

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, June 6, 1941, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Draper

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Telegrams to Messrs. Sanford, Post, and Hays, Secretaries of the Federal Reserve Banks of New York, Philadelphia, and Cleveland, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on June 3, by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, Minneapolis, and San Francisco on June 5, 1941, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated June 5, 1941, from Mr. Nelson, Assistant Secretary, recommending (1) that Kermit E. Shock, page, be promoted to the position of clerk in the Secretary's Office on a temporary

6/6/41

-2-

basis for an indefinite period and that his salary be increased from the rate of \$1,260 to \$1,440 per annum, effective June 16, 1941, and (2) that Marion E. Wright be appointed as a page in the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,260 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum from Mr. Nelson, Assistant Secretary, submitting the resignation of J. Floyd Cannon as a guard in the Building Operation and Maintenance Section of the Secretary's Office, to become effective as of the close of business on June 18, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter dated June 5, 1941, to Mr. Ruml, Chairman of the Federal Reserve Bank of New York, reading as follows:

"Your letter of June 2 in regard to the salary arrangement with John H. Williams has been brought to the attention of the members of the Board and I have been requested to advise you that the action of the Board set forth in my letter of May 29 is modified in accordance with the request in the second paragraph of your letter by eliminating the qualifying understanding that Mr. Williams will spend two days a week at the Bank and that the salary paid to him by the Bank will be at the rate of one-third of his regular annual salary. With this modification, the Board approves the payment to Mr. Williams of salary for the month of June 1941 at the rate of \$22,000 per annum.

6/6/41

-3-

"It is understood that you are to get in touch with Chairman Eccles and Mr. Szymczak some time during this month in order to work out a salary program for Mr. Williams that will be approved by the Board of Governors."

Approved unanimously.

Letter to the board of directors of "The Genoa Banking Company", Genoa, Ohio, stating that, subject to conditions of membership numbered 1 to 3 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 for transmission through the Federal Reserve Bank of Cleveland.

Letter to the board of directors of the "State Bank of Francis Creek", Francis Creek, Wisconsin, stating that, subject to conditions of membership numbered 1 to 3 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 Chicago.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'State Bank of Francis Creek', Francis Creek, Wisconsin, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested

6/6/41

"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 Commissioner of Banking for the State of Wisconsin for his information.

"Apparently the bank is under a commitment to the F.D.I.C. to increase its common stock by \$10,000 by means of a stock dividend, and toward that end a reserve for dividends payable in common stock in the amount of \$7,500 has been established. It is assumed that the Reserve Bank will, of course, see to it that the agreement with the F.D.I.C. in this connection is carried out, and it is understood that the management has it in mind to effect the increase at the next annual stockholders' meeting.

"According to the letter dated May 6, 1941, from the Supervising examiner for the F.D.I.C., during a recent discussion regarding an application for permission to retire \$7,000 of the R.F.C. debentures, the cashier of the bank asserted that a representative of the Reserve Bank stated in the presence of the discount committee of the applicant that if the bank were a member of the Federal Reserve System there would be no question about the retirement at this time of the entire \$17,000 Class A debentures outstanding. It is understood, however, that the statement referred to does not correctly represent the position taken by your representative and that the Reserve Bank has made no commitments to the bank in this connection. The presentation memorandum accompanying the application contains assurances that, if the bank is admitted to membership, applications for retirement of debentures will be considered strictly upon their merits and with full regard for the necessity of maintaining adequate capital.

"It is highly regrettable that the Supervising Examiner was given a wrong impression as to the Reserve Bank's position in the matter and it is suggested that, if it has not already been done, you write him in the endeavor to correct the impression, and that you send the Board a copy of the letter."

Letter to the board of directors of the "State Bank of Fox Lake", Fox Lake, Wisconsin, stating that, subject to conditions of

6/6/41

-5-

membership numbered 1 to 3 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 Chicago.

Approved unanimously for transmission through the Federal Reserve Bank of Chicago.

Letter to the board of directors of the "Du Quoin State Bank", Du Quoin, Illinois, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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 St. Louis:

- "4. At the time of admission to membership such bank shall have a paid-up and unimpaired capital of not less than \$100,000."

Approved unanimously for transmission through the Federal Reserve Bank of St. Louis.

Memorandum dated June 5, 1941, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, referring to the action taken at the meeting of the Board on May 15 in connection with the printing of 5,000 copies of the base book of "Banking and Monetary Statistics". The memorandum stated that Messrs. Morrill and Thurston, and Mr. Thomas (acting for Mr. Goldenweiser) had agreed that a price of \$1.50 a copy should be charged for the book; that since the purpose of the book was to make available in convenient form statistics

6/6/41

-6-

which previously had been supplied without charge, it seemed reasonable for the Board to bear a part of the initial printing cost of \$2.60 per copy; and that in addition to the 5,000 cloth-bound copies authorized by the Board, it would be desirable to have printed 3,000 unbound copies at about 40 cents each to be available for clipping and for meeting requests for specific statistics.

The printing of 3,000 unbound copies of the base book was approved unanimously, with the understanding that the appropriate budget item would be increased by the amount of the additional cost.

Thereupon the meeting adjourned.

Chester Morice
Secretary.

Approved:

James A. Carson
Vice Chairman.