

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, April 15, 1944, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
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 April 14, 1944, were approved unanimously.

Mr. Morrill reported that the Comptroller of the Currency today issued a call on all national banks for reports of condition as of the close of business on April 13, 1944, and that, in accordance with the usual practice, a call was made today on behalf of the Board of Governors of the Federal Reserve System on all State member banks for reports of condition as of the same date.

The call made on behalf of the Board was approved unanimously.

Memorandum of this date from Mr. Morrill recommending, for the reasons stated in the memorandum, that, effective April 16, 1944, Mrs. Grace K. Dove, Assistant Supervisor of the Files Section in the Secretary's Office, be appointed as a special supervisor on a part-time basis of 20 hours per week (from 9:00 a.m. to 1:00 p.m. each week day except Saturday), with basic annual salary at the rate of \$1,280, plus

4/15/44

-2-

overtime compensation at the rate of 15 per cent of her basic salary, or \$192, making an aggregate annual salary of \$1,472.

Approved unanimously.

Memorandum dated April 10, 1944, from Mr. Morrill, recommending that the following increases in basic annual salaries of employees in the Secretary's Office be approved, effective April 16, 1944:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Secretarial and Administrative</u>			
Joseph E. Kelleher	Administrative Assistant	\$3,400	\$3,800
Beverly J. Davey	Stenographer	1,560	1,680
<u>Service Functions</u>			
J. Frank Bell	Chauffeur	1,560	1,620

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 April 16, 1944:

<u>Date of Memorandum</u>	<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
			<u>From</u>	<u>To</u>
4/13/44	Miss Alice Bourneuf	Associate Economist	\$3,800	\$4,200
4/13/44	Mr. C. Richard Youngdahl	Associate Economist	3,800	4,200
4/13/44	Miss Violet Rice	Clerk-stenographer	1,440	1,620
4/14/44	Miss Mary Deanne Blyth	Clerk	1,440	1,560
4/13/44	Mrs. Mary S. Krauss	Clerk-typist	1,440	1,560

Approved unanimously.

Memorandum dated April 13, 1944, from Mr. Morrill, recommending (1) that Miss Ruth Somers, clerk in the cafeteria, be granted a leave of absence without pay for the period April 24 to June 15, 1944, inclusive,

4/15/44

-3-

because of the illness of her mother, and (2) that her insurance benefits under the retirement system be continued during her leave of absence, with the understanding that she will make appropriate contributions therefor.

Approved unanimously.

Memorandum of this date from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that Mrs. Anna G. Beers, a clerk-stenographer in that Division, be granted a further extension for a period of not to exceed two months from April 16, 1944, of the leave without pay approved by the Board on September 20, 1943, and that the Board continue to make its contributions to the retirement system on Mrs. Beers' behalf during her absence provided she continues her own contributions for the same period.

Approved unanimously.

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

"This is to advise you that the Board of Governors notes without objection the salaries paid to employees of the Federal Reserve Bank of Cleveland and its Branches as of January 1, 1944, as shown in the statement accompanying Mr. Laning's letter of January 21, 1944."

Approved unanimously.

Letter to Mr. Laning, Vice President and Cashier of the Federal Reserve Bank of Cleveland, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Cleveland and its Branches as submitted with your letter of March 29, 1944, and revised by your letter of April 10, 1944."

4/15/44

-4-

"In order to preserve the numerical sequence of the pages of your Head Office plan, a new page numbered 12-17 has been prepared which will be placed in the Board's copy of your plan to replace the pages made obsolete through the cancellation of certain positions in the Accounting Department. A duplicate copy of this page is enclosed for your use.

"When submitting future changes in your personnel classification plan which involve the cancellation of page numbers, it will be appreciated if pages similar to one enclosed are forwarded to the Board."

Approved unanimously, together with a letter to the Joint Committee on Salaries and Wages transmitting the original and four copies of a certificate of the Cleveland Bank with respect to increases in the maximum annual salaries for three positions as approved by the Board in the above letter.

Memorandum dated April 12, 1944, from Mr. Leonard, Director of the Division of Personnel Administration, stating that the Personnel Committee was submitting the name of Mr. K. G. Davis, a farmer of Morganfield, Kentucky, for appointment as a director of the Louisville Branch of the Federal Reserve Bank of St. Louis for the unexpired portion of the term ending December 31, 1946, and recommending (1) that the Chairman of the Federal Reserve Bank of St. Louis be requested to ascertain informally whether Mr. Davis would accept appointment, and (2) that the appointment be tendered if he would accept.

