

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, November 13, 1943, at 11:00 a.m.

PRESENT: Mr. Szymczak
Mr. McKee
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 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 November 12, 1943, were approved unanimously.

Memorandum dated November 9, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Everett E. Hagen be appointed as an Associate Economist in that Division, with basic salary at the rate of \$4,600 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.

Approved unanimously.

Memorandum dated November 11, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that Mrs. Elizabeth B. Wauchope be appointed as a stenographer in that Division on a temporary

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basis for a period of not to exceed three months, with basic salary at the rate of \$1,620 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, with the understanding (1) that if anything derogatory should develop in the investigation of her references her services may be terminated immediately and (2) that if her services prove satisfactory during her temporary appointment she will be recommended for a permanent appointment.

Approved unanimously.

Memorandum dated November 11, 1943, from Mr. Morrill, recommending that Preston E. Fowler be appointed as a laborer in the Secretary's Office on a temporary basis for an indefinite period, with basic salary at the rate of \$1,200 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 if anything derogatory should develop in the investigation of his references his services may be terminated immediately.

Approved unanimously.

Memorandum dated November 12, 1943, from Mr. Morrill, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective November 16, 1943:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Service Functions</u> Doris Schutrumpf	Assistant Manager of the Cafeteria	\$1,800	\$1,860

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<u>Name</u> (Continued)	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Building Operation and Maintenance Section</u>			
Bruce M. Unger	Senior Guard	\$1,800	\$1,860
Howard W. Stull, Sr.	Guard	1,500	1,560

Approved unanimously.

Memorandum of this date from Mr. Morrill, submitting the resignation of Evelyn Simmons as a cafeteria helper in the Secretary's Office, to become effective as of the close of business on November 15, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Paddock, President of the Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of November 9, 1943, the Board approves the designation of Karnig Boyajian, Harris B. Doherty, and E. W. Strong as special assistant examiners for the Federal Reserve Bank of Boston.

"Appropriate notations have been made in our records of the names reported as deletions from the list of employees designated as special assistant examiners."

Approved unanimously.

Letter to the "Bexar County National Bank of San Antonio", San Antonio, Texas, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds,

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"guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Letter to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, reading as follows:

"Reference is made to your letter of November 6, 1943, in reply to the Board's letter of November 1, 1943, in which the Board approved the action of your board of directors in recommending that 'full powers' be granted to the Oklahoma City Branch.

"It is noted from your letter that the Board is correct in its understanding that the reserve accounts of all member banks in the Oklahoma City Branch territory will be maintained on the books of the branch. It is also noted that it is your intention to give every encouragement to the banks in Oklahoma to use the facilities of the Oklahoma City Branch to the fullest extent.

"There is certainly no feeling on the part of the Board that you should take any action which would make it mandatory upon the Oklahoma banks to handle all their transactions through the Oklahoma City Branch. The Board knows of no instance in any district where such action has been taken. There are certain transactions, such as the purchase and sale of Government securities, which might in some cases be expected to be handled through the head offices because of better market conditions there.

"On the other hand, when the Oklahoma City Branch is given full powers, it would be expected that the banks in Oklahoma would handle most of their Federal Reserve

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"operations through the branch rather than through the head office. There would seem to be no point, for example, for any Oklahoma bank to forward cash letters to the head office consisting of Government checks, which are immediately available at both head office and branch, unless the bank is within overnight mailing time from the head office but not from the Branch. The Board believes that all such matters can be worked out satisfactorily by your extending every encouragement to the banks in Oklahoma to use the facilities of the Oklahoma City Branch to the fullest extent.

"The Board would appreciate it if you would advise it from time to time with respect to the kind and quantity of transactions handled at the head office for banks in the Oklahoma City territory."

Approved unanimously.

Letter to Mr. Brainard, Chairman of the Conference of Chairmen of the Federal Reserve Banks, Federal Reserve Bank of Cleveland, reading as follows:

"It is assumed that your Directors and the Directors of the other Federal Reserve Banks are aware of the position the Board of Governors has taken with respect to substituting a loss-sharing agreement for purchased insurance by the Federal Reserve Banks, which question has been under consideration for the past three years. In this connection, and in view of the recommendation of the Chairmen at their conference in Washington on November 8, 1943, that the Board of Governors inform the Chairmen of its views with respect to important matters involving System policy that may later come before the boards of directors of the Federal Reserve Banks for action, there are attached hereto two statements, which I believe will bring you up to date on the matter.

