that proper provision for losses will be made.

"It is noted from the report of examination of the applicant that it has been acting in various fiduciary capacities without proper authority in its Articles of Incorporation and without first obtaining the permission of Kentucky authorities, but that corrections of these defects are in process and that the Board will be advised when such matters have been adjusted to the satisfaction of Counsel for your bank. It is assumed that in event of failure to properly correct the defects in question that the bank will, forthwith, discontinue its fiduciary activities. It is also apparent that administration of this phase of the bank's business has been handled in a generally informal, if not lax, manner. It is assumed that, in your discussions with the management of the applicant, the responsibilities and possible liabilities accompanying fiduciary undertakings have been stressed, as well as the necessity to maintain satisfactory and complete records and files, and to give to the administrative requirements of individual fiduciary accounts in their care the benefit of experienced and informed attention, together with the application of collective judgment in all discretionary matters of importance."

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

"There have been forwarded to you today under separate cover the indicated number of copies of the following forms, a copy of each of which is

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"attached, for use of State member banks and their affiliates in submitting reports as of the next call date:

Number of  
copies

Form F. R. 105 (Call No. 118), Report of condition of State member banks.

Form F. R. 105a (Revised November 1950), Instructions for the preparation of reports of condition of State member banks.

Form F. R. 105b (Revised August 1939), Loans and advances to affiliates and investments in and loans secured by obligations of affiliates.

Form F. R. 105e (Revised May 1948), Publisher's copy of report of condition of State member banks.

Form F. R. 105e-1 (Revised May 1948), Publisher's copy of report of condition of State member banks.

Form F. R. 220 (Revised August 1946), Report of affiliate or holding company affiliate.

Form F. R. 220a (Revised August 1946), Publisher's copy of report of affiliate or holding company affiliate.

Form F. R. 220b (Revised August 1946), Instructions for the preparation of reports of affiliates and holding company affiliates.

"The enclosed memorandum describes briefly the revisions made in the instructions for the preparation of reports of condition, form F. R. 105a. All of the other forms are the same as those used on October 4, 1950.

"As part of the program for collecting branch statistics outlined in the Board's letter of June 14, 1949 (S-1112), it is requested that reports of deposits by counties be obtained from those State member banks that have out-of-county branches. Figures for each branch may be furnished, arranged by counties, in lieu of county totals. These reports should be as of the same date as the call for reports of condition and should include the following information by counties:

- (1) Demand deposits of individuals, partnerships, and corporations. (Total should agree with item 13 of the report of condition.)

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- "(2) Time deposits of individuals, partnerships, and corporations. (Total should correspond to item 14 of the report of condition.)
- (3) Other deposits. (Total should correspond to items 15, 16, 17, and 18 of the report of condition.)

"The banks should estimate data for counties in which they have branches that accept deposits but do not maintain separate records. The reports received from the respondent banks should be checked for reasonableness and to assure that the totals by counties are in agreement with the corresponding items on the reports of condition.

"This information will be used to tabulate information by counties for publication in the pamphlet, Distribution of Bank Deposits by Counties, which was published by the Board as of December 31, 1947 and June 30, 1949, and by the Treasury as of December 31, 1941-44. We also plan to expand this pamphlet somewhat to include tabulations for some of the principal metropolitan areas, as recently defined by the Bureau of the Budget, and to show figures for total deposits in addition to the deposits of individuals, partnerships, and corporations.

"The reports of deposits by counties should be forwarded to the Board as soon as they are collected and compared with the call reports. Reasonable extensions of time may be granted the member banks to prepare these reports. Similar reports are being collected from national banks by the Comptroller of the Currency and from insured nonmember banks by the Federal Deposit Insurance Corporation."

Approved unanimously, with the understanding that the letter would be sent when the forms referred to therein were printed and ready for distribution.

Letter to Mr. Geo. S. Sloan, Assistant Director, Division of Examinations, Board of Governors of the Federal Reserve System, Washington 25, D. C., reading as follows:

"Section 5240 of the Revised Statutes of the United States (Section 21 of the Federal Reserve Act), as amended, provides that the Board of

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"Governors of the Federal Reserve System, at least once each year, shall order an examination of each Federal Reserve Bank.

"In accordance with this provision of the law, the Board orders that at least one examination of each of the 12 Federal Reserve Banks be made during the year 1951, and the Board authorizes and directs you to institute and conduct such examinations at such time or times as may seem advisable in your judgment."

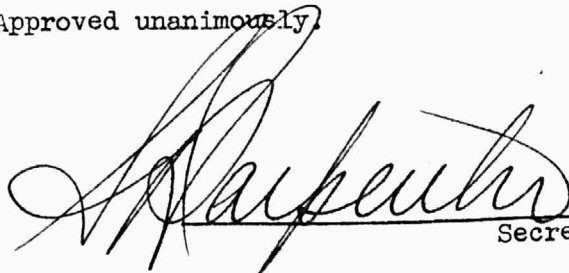
Approved unanimously.

Letter for the signature of the Chairman to Commander J. B. Williams, U.S.N., Chief, Liaison Division, OCD, Central Intelligence Agency, Washington 25, D. C., reading as follows:

"In reply to your letter of October 25, I am enclosing a memorandum prepared by the Board's Division of International Finance on the existing facilities and arrangements currently employed by the Board of Governors of the Federal Reserve System in meeting the requirements of the Government of the United States for foreign economic intelligence information relating to the national security.

"If we can be of additional assistance to the Central Intelligence Agency in the preparation of material requested from your Agency by the National Security Council, please feel free to call on us."

Approved unanimously.



Secretary.