

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, July 31, 1943, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Draper  
Mr. Evans

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 July 30, 1943, were approved unani-  
mously.

Memorandum dated July 29, 1943, from Mr. Goldenweiser, Di-  
rector of the Division of Research and Statistics, recommending that  
Miss Louise I. Spearman be appointed as a clerk in that Division on  
a temporary basis for an indefinite period, with basic salary at the  
rate of \$1,440 per annum, effective as of the date upon which she en-  
ters upon the performance of her duties after having passed satisfac-  
torily the usual physical examination.

Approved unanimously.

Memorandum dated July 29, 1943, from Mr. Leonard, Director  
of the Division of Personnel Administration, recommending, with the  
concurrence of the Board members concerned, that the basic salaries

7/31/43

-2-

of William H. Drake, Gordon P. Johnson, and Sidney Washington, messengers in the offices of Governor Draper, Chairman Eccles, and Governor Ransom, respectively, be increased from \$1,500 to \$1,560 per annum each, effective August 1, 1943.

Approved unanimously.

Memoranda dated July 29, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the following increases in basic annual salaries of messengers in that Division be approved, effective August 1, 1943:

<u>Name</u>	<u>Salary Increase</u>	
	<u>From</u>	<u>To</u>
Ernest Marlowe	\$1,500	\$1,560
Jesse D. Smith	1,500	1,560
James H. Newton	1,380	1,440

Approved unanimously.

Memorandum dated July 30, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Robert Eisenberg as an Economic Specialist in that Division, to become effective as of the close of business on August 11, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum of this date from Mr. Bethea, submitting the resignation of Miss Charlotte Mitchell as his secretary, to become effective as of the close of business on August 26, 1943, and recommending

7/31/43

-3-

that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum of this date from Mr. Bethea, submitting the resignation of Mrs. Mary Campbell as a cafeteria helper in the Secretary's Office, to become effective as of the close of business on August 3, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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

"The Board of Governors approves all of the changes in the personnel classification plan for the Cincinnati and Pittsburgh Branches as submitted in your letter of July 22, 1943, except the establishment of the proposed positions of Supervisor of the Audit Department at each of the Branches. Action on the establishment of these positions is being deferred, as has been discussed with you, pending submission of the revised sheets with supporting certificate covering the positions of Auditor's Representative in order that they may be considered together."

Approved unanimously.

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

"In accordance with the request contained in your letter of July 26, 1943, the Board of Governors approves the payment of salary to Mr. R. H. Morrill as Assistant Cashier at the rate of \$4,200 per annum, for the period August 1, 1943 to April 30, 1944, inclusive."

Approved unanimously.

7/31/43

-4-

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letters of June 21 and July 8, 1943, in which you recommend that the Board revoke the permission granted on October 26, 1942, to the American National Bank of Jacksonville, Jacksonville, Florida, to maintain the same reserves against deposits as are required to be maintained by member banks located outside of central reserve and reserve cities.

"In granting the bank the privilege of carrying reduced reserves, the Board's decision was based principally on the information you submitted which showed that the subject bank was located in an outlying section; that the Comptroller of the Currency has recognized the community as an outlying district, having approved the bank's application to convert to a national bank with a capital of \$100,000 instead of \$200,000, as is required of national banks in the downtown sections of cities the size of Jacksonville; that the total deposits of the bank were only \$800,000 and that it had no interbank deposits; and that it engaged in the type of business usually conducted by banks located in and serving primarily outlying communities. Currently available information shows that the bank has since actively solicited bank accounts, and on June 30, 1943 had total deposits of \$8,367,000, of which balances due to other banks were \$6,876,000, or over 82 per cent of the total. Although its location is unchanged, its principal function no longer appears to be the serving of the local community of the outlying section of the city in which it is located.

"In the circumstances, and pursuant to the provisions of Section 19 of the Federal Reserve Act, the Board revokes the permission heretofore granted to American National Bank of Jacksonville to maintain the same reserves against deposits as are required to be maintained by member banks located outside of central reserve and reserve cities, effective with the first weekly reserve computation period beginning after the date of this letter. Please advise the member bank of the Board's action in this matter."

Approved unanimously.

7/31/43

-5-

Letter to Mr. Phelan, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

"Receipt is acknowledged of your letter of July 26, 1943, with regard to the authority of your Bank to execute and deliver checks for account of the United States Commercial Company and for account of Rubber Development Corporation in accordance with instructions of the Reconstruction Finance Corporation.

