

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, June 27, 1941, at 11:00 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
Mr. Clayton, Assistant to the Chairman

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 26, 1941, were approved unanimously.

Telegrams to Mr. Paddock, First Vice President of the Federal Reserve Bank of Boston, Mr. Sanford, Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. McCravey, Dillard, and Stewart, Secretaries of the Federal Reserve Banks of Atlanta, Chicago, and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, 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 Bank of San Francisco on June 24, by

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the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on June 26, 1941, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memoranda dated June 26, 1941, from Mr. Carpenter, Assistant Secretary, submitting the resignations of Bert C. Dedman, as an index clerk, and Frances P. Campbell, as a junior file clerk, both in the Office of the Secretary, effective as of the close of business on June 25 and June 30, 1941, respectively, and recommending that the resignations be accepted as of these dates.

The resignations were accepted.

Memorandum dated June 26, 1941, from Mr. Nelson, Assistant Secretary, recommending (1) that Robert P. Warner, elevator operator, 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 within the next six months is entirely satisfactory, a further recommendation will be made that his salary be increased to \$1,500 per annum, and (2) that James F. Latham be appointed as an elevator operator 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

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per annum, effective as of the date upon which he commences the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated June 24, 1941, from Mr. Nelson, Assistant Secretary, recommending that, for the reason stated in the memorandum, Miss Alice M. Hanson be appointed as a stenographer in the Office of the Secretary, with salary at the rate of \$1,560 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated June 24, 1941, from Mr. Carpenter recommending that Misses Laura S. Talbott and Emily A. McAllister be appointed on a permanent basis as junior file clerks in the Office of the Secretary, each with salary at the rate of \$1,440 per annum, effective July 1, 1941.

Approved unanimously.

Memoranda dated June 17, 1941, from Mr. Wyatt, General Counsel, recommending, for the reasons stated in the memoranda, that the following increases in salaries of employees in the Office of General Counsel be made effective as of July 1, 1941; and that the title of Helen V. Dolan be changed from Clerk to Law Clerk:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Nadine L. Gallagher	Stenographer	\$1,740	\$1,800
Helen V. Dolan	Clerk	1,900	2,000
Grace L. Costinett	Stenographer	1,960	2,060
Jerome W. Shay	Law Clerk	2,900	3,200

Approved unanimously.

Memoranda dated June 24 and 26, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Maxwell R. Conklin as an Associate Economist in that Division, effective as of the close of business on June 25, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Nardin, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"In accordance with the request contained in your letter of June 18, 1941, the Board of Governors approves the appointment of Mr. Alfred C. Kearschner as Alternate Assistant Federal Reserve Agent at your Bank at a salary at the rate of \$1,500 per annum, effective July 1, 1941, with the understanding that Mr. Kearschner will be placed upon the Agent's pay roll and will be solely responsible to you, or, during a vacancy in the office of Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of his duties. When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent he may, with the approval of the Federal Reserve Agent, or, during a vacancy in the office of the Agent, of the Assistant Federal Reserve Agent, and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

"Mr. Kearschner should execute the usual oath of office and surety bond in the amount of \$10,000, and he should not enter upon the performance of his duties as Alternate

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"Assistant Federal Reserve Agent until the bond has been examined by your counsel to determine whether its execution complies fully with the rules printed on the reverse side of form of bond 182, following which the bond should be forwarded to the Board promptly for approval."

Approved unanimously.

Letter to Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in your letter of June 19, 1941, the Board of Governors approves the appointment of Mr. Maurice Allendoerfer as Assistant Federal Reserve Agent at your Bank at a salary at the rate of \$3,096 per annum, effective as of the date he assumes him duties as Assistant Federal Reserve Agent, with the understanding that Mr. Allendoerfer will be placed upon the Agent's pay roll and will be solely responsible to you, or, during a vacancy in the office of Agent, to the Board of Governors, for the proper performance of his duties. When not engaged in the performance of his duties as Assistant Federal Reserve Agent, he may, with the approval of the Agent and the President, perform such work for the Bank as will not be inconsistent with his duties as Assistant Federal Reserve Agent.