Approved unanimously.

Telegram to Mr. Volberg, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Your letter April 12. Board approves appointment J. R. Robinson as Federal Reserve Agent's Representative,

4/15/44

-5-

"Los Angeles Branch, effective April 15, 1944, to replace R. N. Geller. Approval is given with understanding that Mr. Robinson will be placed upon Agent's pay roll and be solely responsible to him, or during vacancy in office of Agent to Assistant Federal Reserve Agent, and to Board of Governors for proper performance of duties. When not engaged in performance of duties as Federal Reserve Agent's Representative he may, with approval of Federal Reserve Agent, or, in his absence, of Assistant Federal Reserve Agent and Branch Managing Director, perform such work for Branch as will not be inconsistent with his duties as Federal Reserve Agent's Representative. Noted from your letter that Mr. Robinson will execute the usual oath of office and surety bond in the amount of \$10,000. He should not enter upon performance of duties as representative until bond has been examined by your counsel to determine whether its execution complies fully with rules printed on reverse side of form of bond, following which bond should be forwarded to Board promptly for approval. It is assumed that Board's approval will be requested for payment of salary to Robinson as Federal Reserve Agent's Representative. Please advise what action, if any, we should take with respect to releasing bonding company from liability under Geller's bond as Federal Reserve Agent's Representative."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"The Onida Bank, Onida, South Dakota, was organized in 1941 to succeed a national bank in Onida and was admitted to membership in the Federal Reserve System September 8, 1941. Since the new bank had capital stock of less than \$50,000 and was organized after June 16, 1933, as you know it would not be eligible for Federal Reserve membership without first being entitled to the benefits of deposit insurance under the provisions of section 12B of the Federal Reserve Act. The application for deposit insurance was approved by the Federal Deposit Insurance Corporation July 23, 1941, subject to the following condition, among others:

'6. That the Board of Directors of the new bank

4/15/44

-6-

"'adopt at its first legal meeting a resolution signifying agreement to withhold cash dividends on capital stock at any time the ratio of net capital to the average of total deposits for the preceding year is less than 10%.'

"In 1943 a dividend of 5 per cent was paid and the directors recently voted the payment of an 8 per cent dividend to the stockholders of record on February 1, 1944. Due to a substantial increase in deposits which this bank, along with other banks, has experienced, it appears that the capital account is now less than 10 per cent of the average total deposits for the year 1943 and the payment of the presently proposed dividend has been referred to the Federal Reserve Bank of Minneapolis for approval. In view of the fact that the above quoted condition was imposed by the Federal Deposit Insurance Corporation, we would like to be advised, before the Reserve Bank communicates further with the member bank in connection with this matter, whether there is any objection on the part of the Federal Deposit Insurance Corporation to the payment of dividends by the member bank.

"Attached for your information is a copy of a condensed statement of condition of the bank as of March 23, 1944, which was submitted by the bank."

Approved unanimously, together with
the following letter to Mr. Swanson, Vice
President of the Federal Reserve Bank of
Minneapolis:

"Enclosed is a copy of a letter to the F.D.I.C. regarding the payment of dividends by The Onida Bank, Onida, South Dakota, a matter which was the subject of your letters of March 30 and April 3.

"Prior to writing the F.D.I.C. the matter was discussed informally with a member of the staff and we were informed that the same question had arisen in connection with nonmember insured banks and that in the absence of unusual circumstances the Corporation has not been inclined to require strict compliance with the condition. We shall advise you of the Corporation's position in this case upon receipt of a reply to our letter."

4/15/44

-7-

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"Reference is made to your letter of March 29, 1944, submitting the request of the Farmers & Merchants State Bank, Ladonia, Texas, that it be released from the following condition of membership:

'6. Such bank shall keep past due paper and overdrafts at a minimum, and shall not hold any checks in cash items to avoid overdrafts.'

"According to the information submitted, the bank's policy of preventing overdrafts by carrying a few checks as cash items provides its management with a convenient method for giving daily attention to the checks to see that they are promptly covered by deposits; the overdrawing checks are not usually large in number or amount; the checks are not held for an unreasonable length of time; and the bank does not violate that portion of the condition which requires it to keep past due paper at a minimum.

"In the circumstances and in accordance with your recommendation, the Board cancels condition of membership numbered 6 applicable to the Farmers & Merchants State Bank, leaving the matter to be handled as an administrative matter in the regular course of supervision."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. Scales
Chairman.