A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 4, 1944, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. McKee  
Mr. Draper  
Mr. Evans  
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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 3, 1944, were approved unanimously.

Memorandum dated July 3, 1944, from Mr. Bethea recommending that Miss Dorothy Purcell be appointed as a file clerk in the Secretary's Office on a temporary basis for a period of not to exceed six months, 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 her services prove satisfactory during her temporary appointment a recommendation will be submitted to make her appointment permanent.

Approved unanimously.

Letter prepared in accordance with the action taken at the meeting of the Board on June 27, 1944, to the board of directors of
the "Custer County Bank", Challis, Idaho, 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 San Francisco.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Custer County Bank', Challis, Idaho, 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 Finance for the State of Idaho, for his information.

"Although your Executive Committee expressed reservations with respect to the ability of the bank, in all the circumstances existing, to develop sufficient earning capacity to assure continued successful operation, all other essential factors appear to be favorable. It appears that the community needs the facilities offered, that the applicant is well sponsored and its operations are to be closely supervised by a competent and seasoned banker, and, being newly organized, its asset condition is not subject to criticism. The case is one which the Reserve Bank will wish to follow closely and endeavor through careful and constructive supervision to assist the bank in all appropriate ways but the Board does not feel that sufficient reasons exist for further deferment of action on the application."

Unanimous approval was also given to the following letter to Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco:
"Enclosed are letters addressed to President Day of the Reserve Bank and the Board of Directors of the 'Custer County Bank', Challis, Idaho, approving the application of the Custer County Bank for membership in the System.

"In approving this application the Board gave consideration to all of the information submitted, including your correspondence with the Idaho Commissioner of Finance, and the case was the subject of extended discussion at a meeting of the Board. The question of future earnings exists with respect to many newly organized banks and, if other factors are favorable, as seems apparent in this case, the Board has consistently given the applicant the benefit of the doubt with respect to probable earnings. You will recall that a similar position was taken in connection with the application of the American Falls Bank, Inc., American Falls, Idaho.

"Challis is a county seat and far removed from any other banking point. It is apparent that the community needs the facilities afforded by the applicant. There is, of course, no question regarding the asset condition of the applicant and its capital structure appears adequate. The risk, if any, would seem to have been assumed by the stockholders and particularly by President Hoebel, the principal stockholder, who is presently contributing his services without direct compensation and is considered a seasoned, conservative banker, thoroughly familiar with the territory. In all these circumstances, the Board felt justified in taking favorable action on the application."

Letter to the Presidents of all the Federal Reserve Banks reading as follows:

"In anticipation of enactment of pending legislation (S. 1718) known as the George-Murray Bill, we transmitted with our letter of May 10, 1944, tentative drafts of a standard form of guarantee agreement and a form of loan agreement for use in connection with termination loans. Numerous valuable comments were made by the Federal Reserve Banks and others with respect to these forms, and these have all had careful consideration by the Services and the Board of Governors. The forms have now been revised in the light of these comments, and copies are
enclosed herewith, together with a proposed set of instructions and explanatory notes with regard to the use of these forms.

"We will appreciate receiving any comments and suggestions you may have with regard to the revised forms and the instructions and suggest that you submit copies of this letter and of its enclosures to the bankers or prospective borrowers in your district to whom you submitted copies of our letter of May 10 and to any other persons whose comments you feel would be helpful.

"In addition to any comments you may make on the forms and instructions, we will be glad to know your view as to whether the maximum commitment fee should be one-half of one per cent per annum and shared with the Guarantor on the basis indicated, or should be one-fourth of one per cent with the entire amount retained by the Financing Institution.

"The Contract Settlement Act of 1944 (S. 1718) will become effective July 21, 1944. Accordingly, any comments and suggestions which are made should be submitted as soon as possible and in any event should reach the Board not later than July 18. In view of the desire of the Services to have these forms ready as soon as possible after the effective date of the new law, it will be very helpful if all comments, in so far as practicable, are made to relate to particular sections or paragraphs, all suggestions for changes are made in as specific language as possible, and the discussion is made concise.

"We are confident that any persons to whom this letter and its enclosures are submitted will appreciate that the forms are still entirely tentative, that they must still be submitted to the Director of Contract Settlement for consideration, and that the Services are not in a position at this time to make any definitive statements as to the program which will be finally adopted."

Approved unanimously.

Memorandum dated July 1, 1944, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that David L. Grove, an Economist in that Division, be authorized (1) to proceed to Asuncion, Paraguay,
as soon as possible to assist Mr. Triffin in his work there until it is completed (probably late in September 1944), (2) to accompany Mr. Triffin to Rio de Janeiro for about one month to assist in a preliminary study of the Brazilian situation, and (3) to proceed to Montevideo for a period of about two months in order to complete his study of the Uruguayan monetary and banking system. It was contemplated that Mr. Grove would be abroad a total of possibly six months. The memorandum also recommended that a per diem of $8 be approved for Mr. Grove while he is away from Washington the same as was allowed for Mr. Triffin.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

[Signature]

Vice Chairman.