

5/23/41 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, June 23, 1941, at 10:15 a.m.

PRESENT: Mr. Eccles, Chairman  
 Mr. Ransom, Vice Chairman  
 Mr. Szymczak  
 Mr. McKee  
 Mr. Draper  
 Mr. Morrill, Secretary  
 Mr. Bethea, Assistant Secretary  
 Mr. Carpenter, Assistant Secretary

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on June 18, 1941, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on June 19, 20, and 21, 1941, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated June 19, 1941, from Mr. Nelson, Assistant Secretary, submitting a request from Lawrence A. Kerns, guard in the Building Operation and Maintenance Section of the Office of the Secretary, for leave of absence for the purpose of reporting for military duty with the United States Army, and recommending that Mr. Kerns be granted leave of absence for military duty beginning June 27, 1941, in accordance with the policy adopted by the Board on November 14, 1940, for employees called for military service.

Approved unanimously.

Memorandum dated June 19, 1941, from Mr. Nelson, Assistant

6/23/41

-2-

Secretary, recommending (1) that James W. Sanderson be appointed on a permanent basis as a guard in the Building Operation and Maintenance Section of the Secretary's Office, with no change in his present salary at the rate of \$1,380 per annum, (2) that Adam V. Hauser, chauffeur, be promoted to the position of guard in the Building Operation and Maintenance Section of the Secretary's Office on a temporary basis for an indefinite period, and that his salary be increased from \$1,200 to \$1,380 per annum, effective July 1, 1941, with the understanding that if his work in the new position during the next six months is entirely satisfactory, a further recommendation will be made that his salary be increased to \$1,500 per annum, and (3) that James L. Jones be appointed as chauffeur in the Building Operation and Maintenance Section of the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,200 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, with the understanding that the permanent appointment of Mr. Sanderson will be effective immediately.

Memorandum dated June 19, 1941, from Mr. Nelson, Assistant Secretary, referring to the arrangement approved by the Board under which Lida B. Sloan, stenographer in the Office of the Secretary, and Mary McDonnell, stenographer in the Office of General Counsel, were granted extended leaves of absence without pay to June 30, 1941, and

6/23/41

-3-

recommending that the Board approve a further extension of the leaves of absence without pay for a period of one year from July 1, 1941, in order that they might continue their work in the Priorities Section of the Office of Production Management, that during such absence no contributions to the Retirement System be made by them or by the Board, and that upon return to active service they be permitted to retain the benefits accruing from service rendered prior to such absence, provided they do not withdraw their contributions to the Retirement System, it being understood that during the period of their absence they would not be members of the Retirement System. The memorandum also stated that Mr. Wyatt, General Counsel, concurred in the recommendation in so far as Miss McDonnell was concerned.

Approved unanimously.

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"This refers further to your letter of June 6, 1941, in which you state that one of the trust companies in your district which is contemplating establishing a Common Trust Fund has requested advice as to whether, in the periodical valuation of the assets in a Common Trust Fund, Series G savings bonds of the United States should be valued at par which is their cost and ultimate maturity value, or at their redemption value at the time of each valuation. These bonds are not transferable and, therefore, their liquidation value at any particular time is the amount at which they can be redeemed at that time.

"The Board's Regulation F relating to Common Trust Funds operated under the provisions of section 17(c) of Regulation F requires that the written plan for the operation of each such Fund shall include, among other things,

6/23/41

-4-

"detailed provisions relating to the basis and method of valuing assets in the Fund, but the regulation does not undertake to prescribe any precise method of valuation. However, one of the principal reasons for the requirement in the regulation that the assets of such a Common Trust Fund be valued periodically is to determine the amount which a participating trust may withdraw on the valuation date and to determine the basis upon which new participations may be issued to trusts on such date. In the circumstances, it would seem to the Board that the most appropriate basis for valuing Series G bonds for purposes of such a Common Trust Fund would be the redemption value of such bonds. This conclusion has been checked informally with officers of trust companies in other districts which are operating Common Trust Funds and they agreed with the conclusion."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris

Secretary.

Approved:

W. C. Carter

Chairman.