A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, June 8, 1944, at 10:15 a.m.

PRESENT: 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 June 7, 1944, were approved unanimously.

The minutes of the meeting of the Board of Governors with the executive committee of the Federal Advisory Council held on June 7, 1944, were approved unanimously.

Letter to the board of directors of the "Brattleboro Trust Company", Brattleboro, Vermont, 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 Boston:

"7. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of $3,797.53, as shown in the report of examination of such bank as of April 22, 1944, made by an examiner for the Federal Reserve Bank of Boston."

The letter also contained the following special comments:
"It is understood that under the laws of the State of Vermont your bank is authorized to deposit trust funds in the savings department of your bank as a form of investment. However, the effect of condition of membership numbered 4 is to prohibit such investments unless they are expressly required by the instrument creating the trust or are specifically authorized by court order.

"It is also understood that under the laws of the State of Vermont your bank is not authorized to pledge securities with the trust department to secure trust funds temporarily on deposit in the commercial or savings department. Therefore, the effect of condition of membership numbered 6 is to prohibit your bank from depositing uninvested trust funds in its commercial or savings department, or otherwise using them in the conduct of its business, unless and until your bank is authorized by State law to secure the funds so deposited by the pledge 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. Flanders, President of the Federal Reserve Bank of Boston, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Brattleboro Trust Company', Brattleboro, Vermont, 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 Vermont, for his information.

"It has been noted that your examiner expressed the belief that the service of Harry E. Clark as vice president and director of the bank and as a director of Vermont Securities, Inc., and the service of J. Harold Muzzy as director of the bank and vice president and a director of the Vermont Securities, Inc., after the admission of the bank to membership, would violate section 32 of the Banking Act of 1933. It is assumed that, unless you have already done so, you will satisfy yourself with respect to whether these services would be prohibited and will follow the matter of obtaining any necessary corrections. Please advise the Board concerning the action taken."
"It is assumed also 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 account mentioned on page 2 of the report of examination for membership and the matter of the bank's appointment of a trust committee or otherwise providing for the collective judgment of its directors in the acceptance, analysis, and review of fiduciary accounts."

Letter to Mr. J. M. Johnson, Director of the Office of Defense Transportation, reading as follows:

"The Board of Governors is glad to continue its cooperation with the Office of Defense Transportation in the reduction of unnecessary travel.

"Accordingly, the Board has set up a procedure for controlling attendance at and participation in conventions by members of the Board or its staff in conformity with the suggestion contained and the policy outlined in your letter of May 20.

"Your letter will be brought to the attention of all divisions of the Board and I am sure that you can count on their continued cooperation also along the other lines suggested in your letter."

Approved unanimously, together with the following memorandum to the heads of all divisions and offices of the Board:

"Attached is a copy of a letter dated May 20, from the Director of the Office of Defense Transportation, requesting the cooperation of the Board in the campaign to reduce travel, level travel peaks, and discourage conventions.

"The Board has assured the Director of its continued cooperation in the reduction of unnecessary travel. The Chairman or Acting Chairman will continue to pass upon requests of heads of divisions for authorization to travel, and the Board is calling upon the heads of divisions to conform to the policy as set forth in the attached letter, both in planning their own travel and in authorizing travel of members of their respective divisions."

Memorandum dated June 1, 1944, from Mr. Parry, Director of the Division of Security Loans, recommending, in view of the fact that more traveling had been required so far this year than was anticipated, that
the 1944 budget allocation for traveling expenses for that Division be
increased from $750 to $1,000.

Approved unanimously.

Thereupon the meeting adjourned.