

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, November 27, 1943, at 10:30 a.m.

PRESENT: Mr. Eccles, 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 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 November 26, 1943, were approved unanimously.

Recommendation submitted by the Personnel Committee pursuant to the action taken by the Board on November 24, 1943, that, in accordance with a recommendation contained in a memorandum dated November 13, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, Horst Mendershausen be appointed in the Domestic Business Conditions Section of that Division on a temporary basis for a period of not to exceed three months, with basic salary at the rate of \$4,000 per annum, effective as of the date on which he reports for duty after passing the necessary physical examination.

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Approved unanimously, without the privilege of extension of appointment and with the understanding that (1) the regular Federal Bureau of Investigation report would be requested and (2) that Mr. Mendershausen would not become a member of the retirement system.

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

"In accordance with the request contained in Mr. Diercks' letter of November 23, 1943, the Board approves the designations of Donald R. Busey and Samuel W. Plumb as special assistant examiners for the Federal Reserve Bank of Chicago."

Approved unanimously.

Letter to the "Fidelity State Bank", Dodge City, Kansas, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

Letter to the board of directors of "The Long Branch Banking Company", Long Branch, New Jersey, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's 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 New York:

- "7. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$7,520, as shown in the report of examination of such bank as of September 18, 1943, made by an examiner for the Federal Reserve Bank of New York."

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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 Long Branch Banking Company', Long Branch, New Jersey, 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 Commissioner of Banking & Insurance for the State of New Jersey, for his information.

"It is assumed that your office 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."

Letter to the board of directors of "The Security State Bank of Pecos, Texas", Pecos, Texas, stating that, subject to conditions of membership numbered 1 to 3 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 Dallas.

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

"The Board of Governors of the Federal Reserve System approves the application of 'The Security State Bank of Pecos, Texas', Pecos, Texas, 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 Commissioner, Department of Banking for the State of Texas, for his information.

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"Since the amount of estimated losses classified in the report of examination for membership is reported to have been charged off, the usual condition of membership requiring the elimination of losses has not been prescribed."

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

"This refers to your letter of November 18, 1943, enclosing statements from your Counsel, Squire, Sanders & Dempsey, of fees in the total amount of \$2,500 for services in connection with Regulation V loans guaranteed by the War and Navy Departments from July 1, 1943, to September 30, 1943. Of this amount, \$2,000 represents services performed for the War Department, and \$500 represents services performed for the Navy Department.

"It is noted that the executive committee of the directors of your Bank has approved payment of these fees. It is also noted that these amounts will be included in your claims for reimbursement to the War and Navy Departments, respectively.

"The Board of Governors approves the payment of \$2,500 to Squire, Sanders & Dempsey for their services as specified in your letter."

Approved unanimously,

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

"Reference is made to your letter of November 8 to Under Secretary of the Treasury Bell, a copy of which was forwarded to the Board with your letter of the same date.

"Referring to the next to the last paragraph of your letter to Mr. Bell, we know of no instance where the Treasury has instructed any Federal Reserve Bank or Branch that it is perfectly satisfied with the protection offered. Furthermore, we know of no other case where any Federal Reserve Bank has ever raised such a question with the Treasury. The Federal Reserve Banks, of course, act only as Fiscal Agents of the United States, and it would seem unlikely that they would be held liable for any losses except those due to their own negligence.

"The Helena Branch building is only about five years old, and in fact, it is one of the newer buildings in the System. In reviewing the Board's file covering the Helena Branch building, we find references to the construction of vaults reinforced

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"with steel bars, to the installation of a burglar alarm system, and to the construction of a guard lookout to be made of steel plate with bullet-proof glass panels and portholes.

"We realize that Helena is in an earthquake zone and that at the time of the previous earthquakes there the matter was of considerable concern to the Bank's management. On the other hand, we understand that a substantial amount of currency is stored in the vaults of the Helena Branch, and the question naturally arises whether the protection is considered adequate in this respect.

"At your convenience, the Board would appreciate further advice from your Bank as to the adequacy of the protection offered at the Helena Branch in the light of current day demands."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley
Secretary.

Approved:

M. C. ...
Chairman.