

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, February 14, 1951.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 13, 1951, were approved unanimously.

Memorandum dated February 12, 1951, 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 February 18, 1951:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>to</u>
Caroline M. Burgess	Librarian	\$4,450	\$4,575
Verna L. Hodge	Librarian	3,475	3,600
LeRoy Dunn	Research Assistant	3,100	3,225
Rita I. Ryhal	Clerk	3,195	3,275

Approved unanimously.

Memorandum dated February 12, 1951, from Mr. Phelan, Acting Director of the Division of Selective Credit Regulation, recommending that the resignation of Miss Claudia Vidal, a clerk-stenographer in that Division, be accepted to be effective, in accordance with her request, at the close of business February 23, 1951.

Approved unanimously.

2/14/51

-2-

Memorandum dated February 12, 1951, from Mr. Phelan, Acting Director of the Division of Selective Credit Regulation, recommending the appointment of Henry Benner, presently an employee of the Federal Reserve Bank of Philadelphia, as Assistant Director of the Division of Selective Credit Regulation, on a non-permanent basis in accordance with the policy adopted on December 29, 1950, with basic salary at the rate of \$11,000 per annum, effective February 18, 1951, with the understanding that the Board will reimburse Mr. Benner for expenses connected with his moving to Washington, that until he has established residence locally he will receive a per diem allowance of \$9, and that he will be reimbursed for transportation between his home and Washington. The memorandum stated that Mr. Williams, President of the Federal Reserve Bank of Philadelphia, was agreeable to Mr. Benner's appointment and that Mr. Noyes, Assistant Director of the Division of Selective Credit Regulation, who will be responsible for the Division when Mr. Phelan returns to New York, was in favor of the appointment.

Approved unanimously.

Memorandum dated February 13, 1951, from Mr. Hilkert, Acting Director of the Division of Personnel Administration, recommending that the resignation of Miss Barbara Ashford, a clerk in that Division, be accepted to be effective, in accordance with her request, at the close of business February 16, 1951.

Approved unanimously.

2/14/51

-3-

Letter to Mr. Whittier, Chairman of the Federal Reserve Bank of Philadelphia, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Philadelphia, made as of December 1, 1950, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President Williams.

"The Board will appreciate advice that the report has been considered by the Board of Directors. Any comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.

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

"This refers to your telegram of February 9 regarding the penalty of approximately \$136 incurred by the National Bank of Commerce, Chicago, Illinois, on a deficiency in its reserves for the period ended January 17.

"It is noted that the deficiency resulted from the fact that a bookkeeper in the subject bank misunderstood the increase in reserve requirements which occurred during the period; that the amount of the deficiency was only slightly above that which the Federal Reserve Bank is permitted to waive under Paragraph E of the rules; and that the bank has not had a reserve deficiency since January 1947.

"In the circumstances, the Board authorizes your bank to waive assessment of the penalty in this case."

Approved unanimously.

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

2/14/51

-4-

"There is enclosed a copy of a letter from Mr. E. A. Sibley, Trust Officer, Frost National Bank, San Antonio, Texas, requesting advice as to whether the Board has issued a ruling to the effect that a national bank with trust powers, domiciled in Texas, is not authorized to act as agent for the rental or sale of real estate.

"It is not clear from Mr. Sibley's letter whether the bank proposed to act in this capacity under a bona fide trust appointment or merely in an agency or brokerage capacity. The Board has issued no ruling prohibiting a national bank with trust powers from engaging, in its trust capacity, in the rental or sale of real estate. Of course, the bank's authority to so act in a particular case depends upon considerations of whether a trust actually was created, the terms of the instrument establishing the trust, and the applicable State laws.

"The question of whether a national bank may act as agent in this capacity, but not under a trust appointment, is a matter for determination by the Comptroller of the Currency.

"It will be appreciated if you will advise Mr. Sibley along these lines."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks and Managing Officers of all Federal Reserve Bank Branches, reading as follows:

"A Statement of Borrower with respect to Real Estate Construction Credit, and a Statement of Borrower with respect to Credit Which Is Not Real Estate Construction Credit, revised pursuant to the February 15, 1951, amendments to Regulation X, Real Estate Credit, have now been approved and mimeographed copies are enclosed."

Approved unanimously.

Telegram to Mr. Denmark, Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

2/14/51

-5-

"Reurtel February 12 re credit fully secured by cash value of investors syndicate contract. In absence of more detailed information, we do not feel that we can express any definite opinion concerning the question whether such an extension of credit is exempt from Regulation X under section 5(1) in the same manner as credit fully secured by the cash surrender value of life insurance, but it appears very doubtful that it would be exempt."

Approved unanimously.

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 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. 119), Report 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.

"All of the forms are the same as those used on December 30, 1950. Form F. R. 105 again includes the loan and security Schedules A and B. Last fall it was

2/14/51

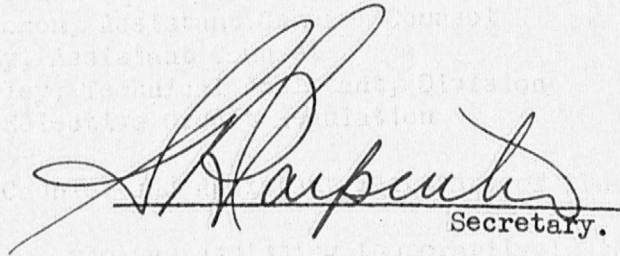
-6-

"contemplated that the policy of collecting such data only on the June and December call dates would be continued except for that one occasion; however, it seems advisable to collect these data again at the spring call.

"Schedule B remains unchanged, although there is no issue of certificates of indebtedness outstanding at this time. If this situation still prevails at the time the forms are distributed to the State member banks, it might be advisable to mention the matter in your letter of transmittal.

"It is suggested that distribution of these forms to the State member banks not be made until telegraphic advice is received from the Board. Such advice will be sent to you about the time the Comptroller's office begins distribution of blank forms to national banks."

Approved unanimously, with the understanding that the letters would be mailed when the forms have been printed.


Secretary.