A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, July 15, 1943, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee

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 July 14, 1943, were approved unanimously.

Memorandum of this date from Mr. Morrill, recommending (1) that the appointment of John Simms as a cafeteria helper in the Secretary's Office be made permanent, with no change in his present salary at the rate of $1,200 per annum, effective as of the expiration of his temporary appointment at the close of business on July 17, 1943, and (2) that the temporary appointment of Ulys Craig as a cafeteria helper be extended for an additional period of not to exceed 60 days, with no change in his present salary at the rate of $1,080 per annum, effective as of the expiration of his present appointment at the close of business on July 19, 1943.

Approved unanimously.

Letter to the board of directors of the "Farmers and Merchants Trust Company of Chambersburg", Chambersburg, Pennsylvania, stating that,
subject to conditions of membership numbered 1 to 6 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 Philadelphia.

The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking and trust business, such as the power to act as surety in certain circumstances. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Farmers and Merchants Trust Company of Chambersburg', Chambersburg, Pennsylvania, 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 Secretary of Banking for the Commonwealth of Pennsylvania for his information.

"It is noted that the bank agreed to charge off before admission estimated losses amounting to $2,101.50 as shown in the report of examination for membership and it is assumed that you will satisfy yourselves that such losses have been charged off or otherwise eliminated prior to the bank's admission to membership. It is assumed, also, 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, and the matter of the payment of interest on uninvested trust funds temporarily deposited on a demand basis in the bank's commercial department."

Letter to the board of directors of "The Miners & Merchants Bank", Smithfield, 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 Miners & Merchants Bank', Smithfield, 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 to a satisfactory conclusion (1) 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, (2) the reduction to within statutory limits of the excess balance in a nonmember bank, (3) the correction of the form of promissory note used by the bank in order to eliminate any question as to its negotiability, and (4) the stamping of stock certificates with a legend notifying the stockholders that no dividends will be paid until all the depositors have been paid their respective Trustees' Participating Certificates in full."

Letter to the board of directors of the "Indiana Lawrence Bank and Trust Company", North Manchester, Indiana, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's
Regulation H and the following special condition, 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 Chicago:

"7. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of $989.03, as shown in the report of examination of such bank as of June 12, 1943, made by an examiner for the Federal Reserve Bank of Chicago."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Indiana Lawrence Bank and Trust Company', North Manchester, Indiana, 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 Director, Department of Financial Institutions for the State of Indiana for his information.

"It is understood that in the State of Indiana trust funds deposited in the banking department of a bank are preferred claims in the event of liquidation of the bank. Therefore, you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 6 until further notice."

Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"Retel July 14. Board extends to August 17, 1943, the time within which The Medaryville State Bank, Medaryville, Indiana, may accomplish membership in the System."

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

"Further reference is made to the Board's letter S-651, dated May 21, 1943, with which was enclosed a copy of a memorandum from the Director of Finance of the United States Maritime Commission, Mr. R. E. Anderson, to the Commission, dated May 12, 1943.

"For your information and guidance there is enclosed a copy of a letter from the Maritime Commission, dated July 12, 1943, signed by Mr. B. B. Griffith, Assistant to the Director of Finance, relative to standard condition No. 6 set forth in Mr. Anderson's memorandum of May 12."

Approved unanimously.

Letter to Honorable Guy T. Helvering, Commissioner of Internal Revenue, reading as follows:

"Enclosed is a copy of a letter which Mr. L. W. Knoke, Vice President of the Federal Reserve Bank of New York, addressed to the Board of Governors of the Federal Reserve System under date of July 12, 1943, with regard to the applicability of the withholding provisions of section 143(b) of the Internal Revenue Code to the Federal Reserve Bank of New York with respect to income earned in this country by the Bank for International Settlements.

"It will be appreciated if you will advise the Board of Governors whether, in the light of the facts and circumstances stated in the enclosed letter, the Federal Reserve Bank of New York is required to withhold Federal income taxes from the proceeds of bankers acceptances and credit company notes owned by the Bank for International Settlements."

Approved unanimously.

Thereupon the meeting adjourned.

Chairman.

Approved: [Signature]

Secretary.