

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, January 29, 1943, 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 January 28, 1943, were approved unanimously.

Telegrams to Mr. Hays, Secretary of the Federal Reserve Bank of Cleveland, Mr. Walden, First Vice 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. Stroud, First Vice 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 26 and by the Federal Reserve Banks of Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on January 28, 1943, of the rates

1/29/43

-2-

of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated January 16, 1943, from Mr. Morrill, recommending that the following increases in salaries of employees in the Secretary's Office be approved, effective February 1, 1943:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Service Functions</u>			
Seburn E. Baker	Senior Operator (Duplicating Devices)	\$2,200	\$2,400
Flora J. Griffith	Chief Telephone Operator	1,800	1,920
Mary A. Deuterman	Clerk	1,560	1,680
Dorothy Newquist	Clerk	1,380	1,560
Nelson S. Dyson	Junior Operator (Duplicating Devices)	1,680	1,740
Ralph A. Sherrod	Junior Operator (Duplicating Devices)	1,380	1,440
Julian R. Scott	Messenger	1,320	1,440
<u>Building Operation and Maintenance Section</u>			
Donald Hurst	Elevator Operator	1,200	1,320

Approved unanimously.

Memorandum dated January 25, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Robert W. Bean, a junior economist in that Division, be granted leave of absence without pay beginning January 20, 1943, so that he might enter active duty with the United States Army, and that he be granted the benefits provided in the policy adopted by the Board on November 14, 1940, and amended August 20, 1941, for all employees entering military service.

Approved unanimously, with the understanding that the payment of one month's unearned salary would be at the rate of basic salary plus overtime.

1/29/43

-3-

Memorandum dated January 26, 1943, from Mr. Parry, Chief of the Division of Security Loans, submitting the resignation of Lewis N. Dembitz as Special Assistant in that Division, to become effective as of the close of business on January 26, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated January 28, 1943, from Mr. Morrill, submitting the resignation of Miss M. Eleanor McCue as a junior file clerk in the Secretary's Office, to become effective as of the close of business on January 28, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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

"This refers to your letter of January 21, 1943, requesting that the Board authorize your Bank to waive the penalty of \$38.44 incurred by the Citizens Loan & Trust Company of Washington, Indiana, on reserve deficiencies during the semi-monthly period ended January 15, 1943.

"Strictly speaking, the deficiency in reserves during the period ended December 31, 1942, was the second deficiency subject to a penalty subsequent to the reserve computation period within which the subject bank became a member; and, in the absence of the Board's approval, the penalty of \$29.99 for that deficiency could not be waived by your Bank under the terms of paragraph (b), as amended, of the Board's letter X-7411 dated April 14, 1933, (F.R.L.L.S. #6121). However, in view of the circumstances stated in your letter of January 21, 1943, the Board ratifies the action of your Bank in waiving that penalty and interposes no objection to your Bank's waiving the penalty of \$38.44 incurred by the subject bank on reserve deficiencies during the semi-monthly period ended January 15, 1943."

Approved unanimously.

1/29/43

-4-

Letter to "The First Lake County National Bank at Libertyville",
Libertyville, Illinois, reading as follows:

"This refers to the resolution adopted on August 24, 1942, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has never actually accepted or undertaken the exercise of any trust, 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."

Approved unanimously.

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

"There are enclosed three copies of a memorandum, dated January 28, from Lt. Colonel Paul Cleveland, with which is enclosed a memorandum on 'Procedure for Guaranteed Loans for which the Repayment Prospect is Threatened'. As requested by Colonel Cleveland, will you please deliver one copy of the memorandum to the Liaison Officer at your Bank.

"It will be appreciated if you will let us have your comments with respect to the memorandum not later than February 8, 1943."

Approved unanimously.

1/29/43

-5-

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. S. Lewis
Chairman.