

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 26, 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 hereinafter 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 25, 1943, were approved unanimously.

Memorandum dated May 22, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Helen Taft Manning be appointed as an economic assistant in that Division, with basic salary at the rate of \$2,000 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.

Memorandum of this date from Mr. Morrill, recommending that Mrs. Laura Dorn be appointed as a cafeteria helper in the Secretary's Office on a temporary basis for a period of not to exceed 60 days, with salary at the rate of \$1,080 per annum, effective May 26, 1943.

Approved unanimously.

Memorandum dated May 22, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation

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of Mrs. Vera R. Glaser as a clerk-stenographer in that Division, to become effective as of the close of business on June 1, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated May 25, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Mary Ann Orndoff as a clerk in that Division, to become effective as of the close of business on May 25, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted, with the understanding that appropriate deduction would be made from her salary for one day and 34 minutes of unearned annual leave and three days and one hour of unearned sick leave.

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

"In your reply of May 10 to the Board's letter of May 7, you refer to the Board's letter as advising 'that the Board felt no action could be taken respecting the adjustments of salaries of officers of this bank, as proposed in our letter of April 3, until the situation was clarified.' This is not quite correct and we wish to clarify the record.

"The reference related to an advice contained in the Board's letter of April 19.

"Subsequently the Board was advised by Counsel that, under the provisions of the Executive Order of April 8, it could approve increases within the salary pattern of a Federal Reserve Bank but could not approve increases in salaries which prior to April 8, 1943 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.

"Accordingly, in the Board's letter of May 7, the increases requested in the salaries of Messrs. Heward Armstrong, H. D. Armstrong and J. A. Randall were approved."

Approved unanimously.

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Letters to "The Home Bank and Trust Company of Darien", Darien, Connecticut, and "The Liberty State Savings Bank", Liberty Center, Ohio, 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 the Presidents of all the Federal Reserve Banks, with a copy of the enclosure to all Liaison Officers, reading as follows:

"For your information and guidance there is enclosed a copy of a memorandum, dated May 18, 1943, addressed to Mr. Smead by Colonel W. C. Rutter, Chief, Funds Control Section, Fund Allocation and Control Branch, Army Service Forces, regarding deductions for overdeposits of fees in connection with loans guaranteed on behalf of the War Department."

Approved unanimously.

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

"Pursuant to a request of the Armed Services and the Maritime Commission, it will be appreciated if you will obtain a monthly progress report and a quarterly income statement and balance sheet on loans guaranteed pursuant to Executive Order 9112 and Regulation V in those cases where current reports are necessary in order to show adequately the progress of the loan. The progress report should cover information called for by the attached form and such additional information, if any, as in any particular case your Bank feels it should have in the administration of the loan."

"The Services request that the monthly and quarterly reports be forwarded to them only in those cases where the Federal Reserve Bank is of the opinion that the condition of the borrower is such as to require the particular attention of the guarantor. As the administration of guaranteed loans is primarily a function of the Reserve Banks, the

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"Services feel that there is no reason to send them the monthly and quarterly reports where there are no particular problems confronting the borrower."

Approved unanimously, together with letters to each of the services transmitting copies of the above letter and its enclosure.

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

"For your information and guidance there is enclosed a memorandum from the Navy Department, dated May 21, 1943, addressed to Mr. Smead, signed by William A. Coolidge, Assistant Chief of Finance Section, regarding Liaison Officers furnishing information concerning the necessity and ability of applicants for Navy guarantees to perform under Army contracts."

Approved unanimously.

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

"You will find enclosed a memorandum from the Navy Department, dated May 26, 1943, addressed to Mr. Smead, signed by William A. Coolidge, Chief of Finance Section, regarding the awarding of new contracts to borrowers having existing loans guaranteed by the Navy Department."

Approved unanimously.

Telegram to Mr. Ford, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"Board approves changes in Interdistrict Time Schedule requested in your May 25 wire. Letter of advice being sent to all Presidents."

Approved unanimously, together with the following letter to the Presidents of all the Federal Reserve Banks:

"Upon request of the Federal Reserve Bank of Dallas, the Board of Governors of the Federal Reserve System has approved

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"the following changes in the Interdistrict Time Schedule for cash items:

	<u>From</u>	<u>To</u>
Dallas to Charlotte	2 days	3 days
Dallas to Jacksonville	2 days	3 days
Dallas to New Orleans	1 day	3 days
Dallas to Detroit	2 days	3 days
Dallas to Memphis	1 day	2 days
Dallas to Minneapolis	2 days	3 days
Dallas to Kansas City	1 day	2 days
Dallas to Omaha	2 days	3 days
El Paso to New Orleans	2 days	3 days
El Paso to Omaha	2 days	3 days
Houston to Jacksonville	2 days	3 days
Houston to New Orleans	1 day	2 days
Houston to Denver	2 days	3 days
Houston to Omaha	2 days	3 days
San Antonio to Birmingham	2 days	3 days
San Antonio to Nashville	2 days	3 days
San Antonio to New Orleans	2 days	3 days
San Antonio to Chicago	2 days	3 days
San Antonio to Louisville	2 days	3 days
San Antonio to Denver	2 days	3 days
San Antonio to Omaha	2 days	3 days "

Letter to the Comptroller of the Currency, reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 17, 1942, for printing of \$8,880,000 of Federal Reserve notes of the 1934 Series for the Federal Reserve Bank of Richmond in the \$20 denomination."

Approved unanimously.

Letter to Mr. Hardy, Assistant Cashier of the Federal Reserve Bank of San Francisco, reading as follows:

"In response to the request contained in your letter of May 19, 1943, the Board has designated Mr. John DeLaMater to represent your Bank in witnessing the mutilation of four signature plates used in an automatic check-signing machine and bearing the facsimile signatures of Messrs. Ambrose, Davis, Partner, and Shaw.

"Advice will be furnished you when the mutilation of these plates has been witnessed."

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Approved unanimously, together with a letter to Honorable William A. Julian, Treasurer of the United States, informing him of the designation of Mr. DeLaMater to represent the Reserve Bank and requesting advice as to when the mutilation would take place.

Memorandum of this date from Mr. Dreibelbis, General Attorney, recommending that there be published in the June issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

United States Obligations as Collateral
for Federal Reserve Notes

Stabilization Fund Legislation

Foreign Funds Control
Treasury Department Releases

The memorandum stated that the Act extending the period during which direct obligations of the United States might be used as collateral security for Federal Reserve notes had not yet been signed by the President, that therefore the date of approval could not be supplied at this time, but that it would be inserted before the publication of the June Bulletin.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. C. C. C.
Chairman.