"Mr. Allendoerfer should execute the usual oath of office and surety bond in the amount of \$10,000, and he should not enter upon the performance of his duties as Assistant Federal Reserve Agent until the bond has been examined by your counsel to determine whether its execution complies fully with the rules printed on the reverse side of form of bond 182, following which the bond should be forwarded to the Board promptly for approval.

"It is noted that Mr. Allendoerfer will succeed Mr. H. H. Rhodes, whose designation as Assistant Federal Reserve Agent was terminated by you as of June 17, 1941. Please advise whether there is any objection to the Board's informing the bonding company involved that it is under no obligation on the bond executed by Mr. Rhodes as Assistant Federal Reserve Agent for any acts committed by him subsequent to June 17, 1941. Also, please advise the date Mr. Allendoerfer assumes his duties as Assistant Federal Reserve Agent.

Approved unanimously.

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

"In accordance with the request contained in your letter of June 20, 1941, the Board approves the appointment of Mr. Edmund H. Galvin as an examiner for the Federal Reserve Bank of San Francisco. Please advise us of the effective date of his employment."

Approved unanimously.

Letter to the board of directors of the "Citizens Bank of South Boston", South Boston, Virginia, 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 Richmond.

The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to guarantee the payment of bonds. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

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

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"approves the application of the 'Citizens Bank of South Boston', South Boston, Virginia, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter 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 Commissioner of Banking for the Commonwealth of Virginia for his information.

"It has been noted that Mr. Arthur Tuck has apparently disqualified himself as a director through hypothecation of his entire holdings of stock in the bank. It is noted, also, that he recently gave the bank a signed financial statement which did not include all of his indebtedness. In the circumstances, it is assumed that he is no longer serving as a director, but definite advice to this effect will be appreciated."

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

"Reference is made to your letter of June 17, 1941, submitting a request from the National Savings and Trust Company, Washington, D. C., to the Board for approval under the provisions of Section 24A of the Federal Reserve Act of a proposed expenditure of \$20,000 for the purpose of making certain improvements in its bank premises.

"In accordance with your recommendation, the Board approves the proposed expenditure with the understanding that, if the expenditure is not charged off during the year, provisions will be made for depreciation in the proposed improvements in amounts equal at least to the maximum allowable for Federal income tax purposes."

Approved unanimously.

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

"This refers to the resolution adopted on January 14, 1941, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise

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"fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers conferred by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System

"Since it may be necessary for you to file a certified copy of the Board's certificate with the State authorities in connection with the release of the securities which you have deposited with them, such a copy is enclosed herewith."

Approved unanimously.

Letter to Honorable Preston Delano, Comptroller of the Currency,
reading as follows:

"For your information and files, there are enclosed copies of letters dated June 20, 1941, from Mr. Ira Clerk, First Vice President of the Federal Reserve Bank of San Francisco, to Transamerica Corporation. These letters express the conclusion that Transamerica Corporation was a holding company affiliate of Bank of America N.T. & S.A. and The National Bank of Washington, and briefly state the facts upon which such conclusions were reached."

Approved unanimously.

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Telegram to Mr. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Relet 26, Board approves action your executive committee that date in authorizing officers your Bank, in case Bank is formally approached by Banco Central de Reserva de El Salvador in matter, to advise such Central Bank of your willingness to make at any time and from time to time any loan or loans to it on following terms and conditions:

- (a) the amount to be advanced not to exceed in the aggregate at any one time \$1,000,000, to be secured by refined gold bars earmarked in your vaults in its name of a value equivalent to at least 111% of the aggregate amount of loan or loans outstanding from time to time
- (b) such loans to run for a maximum of one year subject to prior repayment by such Central Bank at any time upon 30 days notice to you by that Bank
- (c) interest to be at your Bank's discount rate on amounts actually advanced.

"Participation in loan or loans by other Reserve Banks is approved and they are being advised accordingly by letter."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.