

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, February 14, 1944, at 3:30 p.m.

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

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 February 12, 1944, were approved unanimously.

It was reported that telephone advice had just been received from Mr. Creighton, Chairman of the Federal Reserve Bank of Boston, that at the regular meeting of the Bank's board of directors today unanimous action was taken, subject to approval by the Board of Governors, on the following matters which had been the subject of previous informal discussions with the members of the Board. Mr. Creighton stated in the telephone conversation that the Board of Governors would be advised by wire of the actions taken, that the resolutions adopted by the directors would be sent to the Board of Governors by mail, and that it would be appreciated if the Bank could have

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telegraphic advice of the Board's approval of the actions so that announcement might be made to the press this afternoon for publication in tomorrow morning's newspapers:

1. On the understanding that Mr. Paddock, President of the Bank, who would become 65 years of age on April 8, 1944, would retire as of May 1, 1944, the board of directors approved a contribution by the Bank in the amount of \$14,000 to the retirement system to provide an additional pension for Mr. Paddock during the remainder of his lifetime, and the payment of an additional \$14,000 in cash to Mr. Paddock on January 2, 1945, in further recognition of his services to the Bank. When Mr. Paddock was advised of this action, he tendered his resignation as President of the Boston Bank, effective May 1, 1944, subject to the consummation of the financial arrangements referred to above, and his resignation was accepted.
2. Mr. Ralph E. Flanders, a Class B director of the Federal Reserve Bank of Boston, was appointed President of the Bank, effective May 1, 1944, for the unexpired portion of the term of five years ending February 28, 1946.
3. The salary of Mr. Flanders in his new position was fixed at the rate of \$25,000 per annum for the year beginning May 1, 1944.

Thereupon, unanimous approval was given to the following telegram to be sent upon receipt from Mr. Creighton of a wire confirming the information conveyed in the telephone conversation:

"Your wire. With understanding that Mr. Paddock's retirement will become effective as of May 1, 1944, Board of Governors approves payment of sum of \$28,000 in accordance with your board's resolution. Board also approves (1) appointment of Ralph E. Flanders as President of Federal Reserve Bank of Boston, effective May 1, 1944, for unexpired portion of five-year term ending February 28, 1946,

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"and (2) the salary at the rate of \$25,000 per annum fixed by your directors for Mr. Flanders as President for the year beginning May 1, 1944. Understand immediate announcement of Mr. Paddock's retirement and Mr. Flanders' appointment will be made by your Bank. No announcement being made here."

It was stated that before this meeting Mr. Evans, who was on the Pacific coast, had been informed by telephone of the actions contemplated by the board of directors of the Boston Bank and had advised that if the actions were taken he would favor their approval by the Board.

Memorandum dated February 12, 1944, from Mr. Morrill, recommending that Mrs. Geraldine May be appointed as a charwoman 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 she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously, with the understanding that if anything derogatory should develop in the investigation of her references her services might be terminated immediately.

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

"For your information there is enclosed a copy of a letter from the United States Maritime Commission, dated February 10, 1944, signed by Mr. B. B. Griffith, Assistant to the Director of Finance, regarding renegotiation agreements reached by contractors having Regulation V loans which are guaranteed by the Maritime Commission."

Approved unanimously.

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Memorandum dated February 11, 1944, from Mr. Paulger, Director of the Division of Examinations, recommending that the item of Miscellaneous Expenses in the 1944 budget of that Division be increased by \$213.23 to cover the cost of a copy of the transcript of testimony of four expert accountants in the Transamerica - Securities and Exchange Commission hearings held in Philadelphia during January 1944. The memorandum stated that Mr. Dreibelbis, General Attorney, concurred in the recommendation of the Division of Examinations that the cost of the transcript be paid.

Approved unanimously.

Thereupon the meeting adjourned.

Robester Morrie
Secretary.

Approved:

W. C. C. C. C.
Chairman.