

5/12/44 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, May 12, 1944, at 11:00 a.m.

PRESENT: Mr. Szymczak
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 herein after referred to was taken by the Board:

Telegrams to Mr. Flanders, President of the Federal Reserve Bank of Boston, Messrs. Treiber and Keesee, Secretaries of the Federal Reserve Banks of New York and Richmond, respectively, Mr. McLarin, President of the Federal Reserve Bank of Atlanta, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Hall, Secretary of the Federal Reserve Bank of Kansas City, and Mr. Gilbert, President of the Federal Reserve Bank of Dallas, stating that the Board approved the establishment without change by the Federal Reserve Bank of Atlanta on May 10, by the Federal Reserve Banks of New York, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on May 11, 1944, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Memorandum dated May 11, 1944, from Mr. Morrill submitting the resignation of John F. Horrigan as a guard in the Secretary's Office, to become effective as of the close of business on May 20, 1944, and recommending that the resignation be accepted as of that date, it being understood that appropriate deduction will be made from his pay to cover 13 days and 2 hours of unearned sick leave.

The resignation was accepted as recommended.

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

"The Board of Governors approves payment of salaries to the following officers of the Federal Reserve Bank of Boston for the year beginning May 1, 1944 at the rates fixed by your board of directors as reported in your letter of May 9:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Ellis G. Hult	Vice President	\$11,000
Carl B. Pitman	Vice President	11,000
Oscar A. Schlaikjer	Counsel	10,000
John C. Hunter	Cashier	8,000
Roy F. Van Amringe	Assistant Cashier	6,000
Edward R. Murphy	Assistant Cashier	5,500
Robert B. Harvey	Assistant Cashier	5,500
Ansgar R. Berge	Assistant Secretary and Assistant Counsel	6,000
John J. Fogg	Auditor	7,500

"The Board also approves payment of salary to Krickel K. Carrick as Vice President, Secretary and General Counsel, at the rate of \$15,000 per annum for the period May 1, 1944 to July 31, 1944, the date of his retirement from the service, which is in accordance with the action taken by your board of directors.

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"It is noted that at the meeting of May 8, no action was taken with respect to the salary of William Willett, First Vice President, consideration of the salary being deferred until a later date. In the circumstances, the Board approves continuation of payment of salary to Mr. Willett as First Vice President at the present rate of \$16,500 per annum pending further action and consideration of the matter."

Approved unanimously.

Letter dated May 11, 1944, to Mr. Rice, Vice President of the Federal Reserve Bank of New York, reading as follows:

"In view of the circumstances described in your letter of May 4, 1944, the Board of Governors approves the continuation of the payment of a salary to Mr. George W. Van Loan through September 30, 1944, at the rate of \$3,600 per annum, which is \$900 in excess of the maximum annual salary provided for the position of Chief, Collection Division, the position to which Mr. Van Loan is currently assigned."

Approved unanimously.

Telegram to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"Relets May 8. Board approves appointments, effective May 22, 1944, of T. A. Segelhurst and George A. Holder as examiners for Federal Reserve Bank of Dallas; and, as requested in your letter of May 6 to Paulger, Board approves also appointments, effective May 22, 1944, of Harry O. Tennison and C. L. Childers as assistant examiners, the latter at a salary rate of \$3,900 per annum. With respect to Tennison and Childers it is assumed, of course, that there have been no developments in connection with indebtedness or otherwise since their previous employment as assistant examiners which would adversely affect their services on examining staff."

Approved unanimously.

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Letters to "The Peoples Bank of Johnstown, N. Y.", Johnstown, New York, and the "Bank of Brinkley", Brinkley, Arkansas, 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.

Letters dated May 11, 1944, to Colonel Paul Cleveland, Chief of the Advance Payment and Loan Branch, Special Financial Services Division of the Office of the Fiscal Director, War Department, and to Mr. William A. Coolidge, Chief of the Finance Section of the Office of Procurement and Material, Navy Department, reading as follows:

"There is enclosed herewith a copy of a letter received by the Board from Mr. M. G. Wallace, Counsel, Federal Reserve Bank of Richmond, with regard to an interpretation of section 6 of the guarantee agreement. We will appreciate receiving your views on the question raised by Mr. Wallace, in order that we may advise him."

Approved unanimously.

Letter to Colonel John C. Mechem, F. D., Chief of the Special Financial Services Division, Headquarters, Army Service Forces, reading as follows:

"In our letter of August 21, 1942, regarding the determination of expenses in connection with work performed by the Federal Reserve Banks for the War Department pursuant to Regulation V, we stated that:

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"Charges for space are on the basis of the lower of (1) actual cost, or (2) the rate charged commercial tenants for comparable space. In no case would the rate charged exceed \$2.00 per square foot."

"During the latter part of 1943 we were advised by the Federal Reserve Bank of San Francisco that because of increased volume of work at the Portland and Seattle Branches it had been necessary to make extensive alterations in the rented buildings occupied as banking quarters; that the cost of these alterations is to be prorated over the remaining period of the respective leases; and that the space rate for the next several years would be in excess of \$2.00 per square foot per annum at both offices."

"No change has been made in the practice of the Federal Reserve Banks limiting the charges for space in buildings owned by them to \$2.00 per square foot."

Approved unanimously.

Letter to Mr. M. F. Braun, President of the Chippewa Trust Company, St. Louis, Missouri, reading as follows:

"Your letter of May 5 to Governor Ransom has been referred to me for reply in the absence of Mr. Ransom from the city."

"The members of the Board appreciate both the essential contribution which the banking system is making to the economic life of the country and to the war effort and the difficulties which the banks are facing in maintaining adequate staffs."

"Recently, after discussion with the Federal Advisory Council, the Board requested the War Manpower Commission and National Headquarters of the Selective Service System to regard banking as an essential or 'war-supporting' activity so far as civilian employment policies, as distinguished from calls for military service, are concerned."

"In this connection, both the Federal Advisory Council and representatives of the American Bankers Association assured the Board that the banking system is not asking any special consideration with respect to the deferment of bank employees from military service but urged that banking be regarded as an essential activity in the hiring and retention of employees not eligible for military service."

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"In your letter, you state that you understand that there is a ruling to the effect that the draft boards can take away from you your senior paying teller, who is 36 years of age, classified as 4-F, and put him in a war plant. We understand that no such ruling has been issued. You are, no doubt, familiar with the recent public discussions regarding the fuller utilization of men not physically acceptable for military service. The Board had those discussions in mind when it submitted its recent requests to Selective Service and the War Manpower Commission."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. S. S. S.
Member.