

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, January 15, 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 14, 1943, were approved unanimously.

Telegrams to Messrs. Treiber and Hays, Secretaries of the Federal Reserve Banks of New York and Cleveland, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard, Stewart, and Powell, Secretaries of the Federal Reserve Banks of Chicago, St. Louis, and Minneapolis, respectively, 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 January 12 and by the Federal Reserve Banks of New York,

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Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on January 14, 1943, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to the board of directors of the "Peapack-Gladstone Bank", Gladstone, New Jersey, 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 New York.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Peapack-Gladstone Bank', Gladstone, New Jersey, 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 & Insurance for the State of New Jersey for his information.

"It is noted that the bank continues to pay dividends on common stock although deposits are steadily increasing and net operating earnings are below the average. It is assumed, of course, that the Reserve Bank will follow the situation closely and encourage the conservation of earnings to provide more adequate capital."

Letter to the board of directors of the "Peoples State Bank of Gillespie", Gillespie, 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

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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 'Peoples State Bank of Gillespie', Gillespie, 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 bringing into conformity with the provisions of law and the Board's regulations the savings accounts mentioned on page 16 of the report of examination for membership."

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

"This refers to your letter of January 9, 1943, relating to participation by the Federal Reserve Banks in the ration banking program of the Office of Price Administration.

"While no formal opinion was prepared with respect to the legal authority of the Federal Reserve Banks to perform the services contemplated, members of the Board's legal staff have been consulted concerning this matter; and, with their approval, the Board, in its letter of December 16, 1942, to Mr. Henderson, indicated its willingness that the Federal Reserve Banks should participate in the ration banking program. A copy of the Board's letter is enclosed.

"I am also enclosing a copy of the Board's letter of this date to the Office of Price Administration which is designed to obtain a formal understanding concerning reimbursement of the Federal Reserve Banks by the Office of Price Administration for expenses incurred by the banks in the performance of these services. Separate agreements

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"between the Office of Price Administration and the several Federal Reserve Banks would appear unnecessary."

Approved unanimously, together with the following letter to Mr. Louis J. Kroeger, Executive Officer of the Rationing Department of the Office of Price Administration:

"Referring to Mr. Henderson's letter of November 25, 1942, to Chairman Eccles, and the Chairman's reply thereto, dated December 16, 1942, and to your release to the press dated January 10, 1943, we have noted the basis agreed upon for reimbursing commercial banks in connection with the operation of ration banking accounts. Since the Federal Reserve Banks do not maintain ration banking accounts, but are expected to assist in the clearance of out-of-town ration banking checks as agents of the Office of Price Administration, it is assumed that your Office will reimburse the Federal Reserve Banks for expenses incurred in handling ration banking checks on the same basis that the Reserve Banks are reimbursed for handling work for other Government agencies and departments. Requests for reimbursement of such expenses are submitted on GAO voucher Form 1034 in the detail required by Government administrative and accounting offices.

"It will be appreciated if the Office of Price Administration will advise the Board whether the above method of reimbursing the Federal Reserve Banks for their expenses in connection with the clearance of ration banking checks is satisfactory to it."

Thereupon the meeting adjourned.

Robert Morier

Secretary.

Approved:

W. A. Eccles

Chairman.