

3/12/43 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, August 18, 1943, at 2:00 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
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 August 17, 1943, were approved unanimously.

Memorandum dated August 13, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Howard S. Ellis be appointed as an Economic Specialist in that Division on a temporary basis for a period of not to exceed one year, with basic salary at the rate of \$8,000 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination, with the understanding that the appointment would be subject to his being released from his employment by the University of California and that he would be excused from membership in the Federal Reserve retirement system if he so desired. The memorandum stated that, if the work in which Mr. Ellis

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would participate was not completed within a year, consideration might have to be given to an extension of his appointment.

Approved unanimously.

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

"This is to acknowledge your letters of August 2 and 5, 1943, with enclosures, relative to the decision of the Ohio State Board of Tax Appeals in the matter of hypothecated or assigned deposits.

"We have noted and appreciate your making the adjustments in the reports of condition of State member banks in Ohio, for example, The First Savings Bank, Ravenna, and The Mount Union Bank, Alliance, in order that our tabulations may be on a uniform basis. No objection will be interposed to your accepting published statements which include hypothecated deposits in miscellaneous liabilities provided a footnote or memorandum item along the lines suggested by the Ohio State Banking Department is shown in the published statements."

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"There is enclosed a copy of a letter dated August 5, 1943, from Mr. George T. Ellis, Trust Officer of The First National Exchange Bank of Roanoke, Roanoke, Virginia, inquiring whether the wife of a director may purchase shares of the bank's stock held in an estate for which the bank acts as trustee, in view of the prohibition contained in section 11(b) of Regulation F against the sale of trust assets to a bank's directors or their interests.

"While the Board has not had occasion to construe the words 'their interests' as including the relations between a director and his wife, it would seem that the sale of trust assets to the wife would normally be in violation of the well-established principles of sound trust

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"administration upon which this provision of the Board's Regulation is based, because possible conflicts of interest are involved and the interest of the director is such as might affect the exercise of the best judgment of the management of the bank.

"It will be appreciated if you will make an appropriate reply to Mr. Ellis' letter. The writer has not been advised of this reference."

Approved unanimously.

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

"In accordance with the request contained in your letter of August 12, the Board approves payment to Horace S. Ely & Company of \$5,000, in addition to the \$500 previously paid, for the services of Mr. L. B. Altreuter and his associates in connection with the proceedings instituted to obtain reductions in the assessed valuations of the real estate owned by your Bank in the City of New York at 33 Liberty Street, 97 Maiden Lane and 10 Gold Street, respectively.

"It is noted that the only other out-of-pocket expense connected with the proceedings was the payment of \$1,250 to Vermilya-Brown Company, Inc., for their services in preparing an appraisal of the reconstruction costs of the buildings at 33 Liberty Street and 97 Maiden Lane."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. Stearns
Chairman.