

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 13, 1944, at 10:30 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. Thurston, Special Assistant to the
Chairman
Mr. Smead, Director of the Division of
Bank Operations
Mr. Paulger, Director of the Division of
Examinations
Mr. Dreibelbis, General Attorney
Mr. Vest, Assistant General Attorney
Mr. Pollard, Assistant Director of the
Division of Examinations

Mr. McKee stated that Mr. Delano, Comptroller of the Currency, had called Mr. Dreibelbis on the telephone to inquire what the position of the Board was to be with respect to loans which had been made by member banks to executive officers of the banks prior to June 16, 1933, and which, because of the limitation contained in section 22(g) of the Federal Reserve Act, could not be renewed or extended beyond June 16, 1944. It appeared from Mr. Dreibelbis' conversation with Mr. Delano that counsel for the Comptroller of the Currency had taken the position that any executive officer who had such a loan in a national bank would have to reduce the loan to not to exceed \$2,500 on or before June 16, 1944, or resign his position with the national bank.

In this connection, it appeared that there was little or no

-2-

6/13/44

likelihood that Congress would act to extend for a further period the time within which such loans could be renewed or extended.

Mr. McKee referred to the letter addressed by the Board on January 28, 1938, to Vice President Gidney of the Federal Reserve Bank of New York, a copy of which was sent to the Comptroller of the Currency but which was not otherwise distributed by the Board. Mr. McKee stated that, inasmuch as the Board did not have authority to remove an executive officer or take other action against the officer or the bank under section 22(g) of the Federal Reserve Act in the event such a loan were not renewed or extended but was merely allowed to remain in the bank as a past-due obligation, he would prefer to have the Board withhold any action in the matter for a period of three or four months following June 16 of this year, with the thought that by that method the maximum amount of pressure would be brought to liquidate such loans, and during that time specific cases might be presented on the basis of which such further action as then appeared necessary could be taken by the Board.

Section 22(g) of the Federal Reserve Act and the Board's letter of January 28, 1938, to Mr. Gidney were read, and the whole matter was reviewed in the light of the history and purpose of the statute.

At the conclusion of the discussion, there was unanimous agreement that Mr. Dreibelbis should call Mr. Delano on the telephone and tell him that the position of the Board on the matter was expressed in its letter of January 28, 1938, to Mr. Gidney, that the Board would prefer to withhold any ruling on a hypothetical basis at this time, and that in the period of the next three or four months

-3-

6/13/44

specific cases might arise which would enable the Board to consider the question what course should be followed in the light of the facts.

There was then presented a memorandum dated June 10, 1944, from Mr. Dreibelbis, stating that the disclaimer of interest of the Federal Reserve Banks in and to the real estate owned by the Board of Governors in the District of Columbia had been executed by all of the Federal Reserve Banks and returned to the Board and that, if agreeable to the Board, it was planned to record the disclaimer with the Recorder of Deeds for the District of Columbia at the expense of the Board and to send a photostat of the disclaimer to each Federal Reserve Bank. The memorandum also stated that Mr. Dreibelbis planned to send a photostat of the disclaimer to Mr. Keech, Corporation Counsel for the District of Columbia, thereby having an exchange of correspondence with him which would bring to a conclusion the matter of the taxation of the Board's building.

The procedure outlined in Mr. Dreibelbis' memorandum was approved unanimously.

At this point Messrs. Thurston, Smead, Paulger, Dreibelbis, Vest, and Pollard withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on June 12, 1944, were approved unanimously.

Memorandum dated June 10, 1944, from Mr. Goldenweiser, Director

6/13/44

-4-

of the Division of Research and Statistics, recommending that Miss Leila L. McLaughlin be appointed as a clerk-typist in that Division on a temporary basis for a period of not to exceed three months, with basic salary at the rate of \$1,560 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.

Memorandum of this date from Mr. Morrill recommending, effective June 13, 1944, (1) that Mrs. Lois A. Love and Mrs. Della M. Payne be appointed as cafeteria helpers in the Secretary's Office on a temporary basis for a period of not to exceed 90 days, each with basic salary at the rate of \$1,200 per annum, and (2) that Miss Eileen Chapman be appointed as a cafeteria helper on a part-time temporary basis of six hours for each working day for a period of not to exceed 90 days, with basic salary at the rate of \$810 per annum plus supplemental compensation of 15 per cent and with a deduction of \$6 per month for meals instead of \$10 since she will have only one meal a day.

Approved unanimously.

Memorandum dated June 9, 1944, from Mr. Morrill recommending that the appointment of Mrs. Rushia H. Brown as a telephone operator in the Secretary's Office be made permanent, with no change in her present basic salary at the rate of \$1,500 per annum, effective as of the expiration of her present temporary appointment at the close of business on June 16, 1944.

Approved unanimously.

-5-

6/13/44

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the payment of salary to Mr. Kenneth E. Haefele, Assistant Counsel, Detroit Branch, at the rate of \$6,000 per annum, for the period ending March 31, 1945, which is the rate fixed by your Executive Committee as reported in your letter of June 8, 1944.

"Please advise us as to the date Mr. Haefele's appointment becomes effective."

Approved unanimously.

