

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, March 1, 1944, at 1:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
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 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 February 29, 1944, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks held on February 29, 1944, were approved unanimously.

Memorandum dated February 26, 1944, from Mr. Morrill, recommending that Mrs. Elizabeth M. Young 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, she already having passed satisfactorily the usual physical examination, with the understanding that if anything derogatory develops in the investigation of her references her services may be terminated immediately.

Approved unanimously.

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Memorandum dated February 24, 1944, from Mr. Morrill, recommending that the following increases in basic annual salaries of employees in the Secretary's Office be approved, effective March 1, 1944:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Secretarial and Administrative</u>			
Harry E. Kern	Purchasing Clerk	\$1,860	\$2,040
<u>Service Functions</u>			
S. E. Baker	Foreman Operator	2,400	2,500
M. P. Flagg	Telegraph Operator	2,160	2,300

Approved unanimously.

Memoranda from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective March 1, 1944:

<u>Date of Memorandum</u>	<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
			<u>From</u>	<u>To</u>
2/26/44	Harold L. Seligman	Junior Economist	\$2,600	\$2,900
2/26/44	Julia Wooster	Junior Economist	2,600	2,900
2/26/44	Harvey A. Robinson	Clerk	2,160	2,300
2/26/44	Margaret R. Garber	Clerk	1,800	1,920
2/28/44	Elsie T. Nelson	Clerk	1,800	1,920
2/26/44	Mary White	Clerk	1,800	1,920
2/25/44	James Harvie Newton	Messenger	1,440	1,500

Approved unanimously.

Letter to the board of directors of "The Black Rock Bank and Trust Company", Bridgeport, Connecticut, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation

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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 \$4,503 as shown in the report of examination of such bank as of January 10, 1944, made by an examiner for the Federal Reserve Bank of New York."

The letter also contained the following special comment:

"It is understood that under the laws of the State of Connecticut your bank is not authorized to pledge securities with the trust department to secure trust funds on deposit in the commercial or savings department. Therefore, the effect of condition of membership numbered 6 is to prohibit the bank from depositing in its commercial or savings department, or otherwise using in the conduct of its business, uninvested funds held as fiduciary unless and until the bank is authorized by State law to secure the funds so deposited by the deposit of securities with its trust department in the same manner and to the same extent as is required of national banks exercising fiduciary powers."

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 Black Rock Bank and Trust Company', Bridgeport, Connecticut, 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 Connecticut, for his information.

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"It is assumed that you 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 and that of reducing to within statutory limits the excess balance in a nonmember bank."

Letter to Mr. R. H. Norris, Vice President and Cashier of The Security Bank, Edgefield, South Carolina, reading as follows:

"This is in response to your letter of February 23, 1944, referring to a quotation in the Board's covering letter of February 18, 1944, enclosing the report of the Committee on Banking and Currency in the House of Representatives on H. R. 3956. A further reference to the letter will indicate that the quotation was included in the letter at the request of a member of the Committee on Banking and Currency signing the minority report. The letter, in full, is contained in the record and may be found at page 449 of Part 11 of the unrevised Committee prints, a copy of which is enclosed for your information.

"The Board's official statement upon H. R. 3956, made in response to a request by the Chairman of the House Banking and Currency Committee, appears in Part 1 of the unrevised prints, pages 8-19, a copy of which is also enclosed for your information. The Board's position upon the question of par clearance in its relation to the question of absorbing exchange appears on pages 13 and 14. The critics of the Board's September 1943 ruling and those who favor H.R. 3956, almost without exception, seem to wish either to overlook or to disregard the fact that the Board's ruling applied to a member bank which was absorbing exchange and not to a nonpar bank which was charging it.

"In conclusion, the Board believes that the enactment of H. R. 3956 would seriously impair the existing par clearance system which, as Senator Glass expresses it, 'has saved the Nation's industry, commerce, and agriculture millions upon millions of dollars.'"

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.