"Enclosed herewith is a copy of the letter we have today sent to the Director of the Office of Economic Warfare. An identical letter has been sent to the Director of War Mobilization."

Approved unanimously, together with the following letter to Honorable Leo T. Crowley, Director of the Office of Economic Warfare, an identical letter also being sent to Honorable James F. Byrnes, Director of War Mobilization:

"The Board of Governors of the Federal Reserve System is in receipt of a letter from the Federal Reserve Bank of New York with respect to its authority to make payments for the account of the United States Commercial Company and the Rubber Development Corporation upon instructions from the Reconstruction Finance Corporation in view of the Executive Order of the President, No. 9361, dated July 15, 1943. The following is quoted from the letter from the Federal Reserve Bank of New York:

'The President's Executive Order of July 15, 1943, transferred the U. S. Commercial Company and the Rubber Development Corporation (wholly owned subsidiaries of the Reconstruction Finance Corporation) and two other corporations "and their functions, powers and duties, together with the functions, powers and duties of the Reconstruction Finance Corporation and of the Secretary of Commerce with respect to them" to the Office of Economic Warfare. The Order provides that until such time as the Congress shall provide other

7/31/43

-6-

"means of financing, the Secretary of Commerce and the Reconstruction Finance Corporation are authorized and directed to supply necessary funds through loans to such corporations under such terms and conditions as the Director of War Mobilization may determine and that "The disbursement of the funds so supplied shall be under the exclusive direction of the Director of the Office of Economic Warfare, except as otherwise provided in this Order".

'The Order further provides for the transfer at a later date of the "functions, powers and duties and outstanding contracts and obligations relating to activities and transactions in or pertaining to foreign countries, now vested in, or in the name of" certain other corporations.

'Since the signing of the Order and to the close of business on July 24 this bank, in the name and as fiscal agent of the Reconstruction Finance Corporation, has drawn checks on the Treasurer of the United States for the purpose of effecting payments, for account of the U.S. Commercial Company in an aggregate amount of \$5,846,401.06, and for account of Rubber Reserve Company (another subsidiary of the Reconstruction Finance Corporation) for account of Rubber Development Corporation in an aggregate amount of \$783,140.05. For the most part such checks were drawn in reimbursement of commercial banks for moneys disbursed in payment of drafts drawn against them or their correspondent banks by U. S. Commercial Company under letters of credit opened with such banks by the Reconstruction Finance Corporation. The checks are subsequently collected through the usual banking channels in most cases, no doubt, being collected through this bank.

'Such checks were drawn in accordance with prior written instructions from the Reconstruction Finance Corporation to this bank and authorization from the former by telegram on July 16, 1943, which followed oral assurance from its counsel that such instructions were, and in the absence

7/31/43

-7-

"of notice to the contrary future instructions would continue to be, authorized by such subsidiary corporations, respectively. The checks were delivered after notice by telephone to the Office of Economic Warfare and to the office of the Director of War Mobilization that this bank proposed to deliver such checks and after oral approval from counsel in the office of the Director of War Mobilization that such deliveries authorized by such subsidiary corporations, respectively, should be so made (in due course) unless and until receipt of notice to the contrary from the Office of Economic Warfare. Such telegraphic authorization from the Reconstruction Finance Corporation was to the effect that this bank is fully protected in relying upon the instructions of the Reconstruction Finance Corporation to this bank as its fiscal agent and that with respect to conditions precedent to the due authority of the Reconstruction Finance Corporation to issue such instructions it takes full responsibility for all of them having been duly met prior to the issuance of such instructions, including conditions which require prior action by officials and agencies of the United States Government and whether prescribed by the Executive Order or otherwise.'

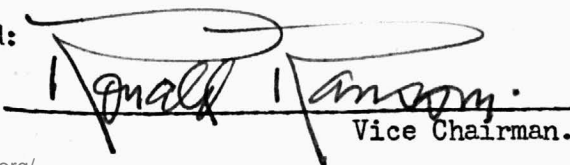
"In the light of the foregoing, it will be appreciated if you will confirm our understanding that the Federal Reserve Bank of New York or any other Federal Reserve Bank may continue to execute and deliver checks for account of the United States Commercial Company and for account of Rubber Development Corporation in accordance with instructions of the Reconstruction Finance Corporation until formal notice to the contrary is received."

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.