"Enclosure number one consists of two tables and a brief accompanying memorandum relating to premiums paid and claims collected, etc. on the various types of insurance carried by the Federal Reserve Banks. The cost of a \$500,000 blanket bond as of August 1 for each year from 1921 to date and the premium rates as of July 1 of each year since 1921 on shipments of new currency from Washington, shipments of other currency, and shipments of securities are also shown, in Table A.

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"Enclosure number two is a copy of a letter dated March 16, 1943, which Governor Szymczak asked Mr. Smead to read to the members of the Insurance Committee of the Federal Reserve Banks at their organization meeting in Chicago on April 6 and 7. As you will note, the letter reviews briefly the actions theretofore taken with respect to the loss-sharing agreement and the Board's attitude. Since that date, at the direction of the Presidents' Conference, the Insurance Committee of the Federal Reserve Banks had its executive committee prepare a plan under which the insurance agreement might be extended to all risks now covered by bankers' blanket bond and registered mail and express insurance policies. The Insurance Committee submitted the plan with its report of August 9, 1943, which stated that if it be decided to eliminate purchased blanket bond and registered mail and express insurance, the proposed plan will accomplish the purpose and be fair and equitable as between the Banks. At their Conference in New York on October 18-19, 1943, the Presidents considered this report and voted unanimously to disapprove that portion of the insurance plan which provides for discontinuance of blanket bond insurance, and, by a divided vote, approved that part of the plan relating to registered mail insurance subject to certain conditions with respect to the legality of the program and to the distribution of losses. A copy of the August 9, 1943, report of the Insurance Committee is available at your Bank.

"In the course of preparation of the Insurance Report, the insurance companies were asked to furnish premium rates for various types of limited coverage on currency shipments. The rates submitted were not sufficiently attractive to warrant the adoption of any of the limited coverage proposals but during the discussions the insurance companies stated that they were prepared to make further reductions in premium rates. Subsequently, effective July 1, 1943, the rates for registered mail and express insurance were reduced from 1-1/2¢ to 1-1/4¢ per thousand dollars on shipments of new notes from Washington, and from 3¢ to 2-1/4¢ per thousand dollars on other currency shipments.

"A copy of this letter, with enclosures, is being sent to the Chairman of the Board of each of the other Federal Reserve Banks."

Approved unanimously, together with
a letter to the Chairmen of all the other

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Federal Reserve Banks transmitting copies of the above letter and its enclosures.

Letter to Mr. Stuart A. Rice, Assistant Director, in charge of the Division of Statistical Standards of the Bureau of the Budget, reading as follows:

"There are enclosed two copies of drafts of forms F. R. 105, F. R. 105e, and F. R. 105e-1, which we expect to have State member banks use in submitting reports of condition at the next call; two copies of the forms required on October 18, 1943 (Call 94), and of the forms F. R. 105 that were required on June 30, 1943 and on December 31, 1942; and one copy of your form 37, Request for Clearance.

"The proposed form F. R. 105 is the same as the form on the October 18, 1943 call for reports except for the following changes:

- (1) Reinsertion of Schedules A and B, classifying loans and investments, in accordance with established policy to collect such data on June and December calls.
- (2) Rearrangement in tabular form of footnote to capital, item 25, on the face of the forms. The purpose of this revision is merely to facilitate the tabulation of the figures. Prior to the adoption of the short form of call report in December 1942, the tabulation of such information was made from Schedule EE in the long form.
- (3) Revision of Schedules D and E to omit spaces provided on the last four call dates for amounts of reciprocal bank balances excluded. However, the captions of item 2 of Schedule D and item 4 in Schedule E will still indicate that reciprocal balances are to be excluded.

"We understand that the Federal Deposit Insurance Corporation and the Comptroller of the Currency expect to use

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"similar forms in this call for reports, except that the Comptroller of the Currency's form for showing capital, which is somewhat different, will remain unchanged.

"Your office assigned Budget Bureau No. 55-ROO4.1 to the form F. R. 105 that was used on October 18, 1943, and No. 55-ROO4 to forms F. R. 105e and 105e-1 that were used on the June and October calls. Please advise what numbers should be printed on the proposed forms. We would also appreciate any comments with respect to the changes indicated on the attached form."

Approved unanimously, together with a letter which it was proposed would be sent to the Presidents of all the Federal Reserve Banks, after clearance of the forms with the Bureau of the Budget, transmitting the forms and instructions in connection with the next call for condition reports of State member banks and their affiliates.

Thereupon the meeting adjourned.

Coester Morris

Secretary.

Approved:

W. S. Lyman
Member.