

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, July 1, 1944, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
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 30, 1944, were approved unanimously.

Memorandum of this date from Mr. Morrill recommending that Mrs. Blanche Broadhurst, a cafeteria helper in the Secretary's Office who has been employed on a part-time basis, be employed on a full-time basis for a temporary indefinite period, with basic salary at the rate of \$1,200 per annum, effective July 1, 1944.

Approved unanimously.

Memorandum dated June 30, 1944, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending, with the concurrence of the Secretary's Office, that Samie Reed, a messenger in the Secretary's Office, be transferred to the Division

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of Research and Statistics as a messenger, with no change in his present basic salary at the rate of \$1,440 per annum, effective July 1, 1944.

Approved unanimously.

Letter to the board of directors of the "Farmers and Merchants Bank", Mt. Pleasant, Tennessee, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, 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 Atlanta. The letter also contained the following special comment:

"It appears that the bank is authorized to exercise trust powers but is not doing so and that it possesses certain other powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the powers to guarantee the payment of bonds and mortgages owned by others and to guarantee titles to real estate. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

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"The Board of Governors of the Federal Reserve System approves the application of the 'Farmers and Merchants Bank', Mt. Pleasant, Tennessee, 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 Superintendent of Banks for the State of Tennessee, for his information.

"Since the amount of estimated losses shown in the report of examination is relatively small the usual condition of membership requiring elimination of losses has not been prescribed. It is assumed, however, that, in accordance with the examiner's suggestion, proper provision for losses will be made at the end of the current accounting period.

"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 requirements with respect to notice of withdrawals from savings accounts, and the matter of the bank's reducing to within statutory limits the excess balance in a nonmember bank."

Letter to Mr. Clark, Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letter of June 14, 1944, transmitting a copy of a letter which you received from Mr. J. W. Shands, President of the Atlantic Trust Company, Jacksonville, Florida, requesting that you submit to the Board for its approval a proposal to retire an additional \$55,000 par value of 6% cumulative preferred stock of the trust company.

"It is noted that the retirement is to be made from funds consisting almost entirely of proceeds from the sale of bank stocks owned by the holding company, as distinguished from dividends received from subsidiary banks. In the circumstances, and in view of the favorable recommendation contained in your letter, the Board will interpose no objection to the proposed retirement of preferred stock by the Atlantic Trust Company."

Approved unanimously.

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Letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"This refers to your letter of June 23, 1944, in which you state that the Board of Directors of your Memphis Branch has taken an option on a lot, fronting 68-1/2 feet on Jefferson Avenue, adjoining the Memphis Branch building at \$27,500, and that you intend to recommend that the option be exercised at the time your Board meets in July unless there is objection thereto on the part of the Board of Governors.

"The Board has considered this recommendation in the light of the statements contained in your letter and will interpose no objection to the purchase of the lot adjoining the Memphis Branch building at a cost of \$27,500."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Ronald Hanson
Vice Chairman.