

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, December 3, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. Draper  
Mr. Evans

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 December 2, 1942, were approved unanimously.

Memoranda dated December 1, 1942, from Mr. Morrill, submitting the resignations of Edward Cook as a laborer and of Mrs. Mary B. Marshall as a charwoman in the Secretary's Office, to become effective as of the close of business on December 11, 1942, and January 15, 1943, respectively, and recommending that the resignations be accepted as of those dates.

The resignations were accepted.

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

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"In view of the increasing difficulties of obtaining and retaining adequate staffs during the period of the war emergency, the Board cancels letters X-9798 dated January 21, 1937 and S-275 dated July 17, 1941 relating to the retention in service or reemployment of officers and employees after attainment of age 65.

"Whenever by reason of the employment situation it would be to the advantage of your bank to retain the services of an officer or employee after he reaches age 65, the Board will offer no objection to his retention on a temporary basis, whether or not his retirement is deferred pursuant to the resolution of the Retirement Committee dated November 28, 1942, with the understanding on his part that such temporary employment may be terminated at any time. The Board likewise will offer no objection to the temporary reemployment, with the same understanding, of former officers or employees who are over 65.

"Each such case of retention or reemployment should be reviewed not less frequently than once a year and a record made of the action taken.

"This letter of course does not modify the existing procedure with respect to the approval of salaries of officers nor apply to the Presidents and First Vice Presidents."

Approved unanimously.

Telegram to Mr. Fletcher, Vice President of the Federal Reserve

Bank of Cleveland, reading as follows:

"Re absorption by Peoples City Bank, McKeesport, Pennsylvania, of Union Trust Company, Clairton, Pennsylvania. Board agrees with opinion expressed in your letter of November 18, 1942, that the logical procedure would be a sale to or consolidation with the local national bank which, it is understood, has been negotiating for the business. However, if, as a result of current negotiations, Peoples City Bank purchases assets and assumes deposit liabilities of Union Trust Company, Board approves establishment and operation of a branch at Clairton, Pa., by Peoples City Bank and the acquisition of banking premises of Union Trust Company by Peoples City Bank for approximately \$60,000. Such approval is on condition that (1) your counsel is of the opinion that the branch may be legally established and

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"is satisfied as to the other legal aspects involved, (2) assets acquired by Peoples City Bank are approved by an examiner for your bank, and (3) prior approval of proper State authorities is obtained."

Approved unanimously.

Telegram to Mr. Leland, Chairman of the Federal Reserve Bank of Chicago, stating that the Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the "Wisconsin Bankshares Corporation", Milwaukee, Wisconsin, entitling such organization to vote the stock which it owns or controls of "The Baraboo National Bank", Baraboo, Wisconsin, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram is limited to 30 days from the date of the telegram unless an extension of time is granted by the Board.

Approved unanimously.

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

"In continuance of the practice of recent years, arrangements have been made to furnish the Federal Reserve Banks a supply of work sheets (form F.R. 456) for their use in compiling member bank operating ratios for 1942 and in furnishing such data to the Board. The printing of the work sheet was delayed pending consideration of suggested revisions in the form of earnings and dividends report. It is anticipated now, however, that we shall be able to forward the work sheets to you in the next few days.

"The work sheet will not differ much from that used for the 1941 ratios. Some changes were made necessary by the revision of the earnings and dividends report form.

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"These and other changes were all worked out in co-operation with the Presidents' Conference Committee on Member Bank Operating Ratios.

"According to our records, copies of form F.R. 456 were sent you for compiling the 1941 data. In the absence of advice to the contrary, the same number of copies will be forwarded to you for compiling the 1942 figures.

"The same procedure as followed last year should be observed in sending the completed work sheets to the Board after completion of the tabulations usually made at your Bank."

Approved unanimously.

Letter to Mr. Eugene E. Thompson of the Senate Small Business Committee, reading as follows:

"Reference is made to your telephone request to Mr. Roland I. Robinson for information in regard to the extent to which Federal Reserve Banks deal with customers other than member banks.

"The Federal Reserve Banks make advances for the purpose of providing working capital to established industrial or commercial businesses that are unable to obtain accommodation from the usual sources, and discount or purchase such advances made by financing institutions, including nonmember banks. They also make commitments to make such advances within a specified period at the option of the industrial or commercial concern or of the financing institution.

"Advances secured by direct obligations of the United States are made by the Federal Reserve Banks to individuals, partnerships and corporations, and they purchase in the open market United States Government securities and, when offered, bankers' and trade acceptances.

"United States savings bonds are sold to the public by the Federal Reserve Banks, and they receive subscriptions from the public for other United States securities and sell securities from their own holdings to banks and dealers. The Federal Reserve Banks deliver newly issued United States Government securities to the purchasers and effect denominational and other exchanges of securities and redemptions for the owners. United States savings bonds are held in safekeeping by the Federal Reserve Banks for the owners on request, and they also hold

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"Treasury bills and certificates of indebtedness in safekeeping for nonmember banks.

"To a limited extent Federal Reserve Banks cash United States Government checks on presentation by individuals, and they also have direct dealings with the public on a relatively small scale in supplying currency and coin, particularly as regards those that have a considerable volume of such transactions. As the Federal Reserve Banks do not maintain deposit accounts for such customers, it is necessary that any transactions involving deposit credit be made for the account of a member bank.

"Nonmember banks may also make arrangements to receive coin and currency from the Federal Reserve Banks and, under conditions specified in the Federal Reserve Act, may be granted the privilege of participating in the check clearing and wire transfer arrangements."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

W. C. C. C.  
Chairman.