

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 7, 1943, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman  
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 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 September 6, 1943, were approved unanimously.

Memorandum dated September 1, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mrs. Mary Soule Krauss be appointed as a clerk-typist 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 enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated September 6, 1943, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, submitting the resignation of Miss Georgiana Benjamin as a clerk-typist in that Division,

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to become effective as of the close of business on September 6, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Creighton, Chairman of the Federal Reserve Bank of Boston, reading as follows:

"Referring to your letter of September 3 and confirming our telephone conversation of this morning, it is our view here that there is no material conflict between the statement appearing on page 7 of the draft of letter to Mr. Brainard, forwarded to you with Mr. Morrill's letter of August 28, and the action taken by the Conference of Chairmen of the Federal Reserve Banks on October 5, 1942, emphasizing the direct responsibility of the auditor to the Board of Directors and the fact that in performing his duties the auditor must not be dependent on any executive or operating officer for the security of his position.

"The statement contained in the first full paragraph on page 5 that 'each Bank also has a full time Auditor who reports directly to the board of directors through the Chairman or the Audit Committee' is, of course, in accord with the position taken by the Conference of Chairmen. The statement contained in the first full paragraph on page 7 of the draft of letter to Mr. Brainard that 'The President is the chief executive officer, and all other executive officers and employees of the Bank are directly responsible to him.' is taken directly from paragraph 4, section 4 of the Federal Reserve Act. The inconsistency to which you refer is more apparent than real because the auditor, while occupying an official position in the Bank, is not regarded as an 'executive officer' and the special nature of his position in the Bank differs generally in lines of authority and responsibility from that of operating officers."

Approved unanimously.

Letter to the board of directors of the "Barclay-Westmoreland Trust Company", Greensburg, Pennsylvania, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's

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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 Cleveland:

"7. Prior to admission to membership, such bank shall dispose of the 20 shares of its own stock now carried in its investment account."

The letter also contained the following special comment:

"It appears that the bank may possess 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 corporate powers exercised by the bank since the date of its application for membership.

"Apparently the operations of the trust department are not well organized, records and files being inadequate and control over securities unsatisfactory. Acceptance of trust business entails serious responsibility and it is expected that measures will be taken promptly so that the department will be given adequate and efficient supervision and its operations brought into conformity with approved practices and procedures."

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

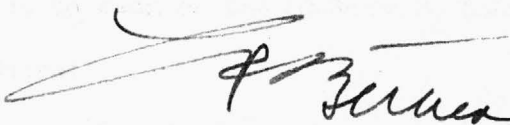
"The Board of Governors of the Federal Reserve System approves the application of the 'Barclay-Westmoreland Trust Company', Greensburg, Pennsylvania, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board 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.

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"It is assumed 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(1) of the report of examination for membership and the practice of paying time certificates on demand. It is assumed also that you will see to it that measures are taken promptly to provide adequate supervision of trust activities and improvement of trust operations."

Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.