

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

PRESENT: 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 June 10, 1943, were approved unanimously.

Telegrams to Messrs. Paddock and Leach, Presidents of the Federal Reserve Banks of Boston and Richmond, respectively, Mr. Frazer, Secretary pro tem of the Federal Reserve Bank of Atlanta, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Vice President 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 June 8, by the Federal Reserve Bank of Atlanta on June 9, by the Federal Reserve Banks of Richmond, Chicago,

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St. Louis, Minneapolis, and Dallas on June 10, 1943, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to "The Montrose National Bank", Montrose, Colorado, reading as follows:

"This refers to the resolution adopted on March 9, 1943, 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:

"Referring to the Board's letter of November 14, 1942, S-586, you will find enclosed copy of a memorandum from the Navy Department dated June 7, 1943, signed

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"by William A. Coolidge, Chief of Finance Section, supplementing Mr. Mitchell's memorandum of November 9, 1942, regarding personnel attached to the Finance Section of the Navy Department."

Approved unanimously.

Letter to Mr. Cameron, Assistant Cashier of the Detroit Branch of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of June 7, 1943 enclosing a copy of a letter from Mr. W. E. Blakeley, Vice President, National Bank of Detroit, Detroit, Michigan, dated June 4, 1943, requesting a more detailed definition of the term 'out-of-pocket expenses' as used in the Board's telegram of May 12, 1943 with respect to commitment and other fees on Regulation V loans.

"The Board does not deem it advisable to undertake to define precisely the items of expense which are to be treated as out-of-pocket expenses since, as indicated in our letter of May 27, 1943 to Mr. Chalfont, the question is one which must ordinarily be determined in the light of the facts of particular cases. This is true of such items of expense as postage and telephone charges. In general, expenses specially incurred in connection with particular transactions should be considered as out-of-pocket expenses; and, accordingly, such overhead expenses as rent, heat, light, and salaries of employees would not be so considered."

Approved unanimously, together with letters to Lieutenant Colonel Paul Cleveland of the War Department, Mr. William A. Coolidge of the Navy Department, and Lieutenant B. B. Griffith of the Maritime Commission, transmitting copies of the incoming letter, with its enclosure, and the above reply.

Memorandum dated June 5, 1943, from Mr. Clayton, submitting a suggestion from Chairman Eccles that Mr. Day, as Chairman of the Presidents' Conference, be asked to place on the agenda of the Conference for discussion with the Board at the forthcoming meeting the question of including in the research program at each Federal Reserve Bank the

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accumulation of data to show the financial requirements of industrial corporations for reconversion from war production to civilian production, including information as to the portion of the funds required for conversion that should be met by bank credit and the portion that should be supplied by investment funds.

Approved unanimously.

Thereupon the meeting adjourned.

Orestes Morrie
Secretary.

Approved:

Donald J. Jensen
Vice Chairman.