

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, May 7, 1943, at 11:00 a.m.

PRESENT: 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 May 6, 1943, were approved unanimously.

Telegrams to Messrs. Treiber, McCreedy, and Hays, Secretaries of the Federal Reserve Banks of New York, Philadelphia, 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 Banks of St. Louis and San Francisco on May 4, by the Federal Reserve Bank of Richmond on May 5, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco on May 6, 1943, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Letter to Mr. Kit Williams, Washington, D. C., reading as follows:

"In accordance with the request in your letter of May 1, 1943, the Board has accepted the tender of your resignation as Attorney, effective at the close of business July 31, 1943, and this letter is written to advise you accordingly."

Approved unanimously.

Memorandum of this date from Mr. Morrill, submitting the resignation of Mrs. Rebecca Baird as a cafeteria helper in the Secretary's Office, to become effective as of the close of business on April 30, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Hays, Vice President and Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with your request the Board of Governors approves the changes in the Personnel Classification Plan of the Federal Reserve Bank of Cleveland, as submitted with your letter of April 24, 1943, which was supplemented by Mr. Laning's letter of April 28, 1943."

Approved unanimously.

Memorandum dated May 4, 1943, from the Personnel Committee, submitting the name of Charles S. Lee, a farmer and cattle raiser of Oviedo, Florida, as director of the Jacksonville Branch of the Federal Reserve Bank of Atlanta for the unexpired portion of the term ending December 31, 1945, and recommending (1) that the Chairman of the Federal Reserve Bank of Atlanta be requested to ascertain informally whether Mr. Lee will accept appointment and (2) that the appointment be tendered if he will accept.

Approved unanimously.

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

"As you were advised in a letter dated April 19, the Board felt that no action could be taken with respect to adjustments in salaries of officers of your Bank, as proposed in your letter of April 3, 1943, until the situation was clarified.

"The Board has been advised that, under the provisions of the Executive Order of April 8, it cannot approve increases in salaries which, prior to that date, would have required certification to the Joint Committee established by the War Labor Board and the Commissioner of Internal Revenue in connection with the administration of the wage and salary stabilization regulations. Prior to April 8, 1943, an increase in the salary of Messrs. Agnew, Holman, Wheeler, and the managing directors of the branches would have required certification to the Joint Committee inasmuch as their present salaries are the maximums which have been paid for the positions and therefore have established the pattern.

"Accordingly, while the Board approves the payment of salaries to the other officers of the Bank for the year beginning May 1, 1943 at the rates as fixed by your Board of Directors, salaries for Messrs. Agnew, Holman, Wheeler, Ambrose, Davis and Shaw are approved at the rates received during the past year.

"The list of salaries as approved is as follows:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE</u>		
Day, Wm. A.	President	\$25,000
Clerk, Ira	First Vice President	19,000
Hale, W. M.	Vice President	16,500
West, R. B.	Vice President	10,000
Earhart, C. E.	Vice President	12,000
Mangels, H. N.	Cashier	8,500
Mailliard, E. C.	Assistant Cashier	5,700
Osmer, J. M.	Assistant Cashier	6,000
Slade, H. F.	Assistant Cashier	6,000
Hardy, R. T.	Assistant Cashier	5,700
Sherman, Merritt	Assistant Cashier	5,500
Armstrong, Heward	Assistant Cashier	5,000
Bent, D. E.	Assistant Cashier	4,500
Armstrong, H. D.	Assistant Cashier	5,000
Randall, J. A.	Assistant Cashier	4,000
Holman, F. H.	General Auditor	8,000
Agnew, Albert C.	General Counsel	14,000
Wheeler, Oliver P.	Director of Research	7,500

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<u>"Name (Continued)"</u>	<u>Title</u>	<u>Annual Salary</u>
<u>LOS ANGELES BRANCH</u>		
Ambrose, W. N.	Managing Director	\$10,000
Bold, Fred C.	Assistant Manager	7,000
McRitchie, M.	Assistant Manager	6,000
Meyer, L. C.	Assistant Manager	5,500
Durran, W. D.	Assistant Manager	4,800
Watkins, C. H.	Assistant Manager	4,500
<u>PORTLAND BRANCH</u>		
Davis, D. L.	Managing Director	8,500
MacEachron, S. A.	Assistant Manager	6,000
Blanchard, J. P.	Assistant Manager	4,500
<u>SALT LAKE CITY BRANCH</u>		
Partner, W. L.	Managing Director	8,500
Leisner, J. M.	Assistant Manager	6,000
Scott, W. M.	Assistant Manager	4,500
Simms, D. E.	Assistant Manager	4,500
<u>SEATTLE BRANCH</u>		
Shaw, C. R.	Managing Director	8,500
Russell, B. A.	Assistant Manager	5,000
Everson, R. E.	Assistant Manager	5,000
Symms, Ronald T.	Assistant Manager	4,500

"We shall be glad to discuss this situation with you during your next visit to Washington."