Letter to the "Merchants Bank of Winona", Winona, Minnesota, reading as follows:

"The Board of Governors of the Federal Reserve System has considered the application for permission to exercise fiduciary powers made by you on behalf of The Merchants National Bank of Winona, Winona, Minnesota, the national bank into which the Merchants Bank of Winona, Winona, Minnesota, is to be converted, and grants such national bank authority, effective if and when it is authorized by the Comptroller of the Currency to commence business, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Minnesota, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"After the conversion of the Merchants Bank of Winona into The Merchants National Bank of Winona becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of the national bank adopt a resolution ratifying your application for permission to exercise fiduciary powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of Minneapolis for transmittal to the Board for its records. When a copy of such resolution has been received by the Board, a formal certificate covering the national bank's authority to exercise trust powers will be forwarded."

Approved unanimously.

6/13/44

-6-

Letter to Mr. C. N. Nichols, Managing Director of the Northeastern Roofing, Siding and Insulating Contractors Association, Inc., New York, New York, reading as follows:

"This is in reply to your letter of June 9 to Dr. Parry with further reference to the Board's decision not to add 'insulated brick siding' to the materials exempted, for fuel conservation reasons, from Regulation W.

"Your question is whether, in the light of information to which you refer concerning the production of this material, the Board would be willing to reopen the question. That information, as you have outlined it, seems to us to include insufficient new facts to justify reopening the question at this time, particularly since the Board's recent decision, as our letter of June 1 brings out, was based in large part on other considerations."

Approved unanimously.

Letter to Mr. Turman, Secretary pro tem of the Federal Reserve Bank of Atlanta, reading as follows:

"In response to your letter of June 8, the Board will be glad to see Messrs. Hall, Glenn and Porter, constituting the Research, Planning and Public Relations Committee of your directors, on Monday, July 17, at 11:00 a.m."

Approved unanimously.

Letter to the Comptroller of the Currency, reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing for printing 49,060,200 sheets of Federal Reserve notes of the 1934 Series and denominations stated for the following Federal Reserve Banks:

	Denomi- nations	Number of sheets	Amount
Boston	\$5	1,167,000	\$70,020,000
	10	1,334,000	160,080,000
	20	686,000	164,640,000
	50	52,000	31,200,000
	100	85,000	102,000,000
	1000	900	10,800,000

-7-

6/13/44

	<u>"Denomi- nations</u>	<u>Number of sheets</u>	<u>Amount</u>
New York	\$5	4,150,000	\$249,000,000
	10	3,800,000	456,000,000
	20	1,550,000	372,000,000
	50	350,000	210,000,000
	100	525,000	630,000,000
Philadelphia	5	1,556,000	93,360,000
	10	1,786,000	214,320,000
	20	703,000	168,720,000
	50	111,000	66,600,000
	100	89,000	106,800,000
Cleveland	500	1,000	6,000,000
	1000	3,000	36,000,000
	5	1,084,000	65,040,000
	10	959,000	115,080,000
	20	1,042,000	250,080,000
Richmond	50	100,000	60,000,000
	100	50,000	60,000,000
	500	1,000	6,000,000
	1000	1,000	12,000,000
	5	1,638,000	98,280,000
Atlanta	10	2,431,000	291,720,000
	20	1,479,000	354,960,000
	50	180,000	108,000,000
	100	84,000	100,800,000
	10	2,046,000	245,520,000
Chicago	20	883,000	211,920,000
	50	45,000	27,000,000
	100	57,000	68,400,000
	500	3,500	21,000,000
	1000	2,000	24,000,000
St. Louis	5	1,250,000	75,000,000
	10	2,335,000	280,200,000
	20	1,260,000	302,400,000
	50	171,000	102,600,000
	100	234,000	280,800,000
Minneapolis	500	9,600	57,600,000
	1000	5,100	61,200,000
	10000	100	12,000,000
	5	1,225,000	73,500,000
	10	1,257,000	150,840,000
	20	528,000	126,720,000
	50	25,000	15,000,000
	100	61,000	73,200,000
	5	420,000	25,200,000
	10	368,000	44,160,000
	20	333,000	79,920,000
	50	10,000	6,000,000
	100	15,000	18,000,000
	500	1,000	6,000,000

-8-

6/13/44

	<u>"Denomi- nations</u>	<u>Number of sheets</u>	<u>Amount</u>
Kansas City	\$5	672,000	\$40,320,000
	10	1,054,000	126,480,000
	20	650,000	156,000,000
	50	4,000	2,400,000
	100	53,000	63,600,000
	500	1,000	6,000,000
	1000	1,000	12,000,000
Dallas	5	632,000	37,920,000
	10	528,000	63,360,000
	20	261,000	62,640,000
	50	25,000	15,000,000
	100	24,000	28,800,000
	500	1,000	6,000,000
San Francisco	5	1,860,000	111,600,000
	10	1,400,000	168,000,000
	20	2,084,000	500,160,000
	50	113,000	67,800,000
	100	150,000	180,000,000
	500	3,000	18,000,000
Total	1000	2,000	24,000,000
	\$5	15,654,000	\$939,240,000
	10	19,298,000	2,315,760,000
	20	11,459,000	2,750,160,000
	50	1,186,000	711,600,000
	100	1,427,000	1,712,400,000
	500	21,100	126,600,000
	1000	15,000	180,000,000
	10000	100	12,000,000"

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

Frank Hanson
Vice Chairman.