

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, November 25, 1943, at 10:30 a.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

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 24, 1943, were approved unanimously.

Memorandum dated November 20, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination, Rodman C. Matheny, Jr., be appointed as an Assistant Federal Reserve Examiner on a temporary basis for an indefinite period, with basic salary at the rate of \$2,800 per annum, and with official headquarters at Chicago, Illinois.

By unanimous vote, Mr. Rodman C. Matheny, Jr., was appointed on a temporary basis for an indefinite period as an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System,

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and corporations operating under the provisions of sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Chicago, Illinois, and with basic salary at the rate of \$2,800 per annum, all effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Memorandum dated November 19, 1943, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending that Miss Mary Margaret Simms be appointed as a clerk-stenographer in that Division, with basic salary at the rate of \$1,800 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 November 20, 1943, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending that Miss Ella M. Shaffer be appointed as a clerk-stenographer in that Division on a temporary basis for a period of not to exceed three months, with basic salary at the rate of \$1,800 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 and subject to a satisfactory check of her references. The memorandum stated that a permanent appointment might be recommended later if the need for additional help continued.

Approved unanimously.

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Memorandum dated November 18, 1943, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending that Mrs. Ann Rita Linkins be appointed as a clerk in that Division on a temporary basis for an indefinite period, 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 and subject to a satisfactory check of her references.

Approved unanimously.

Letter to the board of directors of the "Oyster Bay Trust Company", Oyster Bay, New York, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H, 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 New York.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Oyster Bay Trust Company', Oyster Bay, New York, 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 Superintendent of Banks for the State of New York, for his information.

"Standard condition of membership numbered 6 has been prescribed in order that its provisions may be invoked at any time in the future if necessary, but as in other cases and in accordance with the general authorization previously

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"granted by the Board, you are authorized to waive compliance with the condition until further notice insofar as the condition applies to funds which are given statutory preference in the State of New York."

Letter to the board of directors of the "Oklahoma State Bank", Buffalo, Oklahoma, stating that, subject to conditions of membership numbered 1 to 5 contained in the Board's Regulation H, 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 Kansas City.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Oklahoma State Bank', Buffalo, Oklahoma, 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 Bank Commissioner for the State of Oklahoma, for his information.

"It is assumed that you will follow the matter of the bank's reducing to within statutory limits the excess balance carried in a nonmember bank.

"If the increase in the number of directors, as required by condition numbered 5, cannot be accomplished prior to admission to membership, the Board will not object to the admission of the bank with only three directors, with the understanding that the required increase will be effected without undue delay."

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

"Reference is made to your letter of November 15, 1943, transmitting with favorable recommendation the request of the Granite Trust Company, Quincy, Massachusetts, for the removal of certain restrictions with respect to the payment of dividends.

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"The Granite Trust Company was admitted to membership in the System October 23, 1942. In April 1941 the institution had absorbed a bank in Weymouth, Massachusetts, and established branches in Weymouth at the head office and two branch offices of the absorbed bank. As a condition incident to approving the transaction the F.D.I.C. required the directors of the trust company to agree by formal resolution to limit dividends to 8 per cent at any time the net capital of the institution was less than 10 per cent of deposits; and in connection with the approval of the application for membership the Board notified the directors that as a member bank the institution would be expected to observe the limitations on dividends in accordance with the understanding had with the F.D.I.C.

"The directors now propose, if it is acceptable to the F.D.I.C. and to the Board, to revoke the resolution relative to the restrictions on dividends and to adopt in its stead a formal declaration of policy to the effect that a conservative dividend policy will be continued; that unless warranted by special circumstances the dividend rate will not be increased above 10 per cent and under no circumstances will the rate be increased above 12 per cent. You state that the bank has been considering the sale of additional stock at the first favorable opportunity and, with this in mind, would like to establish the stock on an annual dividend basis of 10 or 12 per cent.

"The bank's proposal to revoke the resolution has been discussed with the Washington Office of the F.D.I.C. and the representative with whom the matter was discussed advised us that there would be no objection on the part of the F.D.I.C. to the proposal because the institution has made commendable progress during the past few years in improving its condition, now appears to be in good asset condition, and the capital account appears to be adequate; also, in view of the assurances given that a conservative dividend policy is to be continued. You may inform the bank, therefore, that the proposed revocation of the resolution agreeing to certain limitations on dividends is acceptable.

"As you know, the Board, in the absence of unusual circumstances in an individual case, does not follow the practice of prescribing special conditions to regulate dividends paid by member banks, but leaves such matters to be handled by the Reserve Banks as administrative matters in the ordinary course of supervision. Therefore, the proposed declaration of policy with reference to the payment of dividends which the directors intend to adopt, while commended, will not be considered as having been required by the Board."

Approved unanimously.

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Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors of the Federal Reserve System has considered the recommendation of the Executive Committee of your Bank contained in Mr. Dierck's letter dated November 5, 1943, and pursuant to the provisions of Section 19 of the Federal Reserve Act, grants permission to 'Austin State Bank', Chicago, Illinois, to maintain the same reserves against deposits as are required to be maintained by reserve city banks, effective with the first weekly reserve computation period after the date of this letter.

"Please advise the bank of the Board's action in this matter, calling its attention to the fact that such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System."

Approved unanimously.

Letter to "The Grafton National Bank", Grafton, North Dakota, reading as follows:

"This refers to the resolution adopted on July 3, 1943, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has never actually accepted or undertaken the exercise of any trust, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers conferred by section 11(k) of the Federal Reserve Act, except with the permission of the Board of Governors of the Federal Reserve System."

Approved unanimously.

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

"In reply to your letter of October 28, 1943, regarding the computation of adjustments under certain provisions of section 6 of the May 14, 1942 form of guarantee agreement, there is enclosed a memorandum received from the Navy Department under date of November 13, 1943, signed by Mr. William A. Coolidge, Chief of Finance Section. You will note that Mr. Coolidge's memorandum states that the War Department and the Maritime Commission concur in the views therein expressed."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. A. Coolidge  
Chairman.