Approved unanimously.

Telegram to Mr. Lyle L. Hague, Cherokee, Oklahoma, reading as follows:

"Board of Governors of Federal Reserve System has appointed you as Class C director of Federal Reserve Bank of Kansas City for unexpired portion of term ending December 31, 1945, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Letter to the board of directors of "The Farmers Savings Bank Company", Stony Ridge, Ohio, 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

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System and for the appropriate amount of stock in the Federal Reserve Bank of Cleveland.

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

"The Board of Governors of the Federal Reserve System approves the application of 'The Farmers Savings Bank Company', Stony Ridge, Ohio, 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 Superintendent of Banks for the State of Ohio for his information.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of the law and the Board's regulations, the savings account shown on page 16 of the report of examination for membership."

Letter to the board of directors of "The Liberty State Savings Bank", Liberty Center, Ohio, 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 Cleveland.

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

"The Board of Governors of the Federal Reserve System approves the application of 'The Liberty State Savings Bank', Liberty Center, Ohio, 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

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"also enclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of Ohio 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 listed on page 16 of the report of examination for membership."

Letters to "The Farmers State Savings Bank", Delta, Ohio, "The Lorain County Savings & Trust Company", Elyria, Ohio, the "Farmers Bank of Boydton", Boydton, Virginia, the "Citizens Bank and Trust Company of Clarksville", Clarksville, Virginia, the "Commercial State Bank of Melvin", Melvin, Illinois, the "Mutual Trust and Deposit Company", New Albany, Indiana, and the "Miners' and Merchants' Bank", Chelan, Washington, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

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

"In your letter of April 17 commenting in some detail upon the condition of the First National Bank of Dixon, Dixon, California, which bank had made application for designation as a War Loan Depository and the application referred by you to the Treasury Department, you inquire if some measures may not be taken to coordinate the efforts of the Office of the Comptroller of the Currency and the F.D.I.C. to cure promptly the condition of any national bank which is in an unsatisfactory condition, as in the case of the Dixon bank.

"We have learned informally that the condition of the national bank and that of its closely affiliated nonmember insured savings bank were discussed recently in Washington

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"by representatives of the F.D.I.C. and the Comptroller's Office and also that the local supervising examiner for the F.D.I.C. and the chief national bank examiner at San Francisco have exchanged views on the two banks. While we understand that no definite plan has been developed for a solution of the problem, the situation has been receiving the consideration of the Federal supervisory agencies directly interested.

"There is no question but that, as you say, the strengthening of weak banks should not be delayed until a banking crisis arises. Among the principal reasons for our recent adoption of a uniform system for rating member banks was in order that we would have before us at all times and in an organized manner the weak situations and the corrective measures which were needed in those cases. Even though neither of the banks involved here is a State member bank and therefore does not come under our supervision, we are all interested in the maintenance of sound banking conditions in all banks. We feel sure that representatives of the Comptroller's Office and the F.D.I.C. will welcome any views which you may have with respect to bringing about needed improvements in the Dixon situation, and it is suggested that you discuss the affairs of the banks with them."

Approved unanimously.

Letter to Mr. Turman, Counsel of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letter of April 17 and the enclosed copy of a letter dated April 15, from Sutherland, Tuttle & Brennan, attorneys for Norris & Hirshberg, Inc., with reference to Regulation T, the question being whether the latter may transact business with a member of a national securities exchange but at the same time continue to hold in an inactive status certain accounts representing credit extended in connection with the purchase of unlisted securities at a time when the firm was not subject to the Regulation.

"As you point out, the situation is not one which is covered by any of the provisions of section 7(b) of the Regulation authorizing the maintenance of credit initially extended without violation of the Regulation. Moreover, it may be mentioned for your information that the case also does not appear to be within the spirit of that section since it seems questionable that a broker should be permitted to place himself outside of the scope of the Regulation, extend credit which he could not otherwise have extended and then make himself again subject to the Regulation without restoring his

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"position to that which he would have held if he had been subject to the Regulation continuously."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Brown
Secretary.

Approved:

W. S. L. L. L.
Member.