

10/18 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, October 18, 1943, at 5:15 p.m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Smead, Chief of the Division of  
Bank Operations  
Mr. Dreibelbis, General Attorney  
Mr. Leonard, Director of the Division  
of Personnel Administration  
Mr. Vest, Assistant General Attorney

Mr. Szymczak referred to the discussions at the meeting of the board of trustees of the Retirement System at the Federal Reserve Bank of New York which he attended on October 15, 1943, and in that connection read a memorandum which he had addressed to the members of the Board today on the subject of the Presidents' attitude toward the retirement plan proposed by the Board of Governors for its employees. The memorandum stated that the Presidents of the Reserve Banks were reluctant to see the plan go into effect and that it was probable that they might bring the matter up for discussion while they are in Washington this week. Attached to the memorandum were (1) a summary of important developments regarding the Board of Governors plan, (2) a memorandum of the differences between the Civil Service Retirement

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System and the Board of Governors plan, and (3) excerpts from the Board's minutes and files regarding the Board of Governors plan.

The whole matter was discussed in the light of the developments since the meeting of the Board on October 14, 1943, and there was unanimous agreement that, if the Presidents desired to have a further discussion, that would be entirely agreeable to the Board.

Mr. Evans stated that at his request Mr. Thurston had re-written the report made by Mr. T. W. Schultz of his recent survey of the research activities at eight of the Federal Reserve Banks, so as to eliminate from the report all personal and individual references, and that it was suggested that, in the absence of opposition on the part of the Board, the revised report be handed to the Presidents of the Federal Reserve Banks while they are in Washington.

Unanimous approval was given to this suggestion with the understanding that copies of the report would also be sent by mail to the Chairmen of the Federal Reserve Banks.

At this point Messrs. Smead, Dreibelbis, Leonard, and Vest withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on October 16, 1943, were approved unanimously.

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Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the 'Heights State Bank', Houston, Texas, became a member of the Federal Reserve System on October 18, 1943, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

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

"In connection with the recent ruling of the Board regarding absorption of exchange charges by member banks, which was published in the September issue of the Federal Reserve Bulletin for 1943 at page 817, there is enclosed for your information and convenience a copy of a statement which the Board proposes to use in replying to inquiries with respect to the various phases of this matter."

Approved unanimously, together with a similar letter to Mr. Delano, Comptroller of the Currency.

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Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.