

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, August 5, 1944, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
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 August 4, 1944, were approved unanimously.

Memoranda from Mr. Paulger, Director of the Division of Examinations, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective August 16, 1944:

<u>Date of Memorandum</u>	<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
			<u>From</u>	<u>To</u>
7/28/44	Edwin R. Millard	Federal Reserve Examiner	\$7,500	\$8,000
8/ 2/44	R. B. Chamberlin	Federal Reserve Examiner	6,000	6,400
	George S. Sloan	Federal Reserve Examiner	6,000	6,400
	Clarence C. Hostrup	Federal Reserve Examiner	5,800	6,000
	Glenn M. Goodman	Federal Reserve Examiner	5,600	5,800
	John R. Radford, Jr.	Federal Reserve Examiner	4,800	5,000
8/ 2/44	Elmer W. Lyster	Assistant Federal Reserve Examiner	2,400	2,600
	Carl A. Smith	Assistant Federal Reserve Examiner	2,400	2,600
8/ 2/44	Elmyr D. Newcome	Secretary to Mr. Cagle	2,200	2,400

Approved unanimously.

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Memorandum dated July 29, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the basic salary of Lorman C. Trueblood, an Economist in that Division, be increased from \$3,400 to \$3,800 per annum, effective August 16, 1944.

Approved unanimously.

Memorandum dated August 4, 1944, from Mr. Parry, Director of the Division of Security Loans, submitting the resignation of Mrs. Florence C. O'Hare as his secretary, to become effective as of the close of business on September 1, 1944, and recommending that the resignation be accepted as of that date. The memorandum also recommended, with the concurrence of the Division of Research and Statistics, that, effective September 1, 1944, Mrs. Louise E. Leverton be transferred from that Division to the Division of Security Loans as secretary to Mr. Parry, with no change in her present basic salary at the rate of \$2,160 per annum, with the prospect of a recommendation for an increase after she had had some experience in her new position.

The resignation of Mrs. O'Hare was accepted as recommended and the transfer of Mrs. Leverton was approved unanimously.

Memorandum dated August 4, 1944, from Mr. Bethea submitting the resignation of Mrs. Margaret Lee Higdon as a clerk-stenographer in the Secretary's Office and recommending that the resignation be accepted as of the close of business on August 4, 1944.

The resignation was accepted as recommended.

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Letter to Mr. Creighton, Chairman of the Federal Reserve Bank of Boston, reading as follows:

"The Board of Governors approves payment of salaries to the following officers of the Federal Reserve Bank of Boston for the period August 1, 1944 to April 30, 1945, inclusive, at the rates shown, which are the rates fixed by the board of directors as reported in your letter of August 2.

<u>Name</u>	<u>Title</u>	<u>Salary</u>
O. A. Schlaikjer	Vice President and General Counsel	\$12,000
E. G. Hult	Vice President	12,000
Carl B. Pitman	Vice President	12,000
Ansgar R. Berge	Secretary and Assistant Counsel	7,500"

Approved unanimously.

Letter to Mr. Rice, Vice President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors approves the change in the personnel classification plan of the Federal Reserve Bank of New York involving the establishment of the position of Assistant Chief in the Licensing Division, Foreign Funds Control Department, as submitted with your letter of August 1, 1944."

Approved unanimously.

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

"This is in reply to your letter of August 3, 1944 advising that the board of directors of the Federal Reserve Bank of Philadelphia had appointed Mr. Karl R. Bopp an officer of the Bank with the title of Director of Research, and fixed his salary at the rate of \$8,500 per annum, effective August 1, 1944, subject to the approval of the Board of Governors.

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"The Board of Governors approves the payment of salary to Mr. Bopp in his new official position, Director of Research, at the rate of \$8,500 for the period August 1, 1944 to April 30, 1945, inclusive."

Approved unanimously.

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

"The Board of Governors approves the change in the personnel classification plan of the Federal Reserve Bank of Chicago involving the establishment of the position of Senior Clerk in the Sales Analysis Division of the Bond Department with maximum annual salary of \$2,400, as submitted with your letter of August 2, 1944."

Approved unanimously.

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

"In accordance with the request contained in your letter of July 31, 1944, the Board approves the appointment of Harold J. Courtney as an assistant examiner for the Federal Reserve Bank of St. Louis. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to the board of directors of the "Asbury Park and Ocean Grove Bank", Asbury Park, New Jersey, 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 New York, with the understanding that the bank will be allowed 60 instead of the usual 30 days

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in which to accomplish membership:

- "7. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital of not less than \$500,000."

