

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, June 21, 1944, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
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 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 20, 1944, were approved unanimously.

Memorandum dated June 20, 1944, from Mr. Paulger, Director of the Division of Examinations, recommending that Miss Giovanna M. Mattare be appointed as a stenographer in that Division on a temporary basis for an indefinite period, with basic salary at the rate of \$1,440 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, 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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Letter to Mr. Brainard, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the request contained in your letter of June 15, 1944, the Board of Governors approves the appointment of Mrs. Gertrude L. Fry as Alternate Assistant Federal Reserve Agent with annual salary of \$1,440, effective when she enters upon her duties.

"This approval is given with the understanding that she will be placed upon the Agent's payroll and will be solely responsible to him, or, during a vacancy in the office of Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of her duties. When not engaged in the performance of her duties as Alternate Assistant Federal Reserve Agent she may, with the approval of the Federal Reserve Agent, or during a vacancy in the office of the Federal Reserve Agent, of the Assistant Federal Reserve Agent, and the President, perform such work for the Bank as will not be inconsistent with her duties as Alternate Assistant Federal Reserve Agent.

"Mrs. Fry should not enter upon the performance of her duties as Alternate Assistant Federal Reserve Agent until her bond has been examined by your counsel to determine whether its execution complies fully with the rules printed on the reverse side thereof, following which, the bond should be forwarded to the Board promptly for approval. Please advise us as to the date when Mrs. Fry actually assumes her duties as Alternate Assistant Federal Reserve Agent.

"Please advise us also as to the action, if any, we should take with respect to releasing the Bonding Company from liability under bond of Miss Anne J. Erste who, as stated in your letter, has been granted a leave of absence for an indefinite period."

Approved unanimously.

Letter to Mr. Meyer, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank

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"of Chicago, involving the establishment of the positions of Assistant Supervisor and Correspondent in the Correspondence and Treasury Regulations Division of the Bond Department, as submitted with your letter of June 16, 1944."

Approved unanimously.

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

"This refers to your letter of May 25 in which you state that some member banks in your District believe that reserve balances held at the close of business on Mondays, rather than reserve balances held at the close of business Saturdays as at present, should be repeated for Sundays in determining whether a member bank has incurred an average deficiency subject to a penalty. It is noted that the reason for the suggestion is that occasionally a member bank may have an average deficiency in reserves subject to a penalty because of a big increase in deposits late Saturday against which it could not provide the required reserve until Monday.

"The question presented in your letter has not previously been considered by the Board, but a similar question pertaining to required reserves was decided in the negative in the Board's letter of December 9, 1930 to the Federal Reserve Bank of St. Louis, a copy of which was sent to all Federal Reserve Banks with the Board's letter ST-6824 of the same date. At that time some Federal Reserve Banks suggested that deposits at the opening of business Saturdays (close of business Fridays) be used as the basis of required reserves on both Saturdays and Sundays. The Board felt, however, that in computing daily average deposits over either a weekly or a semi-monthly period, the correct procedure as to Sunday was to repeat close-of-business Saturday figures in accordance with general custom, rather than close-of-business Friday figures. The Board is of the opinion that the same procedure should be followed in computing daily average reserve balances, i.e., Saturday close-of-business reserve balances, rather than Monday close-of-business balances, should be repeated for Sunday in accordance with existing practice.

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"Incidentally, at the time of the decision made in 1930, there was much more possibility than now that net demand deposits (the amount subject to reserve) of a country member bank might go up late Saturday, because under the then existing law member banks could offset balances due from banks only up to the amounts of their demand deposits due to banks. Under the present provisions of Section 19 of the Federal Reserve Act, all demand balances due from domestic banks (except private banks and American branches of foreign banks) may be deducted from total demand deposits. It would appear that the situation referred to can arise no more than three or four times in any one calendar year and only if deposits are increased by an unanticipated large amount on Saturdays and the increase is not offset--as it would be ordinarily--by a corresponding increase in due from banks or cash items in process of collection."

Approved unanimously.

Telegram to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"Referring your June 13 letter, Board will interpose no objection to purchase of the 60 foot strip of vacant property behind your present building in Los Angeles at a cost of not to exceed \$40,000."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved: W. Steeles
Chairman.