

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 12, 1943, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice Chairman
 Mr. Szymczak
 Mr. McKee
 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 January 11, 1943, were approved unanimously.

Memorandum dated January 8, 1943, from Mr. Morrill, recommending that Miss Kay E. Scott 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 she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memoranda dated December 31, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that

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the following increases in salaries of employees in that Division be approved, effective January 16, 1943:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Mrs. Louise E. Leverton	Clerk-stenographer	\$1,980	\$2,100
Miss Mildred Crews	Clerk-stenographer	1,860	1,980
Miss Eleanor C. Giovanetti	Clerk-stenographer	1,800	1,920
Miss M. Margaret Hough	Clerk-stenographer	1,800	1,920
Miss Helen Gervais	Clerk-stenographer	1,800	1,920

Approved unanimously.

Memoranda dated January 6, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the following increases in salaries of employees in that Division be approved, effective January 16, 1943:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Miss Elsie Rackstraw	Librarian	\$3,800	\$4,000
Miss Alvern H. Sutherland	Assistant Librarian	3,400	3,600
Miss Eleanor M. Esser	Library Assistant	2,040	2,160
Miss Caroline M. Burgess	Library Assistant	1,980	2,100
Mrs. Cora Jean Shupe	Library Assistant	1,620	1,800
Charles G. Trescott	Library Aid	1,500	1,620

Approved unanimously.

Memorandum dated January 8, 1943, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that the salary of Miss Dorothy R. Johnson, a stenographer in the office of Governor Szymczak, be increased from \$1,800 to \$2,200 per annum, effective January 16, 1943.

Approved unanimously.

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

"Action on the changes in the Personnel Classification Plan submitted for approval with Mr. Meyer's letter of November 14 has been held in abeyance pending clarification as to some details of the general procedure of handling increases in salary and of the certification plan.

"The Board approves the following changes as submitted with Mr. Meyer's letter:

<u>Page</u>	<u>Department</u>	<u>Title of Position</u>	<u>Maximum Annual Salary</u>
142-A	Discount	Chief	\$ 4,500
142-B	Discount	Supervisor	4,000
143-A	Credit	Chief	5,000
144	Credit	Supervisor	4,500
49-A	Personnel	Counsellor and Interviewer	3,600
209-A	Instalment Credit	Investigator	3,600

"The present page numbered 144 covering the position of Chief, Credit Department, is canceled.

"Also submitted with Mr. Meyer's letter were the following proposed increases in maximum annual salary:

<u>Page</u>	<u>Department</u>	<u>Title of Position</u>	<u>Maximum Annual Salary</u>	
			<u>Present</u>	<u>Proposed</u>
8	Equipment and Supplies	Head Printer	\$2,160	\$ 2,520
11-A	Mail	Assistant Supervisor	1,500	2,000
11-B	Mail (Night Force)	Assistant Supervisor	1,500	2,000
66	Cafeteria	General Man	1,200	1,620

"It is believed that the proposed increases in maximum annual salaries are of the type which should be handled under the certification procedure outlined in the Board's telegrams of December 16 and 23. Accordingly, these proposed changes are referred back to you for review and appropriate handling under the certification procedure. In this connection your particular attention is invited to the provisions in the Board's telegram of December 23 regarding the information to be contained in certifications to justify proposed increases."

Approved unanimously.

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Letter to the board of directors of the "Farmers State Bank of Camp Point", Camp Point, Illinois, 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 St. Louis.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Farmers State Bank of Camp Point', Camp Point, Illinois, 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 Auditor of Public Accounts for the State of Illinois for his information.

"It is assumed that you will follow the matter of the bank's reducing to within statutory limits the excess balance in a nonmember bank."

Letter to The Toledo Trust Company, Toledo, Ohio, reading as follows:

"The Board has been advised by the Federal Reserve Bank of Cleveland that your bank has become a holding company affiliate of The Commerce Guardian Bank, Toledo, Ohio, and that you desire a determination by the Board that your bank is not engaged, as a business in holding the stock of, or managing or controlling, banks.