The letter also contained the following special comments:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking and trust business, such as the powers to act as surety and to guarantee real estate titles. 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.

"It has been noted that the bank's stock, which was distributed to waiving depositors, will revert to former holders upon completion of payment of the amount of deposits waived and that a ruling of the Attorney General of the State of New Jersey has been requested as to whether the stock certificates issued by the bank shall be described on the face thereof as 'Depositors Common Stock' and have the attributes of such stock. The application for membership has been approved with the understanding that the bank will comply with the ruling of the Attorney General when issued."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Asbury Park and Ocean Grove Bank', Asbury Park, New Jersey, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are

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"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 and Insurance for the State of New Jersey, for his information.

"Enclosed is a letter approving the retention and operation of the branch at Neptune, New Jersey, which you are requested to forward to the board of directors of the applicant bank. Enclosed also is a copy of the letter for your files.

"It is assumed 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 accounts mentioned on page 16 of the report of examination for membership.

"The Board understands that a ruling of the Attorney General of the State of New Jersey has been requested as to whether the stock certificates issued by the bank shall be described on the face thereof as 'Depositors Common Stock' and have the attributes of such stock. The bank is being advised that the application has been approved with the understanding that the bank will comply with the ruling of the Attorney General when issued. Please advise the Board of the issuance and effect of the ruling and as to compliance by the bank if any action is required."

Unanimous approval was also given to the following letter to the board of directors of the Asbury Park and Ocean Grove Bank:

"In connection with the application for membership in the Federal Reserve System, the Board of Governors of the Federal Reserve System approves the retention and operation by the Asbury Park and Ocean Grove Bank, Asbury Park, New Jersey, after admission to membership, of the branch at Neptune, New Jersey, the establishment of such branch having been approved by the Commissioner of Banking and Insurance of the State of New Jersey on December 12, 1940."

Letter to the board of directors of the "Wisconsin State Bank", Delavan, Wisconsin, stating that, subject to conditions of membership

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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 Chicago.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Wisconsin State Bank', Delavan, Wisconsin, 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 Chairman, Banking Commission for the State of Wisconsin, for his information.

"Since the amount of estimated losses shown in the report of examination for membership is relatively small, the usual condition of membership requiring elimination of losses has not been prescribed. It has been noted, however, that a portion of such losses was charged off during the examination and that the remainder will be eliminated prior to admission to membership."

Telegram to Mr. Flanders, President of the Federal Reserve Bank of Boston, reading as follows:

"Retel. Board extends to September 6, 1944 time within which Brattleboro Trust Company, Brattleboro, Vermont, may accomplish membership."

Approved unanimously.

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

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"Reference is made to Assistant Vice President Diercks' letter of July 29, 1944, submitting for consideration of the Board the request of the Davenport Bank and Trust Company, Davenport, Iowa, for permission to establish a branch in Bettendorf, Iowa.

"In view of the recommendation of the Reserve Bank and the information submitted, the Board approves the establishment and operation of a branch in Bettendorf, Iowa, by the Davenport Bank and Trust Company, Davenport, Iowa, provided prior formal approval of the appropriate State authorities is obtained and counsel for the Reserve Bank is to be satisfied as to the legal aspects involved. In this connection, it has been noted that the Deputy Superintendent of Banking for the State of Iowa has indicated his approval of the establishment of the proposed branch and counsel for the Reserve Bank is of the opinion that it may be established in conformity with applicable requirements of law."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation reading as follows:

"This is in response to your letter addressed to the Board on August 3, 1944, by your General Counsel, Mr. Francis C. Brown.

"The examination of Transamerica Corporation to which the letter refers was made by the Federal Reserve Bank of San Francisco and, while it has been completed in the sense that the examiners have concluded their work on the premises of the Corporation, the final report has not been completed or delivered either to Transamerica Corporation or this Board.

"However, most if not all of the information which was obtained and from which the report will be prepared is available in Washington and the Board will be glad to cooperate with you by giving you access to this and other available material.

"It is suggested that Mr. Brown get in touch with Mr. Dreibelbis or Mr. Cagle, either of whom will cooperate with him fully."

Approved unanimously.