"The Board understands that your bank is engaged in the general banking and trust business; that, in the regular course of its trust business, it holds a majority of the outstanding shares of stock of The Commerce Guardian Bank in various fiduciary capacities; and that it holds other bank stocks as fiduciary but does not own or control a substantial portion of the stock of, or manage or control,

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"any bank, except as a fiduciary acting in the regular course of its trust business.

"In view of these facts, the Board has determined that your bank is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended, and, accordingly, your bank is not a holding company affiliate for any purpose other than those of section 23A of the Federal Reserve Act.

"If, however, the facts should at any time differ from those set out above to an extent which would indicate that your bank might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to make a further determination at any time on the basis of the then existing facts."

Approved unanimously, for transmission
through the Federal Reserve Bank of Cleve-
land.

Telegram to Mr. Ashley, Assistant Federal Reserve Agent at the Federal Reserve Bank of Dallas, authorizing him to issue a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the "Republic National Company", Dallas, Texas, entitling such organization to vote the stock which it owns or controls of "The First National Bank of Waco", Waco, Texas, and "The Liberty State Bank", Dallas, Texas, at any time prior to April 1, 1943, to elect directors of such banks at the annual meetings of shareholders, or any adjournments thereof, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks. The telegram also contained the following additional statements:

"In view of urgency of matter and other circumstances of case, it has been deemed unnecessary to require agreement suggested in last paragraph of Evans' letter of January 9 in connection with issuance of this limited permit. After 1943 annual meetings of above named banks, please advise us as to number of

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"shares voted for election of directors of each bank and any further changes in facts bearing on question whether Republic National Company is still a holding company affiliate of such banks."

Approved unanimously.

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

"An inquiry has recently been received as to whether a Statement of Necessity under section 10(d) of Regulation W may properly be accepted if the only contingency mentioned in it is the increased tax burden resulting from the most recent Federal income tax law.

"Section 10(d) of the Regulation is intended to take care of extraordinary cases involving undue hardship. Since the income tax law will affect a large proportion of the population of the United States, the resulting burden cannot properly be called an undue hardship of the type covered by that section.

"Of course there may be exceptional cases where the increased tax burden, although not unforeseen by the obligor at the time of obtaining the extension of credit and although not in itself creating undue hardship, may nevertheless be a factor which, in combination with other causes, will produce a situation justifying the acceptance of a Statement of Necessity. However, as previously indicated, the increased tax burden, by itself, is not a proper basis for the acceptance of a Statement of Necessity."

Approved unanimously.

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

"Your letter of January 7 states that in some instances where venetian blinds have been sold by a furniture store you have ruled that they should be classed as furniture under Group B in section 13(a) of Regulation W, but that if the venetian blinds are made to fit a particular building or residence you believe they should be classified under Group C.

"As you know, similar questions were discussed in the Board's letter S-437-a where the Board said, with respect to screens, awnings and storm windows, that they should be included in Group C (formerly Group E) because although they

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"are readily removable without damage to the building, they are made to fit a particular building and, as a general proposition, are not suitable for use elsewhere without alteration.

"Venetian blinds are usually made to fit a particular building, and although those which are not present a very close question, venetian blinds appear to be so similar to screens, awnings and storm windows from the standpoint of classification that they should likewise be included in Group C."

Approved unanimously.

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

"Treasury is anxious to secure figures on bank deposits by counties to use, along with several other types of data, as guides to relative performance of different sections of country during next Victory Loan campaign. For this purpose please compile statement, arranged by counties, showing in even dollars (1) demand deposits of individuals, partnerships, and corporations, item 13 in call report, and (2) time deposits of individuals, partnerships, and corporations, item 14 in call report, as reported by State member banks on December 31, 1941 and 1942. Banks operating branches outside head office county should be requested to furnish breakdown by counties of items 13 and 14 in call report, and branch figures should be included in counties in which branches are located. Statement should show total of each item for each county, and district totals for 1941 should be in substantial agreement with Board's 'Member Bank Call Report'. Statement should be mailed in time to reach Washington by January 29. Figures for any county not available in time should be wired as soon as obtained. State member bank figures will be combined by Treasury with those covering other banks."

Approved unanimously.

Thereupon the meeting adjourned.

Chesler Morrie
Secretary.

Approved:

W. C. ...
Chairman.