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Letter prepared in accordance with the action taken at the meeting of the Board on August 4, 1944, to Honorable Robert H. Hinckley, Director of Contract Settlement, reading as follows:

"Under the provisions of the Contract Settlement Act of 1944, the Federal Reserve Banks are authorized to act on behalf of the contracting agencies as fiscal agents of the United States in carrying out the purposes of the Act, subject to such regulations as the Board of Governors may prescribe with the approval of the Director of Contract Settlement. Pursuant to this provision of the law, the Board of Governors has prepared the enclosed draft of a revision of its Regulation V.

"It will be observed that the proposed regulation relates both to loans under Executive Order No. 9112 and to loans under the Contract Settlement Act of 1944--in other words, both to so-called V-Loans and to so-called T-Loans.

"An earlier draft of this revision was transmitted to the Federal Reserve Banks for their comments and was modified in the light of the comments received. We have consulted with the War Department, the Navy Department, and the United States Maritime Commission, the guaranteeing agencies named in Executive Order 9112, with reference to the enclosed draft and have received letters from each of them stating that the proposed regulation in the form enclosed is satisfactory.

"If the proposed regulation meets with your approval, the Board will prescribe it pursuant to the provisions of the law."

Approved unanimously.

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

"In the Board's letter of August 9, 1917, X-312 (Federal Reserve Loose-Leaf Service entry No. 5840), the Board transmitted to the Federal Reserve Banks a ruling covering the joint custody and control of gold, lawful money, and Federal Reserve notes held by Federal Reserve Agents, which

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"stated that while the law does not require the joint custody of the commercial paper and other eligible securities pledged as collateral for Federal Reserve notes, it is desirable that such collateral be so held. It was also stated that there would be no objection to having the Federal Reserve Agent designate a senior employee in the Discount or Credit Department and to the Bank's appointing a similar representative to act as joint custodians of paper pledged.

"In its letters of April 29, 1932, X-7146 and X-7147, the Board set forth the procedure to be followed in pledging Government securities in the System account as collateral security for Federal Reserve notes, and in the memorandum enclosed with the Board's letter of July 19, 1943 (Federal Reserve Loose-Leaf Service entry No. 5827.1), set forth the procedure to be followed in pledging undivided interests in direct obligations of the United States in the System Open Market Account.

"Recently, it has been necessary for at least one Federal Reserve Bank to pledge as collateral security for Federal Reserve notes Treasury bills held in option account and it may be necessary for other Federal Reserve Banks to do so in the near future. All such bills pledged with the Federal Reserve Agent should be held in the joint custody of the Bank and the Agent in a manner similar to that in which eligible paper pledged with the Agent is held. For this purpose, the Board will have no objection to the designation by the Federal Reserve Agent, or in his absence to an interim designation by the Assistant Federal Reserve Agent, of a senior employee in the Collateral or Custody Department as his representative and to the Bank's appointing a similar representative to act as joint custodians of the securities so pledged.

"Inasmuch as all Federal Reserve Banks carry bankers' blanket bonds covering employees of the Agent as well as of the Bank, it will not be necessary to provide separate bonds covering the employees designated by the Bank or by the Agent to hold joint custody of securities or eligible paper."

Approved unanimously.

Memorandum dated August 4, 1944, from Mr. Carpenter reading as follows:

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"Attached is a list of records in the Board's files which, with the approval of the interested divisions, it is recommended be destroyed by incineration. All of this material for earlier years has been on destruction lists previously approved by the Board.

"The list is divided according to the divisions of the Board's organization and according to groups I and II. Group I consists of material which the Archivist of the United States, pursuant to the act of Congress approved July 7, 1943, has authorized the Board to dispose of after the respective items have been in existence for the period of time specified. All of these items shown on the list have been retained for the required period.

"Group II items consist of duplicated material from other organizations and statements prepared for the current information of the Board and not regarded as essential record material so far as the Board is concerned. The National Archives has taken the position that this material can be disposed of by the Board without obtaining approval of the Archivist or of Congress."

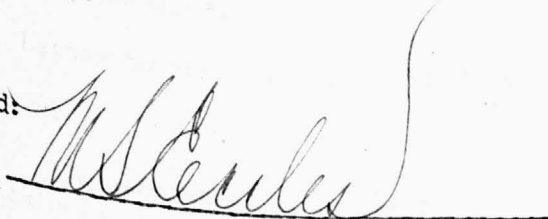
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.